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P O L I C Y

## PROGRAMME IMPLEMENTATION

### IMPLEMENTATION OF DECISIONS ADOPTED BY THE COUNCIL AT PREVIOUS SESSIONS

#### Recruitment and reduction of cost of project professional personnel

#### Report of the Administrator

##### Summary

This paper is submitted in accordance with Governing Council decision 82/7 which, inter alia, requested that the Administrator: (a) take all necessary steps for the implementation of the suggestions and recommendations on improvements in the recruitment of project personnel contained in his report (DP/1982/10), to prepare appropriate guidelines for the executing agencies and to report periodically on the progress achieved thereon; (b) continue consideration of measures to reduce the cost of international experts' and consultants' services and to submit proposals in this regard to the Governing Council at its thirtieth session.

Chapter I of this report, together with the support paper submitted as addendum 1, provides information on the measures taken to improve further the recruitment of experts and consultants in the United Nations system and summarizes some of the current issues in the recruitment of experts and consultants. Paragraphs 8-11 contain suggestions for additional action.

In chapter II, the report reviews some of the issues relating to the cost of experts and consultants and offers suggestions and recommendations to achieve greater cost effectiveness in the design of personnel inputs in UNDP-supported projects. While it does not appear possible to reduce the unit cost of internationally recruited project personnel, viable alternatives, such as nationally recruited professional project personnel should be used to reduce the cost of personnel inputs of UNDP-supported projects. The report calls for more careful project design and appraisal to take advantage of a number of alternatives to internationally recruited project personnel which are available at lesser cost for similar levels of work.

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## INTRODUCTION

1. The report deals with two basic concerns of the Governing Council expressed in its decision 82/7: (a) measures to improve the recruitment of professional project personnel (operative paragraphs 1, 2, 4, 5, 8 and 9); and (b) measures to reduce the cost of internationally recruited professional project personnel (operative paragraph 3). The report is accordingly divided into two parts to reflect these two separate but complementary elements of issues relating to project personnel.

2. The over-all theme of this report can be summarized as follows: the organizations of the United Nations system, which have the responsibility for the recruitment and employment of UNDP-financed professional project personnel, have undertaken a wide range of measures to improve recruitment procedures and practices. Although some further progress is required, particularly as concerns the development and maintenance of roster systems, including more extensive inter-agency exchange of information, the system appears to be responding in an increasingly effective manner to current demands for internationally recruited experts and consultants. At the same time, relatively little can be done to reduce current compensation levels for internationally recruited project personnel without seriously impairing the system's ability to recruit the most suitable personnel on a world-wide basis. Moreover, it appears that the rates of increase for compensation of internationally recruited professional project personnel have been in line with the broad increases in world market rates due to inflation. There exists, however, a wide range of options and alternatives to internationally recruited personnel which, depending on specific project requirements, could improve the over-all cost-effectiveness ratio of expert inputs through UNDP-supported projects.

## I. MEASURES TO IMPROVE RECRUITMENT

A. Measures taken by UNDP in 1982

3. In accordance with operative paragraph 9 of decision 82/7, the report of the Administrator contained in document DP/1982/10 and the views expressed thereon by members of the Governing Council were brought to the attention of the agencies. In this process, agencies were invited to provide:

(a) Information on measures taken or planned to strengthen the recruitment process for international advisory services, ensuring that the most suitable candidates were obtained on a world-wide basis;<sup>1/</sup>

(b) Proposals and suggestions on measures to reduce the cost of international expert and consultant advisory services so that the Administrator could submit proposals on this subject to the Governing Council at its thirtieth session.

4. Moreover, UNDP, in accordance with paragraph 9 of decision 82/7 and, in close co-operation with agencies and the appropriate inter-agency mechanisms, has taken the following three steps to prepare appropriate guidelines for the executing agencies:

(a) A new chapter of the Policies and Procedures Manual is being finalized on the subject of project personnel; it includes a section on recruitment procedures;

(b) An inter-agency meeting on nationally recruited professional project personnel was convened by UNDP to review acquired experience in the implementation of this new scheme and to evolve further guidelines. Subsequently, UNDP convened an interagency working party on remuneration, benefits and entitlements for nationally recruited professional project personnel. The outcome of these meetings was instrumental in the development of the afore-mentioned guidelines as concerns the section on recruitment and employment of national professional project personnel;

(c) Agencies were consulted directly by letter to obtain any relevant information pertaining to measures they were taking to strengthen the recruitment process for experts and consultants.

5. In approaching this subject, the Administrator has always been fully aware of the Governing Council's responsibility for ensuring that the resources of the Programme are employed with maximum efficiency and effectiveness. The Governing Council recalled, in its decision 82/7, "its responsibility for policy formulation and for reviewing the practices in the implementation of the Programme". The recruitment and employment of professional project personnel in UNDP-supported project posts is, of course, carried out by the designated executing agency in accordance with its policies. Thus, in discharging its responsibility, the Governing Council must take account of the fact that some of the practices and procedures of agencies differ in keeping with their policies and procedures. This point has been amply illustrated in the previous report of the Administrator on this subject (DP/1982/10 and, particularly, Add.1). The guidelines issued by UNDP on project personnel have taken into account the differing requirements of agencies while, at the same time, providing for a common framework, including generally accepted policies and practices of the United Nations system as well as standards and norms which should be followed in operational activities, in accordance with the Administrator's accountability, for the efficient utilization of Programme resources. These include:

(a) Decisions and resolutions of the Governing Council, the Economic and Social Council and the General Assembly, particularly as concerns:

(i) Increased and more effective use of alternatives to internationally recruited project personnel, such as nationally recruited professional project personnel;<sup>2/</sup>

(ii) Improvements in the recruitment of experts and consultants;

(b) Criteria for the appraisal of project design with special reference to the validity of posts identified for UNDP support in relation to the objectives of a project;

(c) Practical guidelines for the partners in technical co-operation (Government, UNDP and agency) to choose the most suited personnel for any given project post within the time schedule foreseen in the project design;

(d) Procedures to maintain the universal, multilateral character of technical co-operation and to ensure that recruitment takes place on a world-wide basis or, as concerns national experts, from all sectors of the economy.

B. Current issues in the recruitment of professional project personnel

6. As reported by the Administrator last year in document DP/1982/10, and as has since been reconfirmed by the most recent information provided by agencies, in order to choose the best qualified personnel in accordance with project schedules, maximum reliance should be placed upon recruitment from up-to-date rosters which have been developed and are maintained on a world-wide basis. A properly maintained roster, in turn, depends on accurate forecasting of over-all project recruitment requirements. As reported once again by agencies, it has proven difficult to forecast project personnel requirements for the development and maintenance of rosters.<sup>3/</sup> These difficulties have been exasperated by the uncertainties regarding indicative planning figure (IPF) resources.

7. Nonetheless, agencies have achieved substantial improvements in the quality and relevance of rosters over the past few years. At the same time, a more effective utilization of roster information by the United Nations system could be achieved, including greater sharing of roster information among agencies.

8. Increased consideration should be given, by the appropriate organs of the United Nations system, to more extensive sharing of relevant computer-based roster information in the United Nations system, co-ordinated through the Consultative Committee on Administrative Questions (CCAQ) and the International Civil Service Commission (ICSC), covering both experts and consultants. As a first step, this would require:

(a) Common nomenclature for all project personnel;

(b) Agreement on roster terminology and classification categories of fields of work, which would produce greater interchangeability of information in common fields of work;

(c) Compatibility of other aspects of the roster systems.

/...

9. Some agencies have reported that they continue to rely on "matching" current project personnel with new vacancies. Furthermore, one agency employs project and non-project personnel interchangeably. These practices promote a career concept for the most able internationally-recruited project personnel. While, as good employers, United Nations agencies should continue to pursue this type of policy on a selective basis, in order to keep the services of the most able personnel as well as to reward excellence, its wider use should be avoided since it would perpetuate: (a) "grade creep" (the level of the post would be determined by the seniority of the incumbent rather than the duties and responsibilities of the post); (b) limited employment of new experts from developing countries, including host country nationals; and (c) insufficient up-dating of know-how and expertise. Moreover, the continued employment of current project personnel may foster an "input-orientation" in project formulation and design, i.e. project posts could be designed for specific individuals and for longer durations than may be strictly necessary.

10. A concern expressed by the Governing Council in its decisions 81/20 and 82/7 is the timely circulation of job descriptions to national recruitment services (NRS), as well as the strengthening of NRS. The most effective involvement of NRS, as well as other national recruitment sources, would seem to be in providing candidates for the rosters of agencies. It is therefore desirable that NRS be kept fully informed about the requirements of roster development and maintenance in the United Nations system. Consideration should be given to expand the practice of the United Nations Department of Technical Co-operation for Development (DTCD) which issues periodically a forecast of requirements to NRS, supplemented by a list of candidates currently on the rosters who are nationals of the country of the particular NRS.

11. Where they function effectively, NRS could also perform a more active role in obtaining clearances from the releasing country. In this connection it should be noted that for some type of personnel, such as the personnel under the Special Industrial Services arrangement (SIS), the clearance requirement has been waived. Moreover, private organizations usually require visas only so that lengthy clearance procedures do not have to be endured. As concerns clearances in the project host country, which are reported by agencies to be a time-consuming process, the UNDP resident representatives should become more actively involved, as has been suggested by several agencies. This should entail:

(a) Resident representatives becoming the main channel of communication with host Governments for submission of candidates to obtain the necessary technical and political clearance; and

(b) Host Governments being aware that any clearance delay of more than two weeks could lead to a serious delay in project implementation, due to the possible non-availability of the candidate beyond that period as well as to the chain reaction which such a delay could produce in the provision of other inputs.

## II. MEASURES TO REDUCE COSTS

### A. General remarks

12. This section responds to operative paragraph 3 of decision 82/7, which requested the Administrator to "continue consideration of measures to reduce the cost of international experts and consultants' services and submit proposals on this subject to the Governing Council at its thirtieth session". In approaching this important subject, one should keep in mind that:

(a) International experts and consultants constitute only one, albeit still the largest, input of advisory services. The main alternatives are nationally recruited professional project personnel, including returning nationals; services obtained through institutional twinning arrangements; associate experts; and services obtained through direct recruitment by the host government under government execution. Moreover, the growing capacity of the United Nations Volunteers Programme (UNV) to field middle-management personnel is providing much-needed expertise in a number of countries for specific requirements not involving senior advisors;

(b) Conditions of service, remuneration, benefits and entitlements of internationally recruited professional project personnel have evolved over three decades and constitute a finely tuned body of standards which ensure the recruitment of qualified personnel world-wide and their employment in accordance with prevailing compensation practices;

(c) Substantial differences exist in contractual arrangements, remuneration, benefits and entitlements among the different categories of project personnel, thereby necessitating a careful review at the design stage of the type and level of personnel most suited to meet the requirements of the UNDP-supported project posts.

13. Thus, while it is useful to focus first on issues relating to the reduction of costs of international experts and consultants, it is equally relevant to review the total range of options which are now available to design the most appropriate mix of inputs at the project formulation stage which would ensure, at the same time, maximum cost-effectiveness.

### B. Some background to the review of costs of international experts and consultants by the Governing Council

14. The Governing Council most recently reviewed the subject of costs of international experts and consultants in connection with the Joint Inspection Unit (JIU) report entitled "Role of Experts in Development Co-operation" (JIU/REP/78/3 and DP/334). The Administrator, following consultations with agencies, submitted detailed reports to the Governing Council on the JIU recommendations (DP/334/Add.1 and Add.2, DP/389 and DP/392), which resulted in Governing Council decisions 25/20 and 79/48 of the twenty-fifth and twenty-sixth sessions, respectively. In these reports, UNDP and the agencies

presented information to show why the JIU recommendation of paying individually negotiated lumpsum payments to international experts was not acceptable. Instead of adopting fundamental changes in the basic remuneration system for experts and consultants the concept of nationally recruited experts and other possible alternatives to internationally recruited project personnel was proposed to and adopted by the Council (decision 79/48 paragraph 3).

15. It may be useful to recall briefly the main elements of this recent review of costs of professional project personnel in view of relevance to the current consideration of this subject. The Governing Council had asked JIU to study the feasibility and modalities of innovative approaches to the provision of expert services<sup>4/</sup>. On the question of the system of payment of professional project personnel, JIU proposed a lump sum system for internationally recruited project personnel which would have superseded the current terms under which the salaries and employment conditions of field project staff are based, with some modifications, on those prevailing for staff members appointed to serve in the secretariat or other United Nations organizations. Under the JIU suggested system, field project staff would have continued to have the status of staff members of the United Nations agency that employs them, but they would have been in a distinct category similar to that governed by the current separate series of staff rules applying to technical assistance project personnel. Payment would have been based on the level of expertise of the individual and the prevailing market rates for similar types and levels of expertise.

16. The JIU proposal was analyzed in the report of the Administrator on "Recruitment and use and prospects of reducing costs of UNDP-financed experts" (DP/392), which was submitted to the Governing Council at its twenty-sixth session in June 1979. The points which were made in the Administrator's report in that connection still bear relevance to the current review:

(a) The concept of a lumpsum approach per se is not new to the United Nations system; special service agreements, using a lumpsum rather than salary payments and comprehensive employment benefits, have been used by most agencies for many years for limited, short-term employment;<sup>5/</sup>

(b) The JIU proposal excluded all prospects of a career or continued employment by limiting experts' appointments to two years. The proposal did not take into account that technical co-operation benefited if assignments were not limited to two years and if internationally recruited project personnel could serve in successive assignments in different countries. UNDP and the agencies favoured the flexibility offered by the existing system for the determination of the duration of assignments in accordance with project requirements and the performance of the concerned individuals;

(c) As a potential cost-saving measure, JIU proposed three levels of remuneration for project personnel instead of the seven now in use, including a limitation on allowances and social benefits. The result was a relatively non-competitive compensation package which would have severely inhibited the recruitment of mid-career individuals on a world-wide basis. The three-level



structure also limited the possibility of providing appropriate remuneration in accordance with the level of duties and responsibilities of the post. This meant that some posts would have been underpaid, while others would have been overpaid;

(d) The proposed lumpsum system would have reduced the over-all remuneration by an average of \$9,000 per year; but, at the same time, it would have limited recruitment to nationals of low-income countries and, in certain technical fields of specialization, it would have completely eliminated the possibility of recruiting personnel at the required level of qualification. The lack of fringe benefits would have been a particular deterrent to candidates in mid-career with family responsibilities, precisely the profile of the internationally recruited expert most sought after for technical co-operation posts.

17. As an alternative to the JIU proposal, the Administrator suggested in his report (DP/392, para.187), "that the present United Nations terms of employment ... provide an attractive remuneration package at a relatively acceptable cost ... and that one might even consider extending the practice of the United Nations and UNDP and introduce the equivalent of the United Nations '200 series' staff rules for technical co-operation project personnel throughout the United Nations development system."<sup>6/</sup> This position is still relevant today, and it is proposed that further action along these lines should be considered by all organizations of the United Nations system.

18. It may also be useful to recall in this context the report of the Secretary General on "Operational Activities for Development" (A/37/445), which states in paragraph 108:

"There is growing evidence that organizations of the system are finding it increasingly difficult to recruit qualified staff to work in certain duty stations with difficult conditions of life and work at existing levels of remuneration, with consequential implications for the effectiveness of operational programmes. These difficulties relate to the recruitment of both professional project staff and staff assigned to field offices to manage operational programmes. ICSC has taken steps to deal with some of the drawbacks and disincentives to service in the field through the establishment of a system of classification of duty stations according to conditions of life and work and the granting of special entitlements to staff in those duty stations where conditions are recognized to be exceptionally adverse. Furthermore, ACC, at its first regular session of 1982, decided to request ICSC to review additional and selective ways and means of improving the field conditions of service (other than basic remuneration) and on the basis of appropriate recommendations from its subsidiary machinery."

#### C. Trends in the cost of international experts and consultants

19. Table A below shows that the rate of increase in cost for experts averaged around 13 per cent between 1978-1981. These data should be viewed

Table A: Average monthly expert and consultant costs, 1972-1981 and yearly changes  
(US dollars)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Average monthly expert cost	2,390	2,667	3,037	3,618	3,882	3,974	4,332	4,861	5,701	6,243
Percentage Increases		11.6	13.9	19.1	7.0	2.4	9.0	12.3	17.3	9.5

Notes

1. There was an increase in base salary rates as of 1 January 1975.

2. The accrual system, i.e. the inclusion of unliquidated obligations as part of expenditures, was introduced from 1976. This new system caused a disturbance to the time series in that the figures for 1976 contain, in effect, two amounts of unliquidated obligations including (a) 1976 unliquidated obligations to be liquidated in 1977 and (b) 1975 unliquidated obligations, which were liquidated in 1976, as these had not been included in 1975 expenditure.

3. The figures for 1976 onwards do not include official travel and related allowances. (It may be noted that this was approximately 6.8 per cent of total expert cost for 1975.)

4. The figures for 1977 onwards do not include costs relating to hiatus financing and extended sick leave.

with some caution because of difficulties inherent in the time series due to the changes which have taken place in the methods for reporting the cost of experts (For details, please refer to the footnotes at the bottom of the table.) Nonetheless, available data tend to support the conclusion that the cost of internationally recruited project personnel seems to be in line with general inflation rates in the world. While the steep increase of 17.3 per cent between 1979-1980 gave cause for alarm, the increase had been reduced to 9.5 per cent between 1980-1981 and a similar rate is expected for 1981-1982.

20. The total average monthly cost of experts in 1981 was \$6,184. This is an average figure covering the entire United Nations system and all projects. Obvious variations exist between countries, agencies and projects. The average cost for consultants in 1981 was slightly higher at \$6,654. Over 44,000 work months for experts were implemented in 1981, while for the same period only 5,800 work months of consultants were utilized.

D. Possible measures to reduce costs of internationally recruited project personnel

1. Some views offered by agencies

21. Like other agencies, the Food and Agriculture Organization of the United Nations (FAO) continues its efforts to make project operations more efficient and cost effective through recourse to various forms of "new dimensions", particularly by replacing long-term internationally recruited experts with national project staff, consultants, volunteers, associate experts, etc. As is known, in some respects the system has already progressed quite far, as in the management of projects through the use of national directors. In other areas, the system is still in the early stages and more experimentation and adaptation have to take place. This applies in particular to the use of national experts instead of long-term internationally recruited experts. With regard to contract arrangements for nationally recruited experts, FAO prefers the use of reimbursable loan agreements; in other cases (and sometimes in addition to a loan agreement), service agreements are resorted to. The payment of salary supplements is at times a requirement for successful implementation.

22. An additional implementation method with which FAO is experimenting, in the hope that eventually it will have a major impact on the costs of operations, is to enter into a subcontract with the ministry/institution concerned in the recipient country, according to which part of the expert component will be implemented directly by the Government.<sup>7/</sup> Under this arrangement, the agency maintains overall executing responsibility but most of the UNDP-financed project personnel inputs are provided by direct recruitment of the host Government at its rates and procedures on the basis of an agreement between the agency and the host Government. The organization normally maintains the right (plus corresponding budgetary provision) to recruit the senior technical adviser and perhaps another key expert who has the right and responsibility to supervise the specialists hired by the Government.

23. The contract specifies in detail the disciplines of the specialists to be recruited on an international basis by the ministry/institution, their detailed

terms of reference as well as the duration of the individual assignment. Both FAO and the ministry/institution are entitled to put forward candidatures, but agreement has to be reached on every candidate before the ministry/institution can actually recruit the specialist. Experience has shown that a fair number of specialists so recruited come from neighbouring countries in the region.

24. Since the ministry/institution will normally obtain these services at a cost much below that of an FAO expert - generally speaking, the salaries so offered are only slightly higher than those paid for comparable positions in the country - the recipient Government ultimately draws considerable benefit from the formula. It is not infrequent that, for the amount FAO would have spent to recruit five experts for a given period, the ministry/institution can hire about ten international specialists. Assuming, therefore, that FAO does a good screening and supervisory job, the end result is that the Government obtains double the number of work/months for the same amount of money.

25. The International Labour Organisation (ILO) basically supports the use of alternatives to internationally recruited project personnel, although it feels that there is only little evidence of the future magnitude of personnel inputs of a new kind. There remains some uncertainty concerning the actual interest of recipient Governments for larger numbers of national experts. Nevertheless, the ILO agrees that there is considerable scope for developing this scheme in the years to come. The ILO also hopes that the present legal and administrative difficulties will be soon overcome.<sup>8/</sup>

26. Technical co-operation among developing countries (TCDC) is another area where the ILO believes there is scope for expansion in future. The United Nations system does not seem to have found yet a way to make greater use of expertise from other developing countries, including neighbouring countries of the region concerned. The appointment of international experts at higher grade levels coming from such countries is not what the ILO has in mind; in fact, this would be neither new nor reduce the costs. But the ILO is gradually discovering new project needs at the lower or medium professional level, i.e. in the range between P-1 and P-3, which might be met adequately not only by the recipient country itself (national experts), but also by other countries of the region. While the ILO cannot of course accept or practice any discrimination in conditions of employment for equal work, one may have to look at the levels of expertise actually required in future projects in order to diversify and differentiate personnel inputs, thus avoiding the perpetuation of a somewhat standardized staffing pattern of projects. If it were possible to close the present gap between P-1/P-2 associate experts and P-4/P-5 full-fledged experts by identifying and planning projects posts for technicians, instructors and junior experts, one might achieve not only a cost reduction but also attract two desirable categories of personnel: (a) younger, well qualified TCDC technicians; and (b) former associate experts who are usually difficult to place in senior expert positions at the end of their contracts.

27. As long as traditional experts continue to be provided within the framework of the existing United Nations personnel system, cost reductions

will be possible only if these assignments diminish in number and/or duration. Otherwise costs will grow even greater. On the other hand, consultancies are on average even more expensive in terms of work/months and tend to follow general cost inflation. It seems, therefore, that a greater diversification of personnel services on the basis of a more realistic and refined assessment of project needs would be the most promising cost reduction measure. If the concept of the most appropriate versus the highest level of expertise is adopted, an administrative basis for it, i.e. the programming and budgeting of junior expert posts around P-3, should also be worked out and brought to the attention of resident representatives and government departments in recipient countries.

28. The World Meteorological Organization (WMO) believes that the practice of negotiating salary levels with individual experts, which is the case in one or two agencies (and alluded to in the Governing Council debate), not only results in differing salary levels for the same work, but also in higher costs than are necessary. In WMO, starting salary levels are fixed in advance for each post and indicated in the vacancy announcements. All candidates are assumed to be prepared to accept the advertised salary but up to three steps only may be granted if the selected candidate has particularly high qualifications and experience.

29. Among other approaches and measures reported by agencies are:

(a) The use of a series of short-term consultancies managed under the leadership of a national project co-ordinator;

(b) Services by non-salaried, short-term advisors and consultants;

(c) The TOKTEN scheme for nationals living abroad who receive some honoraria, travel expenses and daily subsistence allowance to undertake a variety of short-term assignments identified by the Government;

(d) Close co-operation with bilateral and other multilateral organizations to complement personnel inputs;

(e) The fielding of staff members from headquarters, financed from support costs, to provide increased backstopping to projects;

(f) The appointment of one a senior advisor or project co-ordinator who could supervise more than one project.

## 2. Nationally recruited professional project personnel

30. Considerable progress has been achieved in the implementation of decision 79/48 of the twenty-sixth session of the Governing Council and further to paragraphs 43-50 of DP/558 and decision 81/21 of the twenty-eighth session, paragraph 4, all of which deal with the increased use of qualified nationally recruited professional project personnel as an alternative to internationally

recruited personnel. At present, the most extensive use of national experts and consultants is taking place in the Latin American and the Asia and the Pacific Regions. While the total number of work-months for this category of project personnel still represents a small fraction of the total, there can be no doubt that it constitutes a major innovation in the provision of technical co-operation personnel by the United Nations system and that it will grow steadily as its advantages become better known.

31. With increasing experience, it has been possible to develop guidelines for the recruitment, employment and the reintegration of this personnel in their national context. In order to promote this scheme, UNDP has taken the initiative to convene inter-agency consultative meetings in October 1982 and January 1983 to refine and amend existing guidelines and procedures for obtaining this type of personnel.

32. The basic principles which guide the implementation of this approach can be summarized in the following way:

(a) Whether recruitment for a UNDP-supported project is done nationally or internationally, the basic soundness of the project must be established as a pre-condition to approval including a determination that UNDP support to posts which are filled by nationally recruited personnel is directed to activities which are additional to the regular resources of the host Government and, thus, is not used as budgetary support;

(b) The employment of nationally recruited professional project personnel constitutes an important extension of the sources of recruitment but, it does not mean a change in the purpose of technical co-operation of creating institutional capacity for promoting self-sustained social and economic development in a developing country;

(c) Nationally recruited personnel are either employed on the basis of a model service agreement prepared under the aegis of CCAQ(PER), and slightly amended on the basis of recent experience, or through a reimbursable loan agreement between the agency and a releasing organization in the host country. (Consequently, this category of personnel is not covered by the Staff Rules);

(d) Nationally recruited personnel are remunerated at best prevailing levels of remuneration for similar work in the host country.

33. Concerning the difficult question of appropriate levels of remuneration, UNDP and the agencies have agreed on specific guidelines which are now applied in all countries. These guidelines recognize that Governments have the main responsibility for setting appropriate levels in close consultation with the resident representative and that the employing agency must agree to these levels on the basis of reliable information. In order to obtain the relevant information appropriate surveys and enquiries are conducted in either the public or private sectors in accordance with guidelines established for this

purpose. In determining appropriate levels of remuneration, salary alone gives only a partial picture and other elements are taken into account which are accepted in the local context and to which the host Government agrees. It is expected that locally established, flexible frameworks for setting levels of remuneration will evolve as this scheme is more extensively applied in some countries.

34. It is particularly important to point out that the cost per workmonth of this personnel is substantially lower than international personnel, even though care is being taken to ensure that the United Nations system provides total compensation in accordance with the norms and practices of a good local employer. There can be little doubt that this alternative has the potential for wide application over the next few years and could have a significant impact on the reduction of the unit cost of project personnel while maintaining the quality and purpose of technical co-operation.

### 3. Conclusions

35. It does not appear possible to reduce the cost of experts by reducing substantially the compensation levels for internationally recruited project personnel which are being determined under the auspices of ICSC and CCAQ (PER). In fact, current levels of compensation for internationally recruited personnel already appear to be an obstacle to recruitment in certain areas of the world and in certain technical fields and any reductions in compensation could have a further negative impact on the possibility of world-wide recruitment. A substantial change in the payment system, such as the lumpsum approach as an alternative to the current system, is not a viable option for the reasons presented in paragraphs 15-16.

36. This reinforces the view that effective measures to reduce the cost of experts and consultants should not deal with the payment system of international personnel but should be directed to a more careful design of projects with a view to:

(a) Achieving an appropriate, cost effective mix of all available alternative categories of project personnel in keeping with the actual requirements of projects. (This would entail careful project design and thorough appraisal of all personnel inputs);

(b) Giving special attention to ensure that the level of the post is appropriate in terms of functions and that the best suited individual is recruited at that level;

(c) Scrutinizing the duration of assignment with utmost care in order to avoid undue prolongations and to ensure that, whenever possible, short-term assignments are considered.

37. It is especially important to consider the recruitment of qualified nationals as alternatives to international experts and consultants in view of

the fact that current experience in their use indicates that, while they perform at the same level as internationally recruited personnel, they are generally less expensive per work month.

38. Increased consideration should also be given to the utilization of United Nations volunteers and other appropriate personnel to provide maximum cost-effectiveness, particularly for middle-level functions. Greater use should be made, where applicable, of arrangements under government execution which provide for direct recruitment by the host Government in accordance with its rules and regulations although, to the extent that such direct recruitment by the Government takes place internationally, it may not necessarily always lead to lower cost of experts and consultants.

### III. RECOMMENDATIONS OF THE ADMINISTRATOR

39. The Administrator recommends, in the light of the conclusions contained in paragraphs 8-11 and 35-38, the following draft decision:

#### The Governing Council;

Having considered the report of the Administrator entitled "Recruitment and reduction of cost of project professional personnel" (DP/1983/8 and Add.1) and taking note of the views expressed thereon,

1. Invites the executing agencies to continue the improvement of their policies and procedures for the recruitment of professional project personnel and, in particular, to:

(a) Consider adopting measures which would facilitate the sharing among agencies of relevant roster information in similar fields of activity;

(b) Limit the recruitment of project personnel which are currently employed in UNDP-supported project when filling new project vacancies in projects;

(c) Keep national recruitment services fully informed about their requirements for the maintenance and up-dating of rosters and provide these services with a list of candidates currently on the rosters of agencies who are nationals of the particular national recruitment service;

2. Requests the Administrator to make arrangements for the more active involvement of UNDP resident representatives in the clearance process to fill vacant UNDP-supported project posts;

3. Further requests the Administrator to take all the necessary steps to achieve the implementation of the recommendations and suggestions included in



his report for the reduction of the cost of project personnel and, in particular, to design projects in such a manner that they:

(a) Contain the best possible distribution of personnel inputs to ensure that the type and level personnel foreseen in a UNDP-supported project is best suited to accomplish the requisite functions;

(b) Promote the use of short-term assignments whenever this is the more cost-effective option;

(c) Give full consideration to the utilization of United Nations Volunteers for middle-level positions;

4. Further requests the Administrator to pursue actively the increased use of nationally recruited professional project personnel as well as other alternatives to internationally recruited project professional personnel;

5. Further requests the Administrator to report to the Governing Council at its thirty-second session on progress achieved on the effective utilization of all available options to reduce the cost of personnel inputs in UNDP-supported projects.

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Notes

1/ For detailed information on measures taken, see DP/1983/8/Add.1.

2/ See para. 12(a) and (c)

3/ See DP/1983/81/Add.1, paras. 3-17

4/ See Report of the Economic and Social Council, Sixty-third Session, Supplement No. 3A (E/5490), para. 291 and E/6013/Rev.1, para. 323.

5/ Furthermore, as described in paragraph 32 below, the current system of payment for nationally recruited project personnel is based on a lumpsum approach.

6/ Distinct conditions of service and remuneration are provided in the Staff Rules: Staff regulations of the United Nations and Staff Rules 200.1 to 212.7 applicable to Technical Assistance Personnel (ST/SGB/Staff Rules/2/Rev.5/Amend.1).

7/ This approach is foreseen under the provisions which apply to the implementation of UNDP-supported projects by the host Government (government execution.)

8/ As discussed below, considerable progress has been achieved with respect to all administrative and legal matters pertaining to nationally recruited professional project personnel in two recent inter-agency meetings (October 1982 and January 1983).

