**GUIDE ON USING CONTRACTUAL MODALITIES**

**PURPOSE**

The purpose of this guide is to provide information on using the contractual modalities available at UNDP and to help managers decide which contractual modality to choose when creating new or modified positions or hiring personnel or consultants.

Note: In the event of any inconsistency between this guide and any Staff Rule, policy or procedure, the latter shall prevail.

**TYPES OF CONTRACTUAL MODALITIES AT UNDP**

*Overview of Contractual Modality Types*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Human Resources Modality** | | | | | | **Procurement** |
| *Staff* | | | | *Non-Staff* | | | |
| Fixed-Term | | TA | JPO | UNV | PSA Regular | PSA Short-term | IC |
| **International Professionals** | \* | | \* | \* | \* | \* | \* | \* |
| **National Professionals** | \* | | \* |  | \* | \* | \* | \* |
| **Local Support** | \* | | \* |  | \* | \* | \* | \* |

*Staff contracts (appointed under the UN Staff Regulations and Rules (SR&R)):*

* [Fixed-Term Appointment (FTA) (UN Staff Rule 4.13)](https://digitallibrary.un.org/record/4002120?ln=en?web=1)
* [Temporary Appointment (TA)](https://popp.undp.org/node/4121)
* [Junior Professional Officer (JPO)](https://www.jposc.undp.org/content/jposc/en/home/): JPOs are UN staff members on fixed-term appointments. It is a donor-funded modality which is time-limited for the specific incumbent of the JPO assignment and includes a learning element as a key component, and is subject to the donors’ interest in funding a specific role.

*Personnel contracts (not appointed under the UN SRR):*

* Personnel Services Agreement (PSA): For functions that are generally project-based. The PSA can be national or international, office, retainer or home based, full-time or part-time, and comes in the form of regular (six months or more) and short-term (less than six months).  ([IPSA](https://popp.undp.org/node/186)) ([NPSA](https://popp.undp.org/node/191))
* [United Nations Volunteer (UNV)](https://www.unv.org/):  Compensated volunteer work for functions that are extra-budgetary and project based, for work within four national and international categories: Expert, Specialist, Youth, and Community UN Volunteer.

*Procurement contract:*

* [Individual Contractors (IC)](https://popp.undp.org/node/2136): These services can be procured where the contractual arrangement is based on a payment of a lump sum against a specific deliverable. The IC can be national or international, or engaged based on a Long Term Agreement or Reimbursable Loan Agreement.

**CRITERIA FOR DETERMINING WHICH CONTRACTUAL MODALITY TO USE**

Managers should consider four criteria to determine which contract modality to use:

1. Staff versus non-staff personnel
2. Long-term versus short-term
3. Professional versus General Service level
4. Internationally recruited versus locally recruited
5. **Staff versus non-staff personnel contracts - Does the function require the incumbent to be a UNDP staff member or not?**

*Factors related to nature of functions*

This is influenced by two factors related to the nature of the functions:

*Are the functions of an inherent nature?*

Activities of an inherent nature to UNDP are those which require the exercise of substantial discretion in applying UNDP authority or in making decisions for UNDP. The activities normally fall into two categories: a) the exercise of high-level authority or b) the establishment of procedures and processes related to the oversight of monetary transactions or entitlements consistent with UNDP’s [Internal Control Framework](https://popp.undp.org/node/10966).

*Examples of functions of an inherent nature include UNDP Representative or Deputy, Operations Manager, Policy Owner, Bank Signatory, and other committing functions.*

*Are the functions of a continuous nature?*

Functions are of a continuous nature when the activities are not meant to support a specific, time-limited initiative or project, such as a specific business development engagement, study visit, consultancy, or specific training.

*Examples of functions of a continuous nature include Operations Manager, Programme Officer, Programme Associate, Executive Associate, Policy Analyst, etc.*

*Staff or non-staff position*

*When should this be a staff position?*

Staff contractual modalities must be used for functions that are of an inherent nature. They are also used for functions of a continuous nature. Staff modalities should be used as temporary replacements for UNDP staff positions when the incumbent is on extended leave (such as parental leave or long-term sick leave) or for seasonal or peak workloads.

*When should this be a non-staff position?*

If a function is neither of an inherent nature nor a continuous nature, or specifically linked to a project a non-staff position should normally be the default.

*Examples of non-staff functions include Project Manager, Project Associate, Project Evaluation Specialist, Technical Adviser etc.*

1. **Long-term versus short-term - What is the projected duration of the function?**

Once it has been determined whether the function should be filled utilizing a staff or non-staff modality, the duration of the contract can help determine what would be the appropriate contractual modality within these categories to utilize.

*Overview of Duration of Contractual Modality Types*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Type*** | ***FTA*** | ***TA*** | ***JPO*** | ***Regular PSA*** | ***Short-term PSA*** | ***UNV*** | ***IC*** |
| ***Initial Minimum Duration*** | 1-2 years, normally 2 years | 1 Month | 1 year | 6 months | 1 day | 3 months | n/a output based |
| ***Maximum Duration*** | N/A  (normally issued and renewed for durations of 2 years) | 364 days (plus another 365 days under certain conditions) | 3 years | 4 years  at a time subject to a review | 6 months | 4 years | n/a output based |

*Staff contracts:*

TAs can be issued for a period of up to 364 days initially and may exceptionally be extended for a further 365 days only. The total duration cannot exceed 729 days. A break-in-service of three months is required before a person can be rehired on a TA, in the same duty station, and one month if in a difference duty station. Therefore, TAs should only be used for staff-related time limited requirements such as additional support for peaks in workload or coverage for staff positions while the incumbents are on extended leave or coverage while recruitment is underway for an FTA. Given the time limitations on a TA, they should not be used in circumstances in which the services are anticipated to be required for longer than two years.

FTAs are issued for a minimum duration of one year and then can be renewed. UNDP normally issues FTAs for an initial period of two years, with extensions of up to two years at a time. Accordingly, these should be used rather than a TA for staff related requirements that are longer-term and ongoing in nature.

While JPOs are contracted on FTAs, these are funded by a particular donor country and are time limited. The incumbent is normally issued an FTA of one year at a time for two years. The contract may be extended for a third year, normally on the basis of a 50/50 cost share between the donor and UNDP. In order to utilize a JPO for a position, the position must be classified at P-2 level and a donor government must agree to fund the specific position with one of its nationals. Therefore, a JPO should normally be used for supplementary rather than essential staff-related requirements or an assignment that is not anticipated to be needed for more than a few years.

*Non-Staff contracts:*

There are two types of PSAs – Regular and Short-Term:

* The total use of a Short-Term PSA is up to six months (130 working days) during any 12-month period and can be on a retainer basis (use only as needed).
* A Regular PSA is issued for a minimum of six months, up to one year at a time, and may continue to be renewed for up to one year at a time for a period that does not exceed the maximum duration of the project. Renewal is subject to a review every four years and confirmation of similar terms of reference within the same project.

UN Volunteers have a minimum initial contract of three months with a maximum service as a UN Volunteer of four years as a national UN Volunteer and another four years as an international UN Volunteer in a lifetime.

1. **Professional versus General Service - What is the level of the function?**

The two categories of professional and general services are applicable to both staff and non-staff contract modalities, including UNVs, and are defined by the following:

*Professional level*

Includes roles involving managerial, conceptual, analytic, evaluative, scientific and technical or work at a level that requires academic and, for some roles in addition, professional qualifications at university level.

*Examples of professional level functions include Finance Specialist, Project Manager, Procurement Specialist, Economist, Operations Manager, Programme Advisor, etc.*

*General Service level*

Support work which is administrative, clerical, procedural, or operational in nature and ranges from transactional or standardized functions, to those directly supporting professional staff or tasks which may be complex and para-professional. The performance of general service work often requires post-secondary education and technical or administrative training.

*Examples of support level functions include Programme Assistant, Executive Assistant, HR Associate, Finance Clerk, Driver.*

1. **International vs local - Does the function require international or local expertise?**

*Local functions*

General Service level functions, whether staff or non-staff, are considered local and filled on the basis of candidates within commuting distance of the duty station who are legally allowed to reside and work in the country of the duty station. Functions at professional level can also be designated as local if they either do not require specialized international expertise and experience, or for which local knowledge and expertise is necessary to successfully perform in the position. In the case of National Officers, only nationals of the country of the duty station may be hired. National Officers are principally used in programme countries. As these personnel are sourced locally their compensation and benefits packages are based on the local job market. Local functions are the default for most regular functions of UNDP in regular working contexts in field locations, as they contribute to the building of national capacities.

*International functions*

Apart from the Resident Representative and Deputy Resident Representative, there may be other functions that require an independent stance from the national context, political or local neutrality, international expertise across different contexts, or technical expertise which is unlikely to be found within the national capacity. In this case, a candidate would be hired with international status to perform these functions. Such candidates are sourced globally and their compensation and benefits packages are benchmarked against a global expatriate labour force.

**Overview of levels (professional and support) and international and local status for staff and PSAs:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **International Category** | |  | **Local Category** | |  |
| *FTA/TA* | *IPSA* | *ICS* Levels | *FTA/TA* | *NPSA* |  |
|  |  | ICS-1 | GS-1 | NPSA-1 | Support |
|  |  | ICS-2 | GS-2 | NPSA-2 |
|  |  | ICS-3 | GS-3 | NPSA-3 |
|  |  | ICS-4 | GS-4 | NPSA-4 |
|  |  | ICS-5 | GS-5 | NPSA-5 |
|  |  | ICS-6 | GS-6 | NPSA-6 |
|  |  | ICS-7 | GS-7 | NPSA-7 |
| P1 | IPSA-8 | ICS-8 | NO-A | NPSA-8 | Professional |
| P2 | IPSA-9 | ICS-9 | NO-B | NPSA-9 |
| P3 | IPSA-10 | ICS-10 | NO-C | NPSA-10 |
| P4 | IPSA-11 | ICS-11 | NO-D | NPSA-11 |
| P5 | IPSA-12 | ICS-12 | NO-E | NPSA-12 |
| D1 | IPSA-13 | ICS-13 |  |  |
| D2 | IPSA-14 | ICS-14 |  |  |

*JPOs are always International Professionals hired at the P-2 level.*

*UN Volunteers cover both professional and support under 4 different categories.*

**CALCULATING FINANCIAL COSTS OF CONTRACTUAL MODALITIES**

The link below will take you to a set of calculators that will allow you to run cost estimates of the different contractual modalities based on the related proforma costs.

[Link to proforma](https://intranet.undp.org/unit/ofrm/Financial%20Resource%20Management%20Policies/Forms/fba_other.aspx?RootFolder=%2Funit%2Fofrm%2FFinancial%20Resource%20Management%20Policies%2F2022%20Pro-forma%20costs&FolderCTID=0x0120009837A6491BE4B440B59E74738CBA3637&View=%7B59C889D5-EC75-4ACD-ACDC-55F493D6CC3D%7D)

**COMPARISON BETWEEN MODALITIES**

The following tables set out comparisons between different contractual modalities operationally, and in terms of benefits and entitlements, and conversion between modalities.

**Operational comparison**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Fixed-term, Permanent Appointments**  **(FTA)** | **Temporary Appointment**  **(TA)** | **Individual Contract**  **(IC)**  **(Procurement, non-personnel)** | **Personnel Services Agreement**  **(PSA)** | **UN Volunteer**  **(UNV)** |
| ***Purpose***      ***Typically used for***        ***Cost***          ***Classification***    ***Selection authority***    ***Speed in hiring*** | Long-term continuous  Inherent functions  High (direct and administration)  Central     Corporate review board  Longest duration | Temporary peaks/ FTA replacement    Peak seasons, temporary gap filling      Relatively high (lighter on administration)  Central  Hiring unit no Corporate review board review  Relatively Fast | Lump-sum based deliverables only    Specific deliverables        All inclusive fee, Medium to High due to short-term nature and DSA, light on administration  N/A  Up to 100k, Business Unit /ACP thereafter (Procurement)  Dependent on selection procedure used and monetary threshold of contract. | Project    Project-funded functions (operational and programme)    Medium (light administration)    Central  Hiring Unit  Very Fast for short-term;  Relatively fast for Regular | Volunteer personnel    Project/extra budget-funded functions (operational & programme)    Low-medium      N/A     Hiring Unit  Very Fast for nationals and relatively fast for internationals |

**Entitlement comparison**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Fixed-term, Permanent Appointments**  **(FTA/PA)** | **Temporary Appointment**  **(TA)** | **Individual Contract**  **(IC)**  **(Procurement)** | **Personnel Services Agreement**  **(PSA)** | **UN Volunteer**  **(UNV)** |
| **Legal basis** | Career staff member appointed under the UN Staff Regulations and Rules. | Staff members appointed under the UN Staff Regulations and Rules | Governed by IC procurement Policy and explicit terms of IC | Personnel contracted and governed by explicit terms of  their  Personnel Services Agreement | [Unified Conditions of Service governed by UNV](https://www.unv.org/sites/default/files/unvpf/UNVcos2021%20Complete%20hi-res-final_compressed_30.08.2021.pdf) |
| **UNLP** | Yes | Yes | No | No | No |
| **Duration** | A fixed-term appointment may be granted for a period of one year or more; extensions are granted for 2 years. | Up to 364 calendar days maximum. Duration can be exceptionally extended beyond the first 364 calendar days for additional 365 days | Duration based on required outputs, with special approval beyond 24 months | 1 day to 1 year at a time, and up to 4 years, with extensions beyond after reconfirmation of no change in nature of functions and funding  Regular PSA:  Min. 6 months  Short-term PSA:  Max. 6 months in any calendar year | The minimum initial contract duration is  three months, and maximum of four years as a national UN Volunteer and another four years as an international UN Volunteer in a lifetime |
| **Remuneration basis** | Local remuneration scales based on best prevailing local conditions; International remuneration scale based on best comparator civil service | Local remuneration scales based on best prevailing local conditions; International remuneration scale based on best comparator civil service | Lump-sum based depending on complexity and seniority; or daily fees based on a BU developed table or fee range provided in IC Policy | \*IPSA:  Reference to best comparator civil service  Basic salary  Living cost  Hardship    \*NPSA:  Reference to best prevailing local conditions  NPSA CO scale | Volunteer Living Allowance (VLA), a support mechanism to sustain them during their volunteer service; plus other monetary entitlements (entry/end of assignment lumpsum, dependents) |
| **Hardship Allowance** | Yes | Yes | No | Only for IPSAs (for duty stations D & E) Lump sum fixed at $1,000 per month | Well-being differentials provided per month for IUNVs - $500/$1000 and NUNVs 15%/30% additional VLA as per duty stations classifications |
| **Danger Pay/ Allowance** | Yes  $1,645 for IPs and a lump sum based on the local GS salary scale for NOs and GS staff | Yes  $1,645 for IPs and a lump sum based on the local GS salary scale for NOs and GS staff | No | Yes (where applicable) and in form of a lumpsum fixed at $1,000 per month for IPSAs, and the CO lump sum rate for NPSAs | Well-being differentials provided per month for IUNVs - $500/$1000 and NUNVs 15%/30% additional VLA as per duty stations classifications |
| **Taxability of salaries** | Tax-exempt (or subject to reimbursement) | Tax-exempt (or subject to reimbursement). | Not exempt; no tax reimbursement | Not exempt; no tax reimbursement | Not formally exempt; but taxes may not apply to UNVs given that living allowances are paid instead of salaries |
| **Recruitment procedures** | Competitive process  Reviewed by CR Panel/Board | Competitive process required but no CRB/CRP review. | see *Selection Authority above* | Competitive selection | Competitive process facilitated by UNV with a Hiring Manager input (selection) with a direct recruitment option |
| **Medical clearance** | UN Medical Service | UN Medical service | For >65 years of age by a UN medical physician if available, if not available by a medical practitioner selected by the IC. | [Medical certification](https://info.undp.org/gssu/SiteAssets/PSA/IPSA/Human%20Resources%20Practitioners/3-Forms%20and%20Templates/Certificate_of_Good_Health.doc) issued by a certified physician. | UN Medical Service |
| **Perform-ance review** | PMD | PMD | Upon extension or final payment, IC evaluation form | PMD | Performance Appraisal required before completion of service |
| **Annual leave** | 2.5 days/month  May carry forward up to **60**days | 1.5days/month  May carry forward up to **18**days | None | 2.5 days/month for regular PSAs  May carry forward up to 24 working days | 2.5 days/month |
| **Pension** | UN Pension Fund | UN Pension Fund for staff members on TAs of six months or longer  (conditions apply) | None | IPSA: None  NPSA: 8.33% lump sum payment for pension purposes. | None |
| **Sickness**  **Sick leave** | Depending on duration of service: min. three months on full remuneration and three months on half remuneration in any period of twelve consecutive months | 24 days per year | None | Regular PSAs: 2 days per month or 24 days per year    Short-term PSAs: None | 7 days uncertified/ calendar year. Certified Sick Leave established at 30 days per annual period. |
| **Parental leave for birth parent** | 16 weeks  and an additional 8 weeks if serving in a D or E classified duty station | 16 weeks  and an additional 8 weeks if serving in a D or E classified duty station | None | Regular PSAs only:16 weeks | 16 weeks |
| **Parental leave for non-birth parent** | 4 weeks, or up to 8 weeks if in a non-family duty station. Add’l eligibility conditions apply | 4 weeks, or up to 8 weeks if in a non-family duty station. Add’l eligibility conditions apply | None | Regular PSAs only: 4 weeks | 10 days |
| **Medical**  **Benefits** | Local office staff – UNDP scheme (MIP);    International staff in the field: CIGNA;  International staff and GS in New York:  AETNA, Empire Blue cross, medical plans made available | Local office staff – UNDP scheme (MIP);    International staff in the field: CIGNA.    International staff and GS in New York:  AETNA, Empire Blue cross, medical plans made available; | None | Regular IPSA: Medical Coverage is mandatory. UNDP provides subsidy in form of lump sum in the amount of USD 250 per month. Enrolment and administration is between IPSA holder and service provider directly.    Regular NPSA: Medical coverage provided by UNDP or via local coverage in CO | Medical, life, disability/ dismemberment and malicious acts insurance (CIGNA) plans provided in the contract (100% coverage and/or within established ceiling) |
| **Eligibility**  (Medical Benefits) | Staff member and recognized dependants | Staff member only | N/A | Open for dependants at own cost | UNV provides for UN Volunteer and up to 3 dependents at the Duty Station, open to more dependants at own cost |
| **Medical evacuation** | S/M and recognized dependants | Staff member only  . | IC fully responsible for costs. | IPSA Holder fully responsible for costs. UNDP may facilitate and assist with arrangements  NPSA Holder fully responsible for costs. | Per applicable UNDP POPP Medical Evacuation Travel |
| **Death and** **disability** | Coverage for service-incurred injury, illness or death in accordance with App. “D” of Staff Rules. | Coverage for service-incurred injury, illness or death in accordance with App. “D” of Staff Rules. | Service-incurred only | Corporate Global  Group plan (paid for by UNDP for service incurred death and disability as well as death for any cause (life insurance) | Provided, including  coverage for service-incurred injury, illness or death |
| **Malicious Acts Insurance (MAIP)** | Coverage for S/M located at, or travelling to, a designated hazardous duty station subject to compliance with MAIP. | Coverage for S/M located at, or travelling to, a designated hazardous duty station subject to compliance with MAIP. | Coverage for ICs located at, or traveling to, a designated hazardous duty station subject to compliance with MAIP | Coverage for PSA Holder located at, or traveling to, a designated hazardous duty station subject to compliance with MAIP. | Provided |
| **Annual Increment** | Step increase | None | Possible if market rate increases subject to a competitive process | IPSA: None  NPSA: 3% annual | None |
| **Overtime** | For GS category only | For GS category only | None | Only for NPSA1-7 | Compensatory leave subject to Host Entity policy |

***Transitions between contractual modalities***

|  |  |  |
| --- | --- | --- |
| Contract Type |  | Break In Service? |
| FTA to PSA | Same level and similar function | Yes |
|  | Different Level | Yes |
| FTA to TA | Same level and similar function | Yes |
|  | Different Level | Yes |
| TA to FTA | Same level and similar function | No |
|  | Different Level | No |
| TA to PSA | Same level and similar function | No |
|  | Different Level | No |
| PSA to FTA | All levels | No |
| NPSA to IPSA | Same level and similar function | No |
|  | Different Level | No |
| IPSA to NPSA | Same level and similar function | No |
|  | Different Level | No |
| IC to PSA |  | No |
| UNV to FTA or TA | Any level | No |
| UNV to PSA | Same level and similar function | No |
|  | Different Level | No |

*For re-employment after retirement and l agreed separations, the break in service is 3 months.*

**LINKS TO MORE INFORMATION**

Below are links to more information on:

[IPSAs](https://popp.undp.org/node/186)

[NPSAs](https://popp.undp.org/node/11146)

[JPOs](https://www.jposc.undp.org/content/jposc/en/home/)

[UNVs](http://www.unv.org)

The UN Partner Tool Kit with detailed information on engagement of UN Volunteers: <https://toolkit.unv.org/home>

