

UNDP/ADM/99/55
27 July 1999

To: Resident Representatives
Assistant Administrators

- UNDP Africa
- UNDP Asia and the Pacific
- UNDP Europe and the Commonwealth of Independent States
- UNDP Arab States
- UNDP Latin America and the Caribbean

Assistant Administrators, BPRM/BDP/BREA/BFAS
Directors, OA/OSG/DGO/HDRO/EO/OAPR
Executive Director, UNOPS
Executive Director, UNIFEM
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Washington, D.C./Croatia/Macedonia/Yugoslavia

From: Deborah Landey
Director, BPRM/OHR

Subject: Delegation of Authority: Reimbursable Loan Agreements (RLAs)/Special Service Agreements (SSA) Guidelines Simplification

In furtherance of the UNDP 2001 agenda, authority is delegated from the Director, BPRM/OHR, to unit management to enter into Reimbursable Loan Agreements (“RLAs”) with a company, institution, or other legal entity in order to engage identified individuals to perform consultancy services. RLAs will generally be subject to the same contractual guidelines and provisions as Special Service Agreements (“SSAs”). These changes should lead to a more consistent and competitive selection of consultants and the expedited issuance of RLAs. Management will be accountable for complying with relevant guidelines and other contractual provisions for engaging consultants under RLAs, (as they are now for SSAs). BPRM/OHR will continue to provide advice and guidance to the operational units on the proper use of RLAs and SSAs, and for interpreting relevant policies and procedures. To ensure that selection is made on a competitive basis, please refer in particular to the Procurement Framework circular, UNDP/ADM/99/54.

In addition, certain administrative requirements contained in the Guidelines for the use of Special Service Agreements (SSA) (UNDP/ADM/95/63, dated 5 July 1995) are discontinued, specifically the use and maintenance of the Corporate Consultant Roster, annual reporting on SSA usage and submission to BPRM/OHR of consultant performance evaluation reports.

1. Further to the series of circulars issued last year announcing a full range of re-engineering and streamlining measures in the areas of human resources management and administration, I am now pleased to announce in this circular another step in the process: delegation of authority to enter into and to issue Reimbursable Loan Agreements; and further streamlining in the handling of SSAs.

Delegation of Authority to issue Reimbursable Loan Agreements (“RLAs”)

2. I wish to announce a delegation of authority to Heads of UNDP Headquarters units and Resident Representatives to enter into and issue contracts to a company, institution or other legal entity for the purpose of hiring identified individuals to perform consultancy services (commonly known as reimbursable loan agreements or “RLAs”). The delegation of authority is conferred to those operational units with existing authority to issue international Special Service Agreements (“SSAs”). This action has been endorsed by the Chief Procurement Officer of UNDP. (Annex)

3. With certain specific adjustments, the selection and contract administration processes for RLAs will be subject to the provisions contained in the Guidelines for the use of Special Service Agreements (SSA). (See UNDP/ADM/95/63, dated 5 July 1995). This delegation of authority formally recognizes the general applicability of the SSA Guidelines to RLAs. It also specifies those provisions of the SSA Guidelines that do not apply to RLAs or have otherwise been modified where necessary.

4. Either the RLA or the SSA may be used to engage, through a competitive process, identified individuals with expertise to perform consultancy services for UNDP. However, where the identified individual is an employee of a company, institution, or other legal entity, and not a self-employed or “independent” consultant, the RLA is the proper contractual instrument. Under the RLA, the company/institution makes the services of the named consultant available to the operational unit for a specified period. The company/institution remains responsible for the actual payment of salary, taxes and other administrative charges. UNDP “reimburses” the company for payments to the identified individual. Under the SSA, by comparison, the individual is hired directly by UNDP; the SSA is issued and payments are made to the consultant.

5. However, where the selection of a consultant is based upon the competence, capacity and experience of the company or institution itself, rather than of the individual expert, an RLA is not the appropriate contractual instrument. Instead, a Procurement Contract for Services should be used, and the company or institution should be selected through an international solicitation process. Under the Procurement Contract for Services, the company is held responsible for the performance of its employees. Moreover, unlike with RLAs, the company is obligated to replace its employees should they become unavailable to deliver the services as contracted, thereby reducing the risk of non-performance.

6. All necessary forms for issuing and administering RLAs and SSAs, including instructions, are located on the OHR Intranet web site [http://intra.undp.org/ohr\(forms\)](http://intra.undp.org/ohr(forms)), and may be completed electronically.

Simplification of Guidelines on the use of Special Service Agreements (“SSA”)

7. I also wish to announce the discontinuance of certain administrative requirements contained in the SSA Guidelines. One of the key features of the SSA Guidelines has been the use of a common Corporate Consultant Roster. Hiring units were expected to make full use of the roster to facilitate sourcing of qualified experts. In a recent OHR survey, SSA users indicated that the Corporate Consultant Roster was rarely checked for names of qualified consultants. With Sub-regional Facilities (SURFs) expected to build a common network of qualified experts, maintenance of the roster, a labour-intensive exercise, can no longer be justified. Therefore, the Corporate Consultant Roster will be discontinued, effective immediately.

8. Under existing SSA Guidelines, hiring units have also been required to provide an evaluation of consultant performance to the Office of Human Resources for entry into the Corporate Consultant Roster. This reporting requirement is also discontinued. A performance evaluation must still be completed for every consultant before any unpaid fees are released, and must be available on request for purposes of internal monitoring and control.

9. To monitor SSA usage, hiring units submit annual reports to BPRM/OHR. However, completion of these reports is time-consuming and compliance has been low. With the implementation of IMIS Release 3 and upgrading of the FOST system for monitoring of SSA activities at Headquarters and country offices, respectively, the current SSA reporting requirement is discontinued. OHR will be piloting a simple, self-assessment form or checklist to help hiring units ensure that they are satisfying corporate standards in the selection and administration of consultants.

10. Hiring units remain fully accountable for complying with the other relevant provisions of the SSA Guidelines relating to selection and performance evaluation of consultants, and with the UNDP Financial Regulations and Rules.

11. OHR/Recruitment will continue to provide advice and guidance on the appropriate use of RLAs and SSAs, and for interpretation of relevant policies and procedures.

**Reimbursable Loan Agreements
Delegation of Authority**

- (A) The following delegation of authority is made to users (see attached list) in both UNDP Headquarters locations and country offices to issue reimbursable loan agreements (“RLAs”) in order to secure the services of identified individuals employed by a company, institution or other legal entity.
1. Heads of units listed in the attachment will have standing authority to issue RLAs up to a maximum of US\$30,000 (not exceeding a daily fee of US\$500);
 2. Heads of units listed in the attachment will have authority to issue RLAs between US\$30,000 and US\$99,999 that have been reviewed by the local Contracts Committee (see (B) below);
 3. Any RLA or a series of RLAs issued to the same consultant for the same project, totaling US\$100,000 or more, must be endorsed by the Director of the Office of Human Resources prior to review by the Advisory Committee on Procurement for final recommendation, and approval by the UNDP Chief Procurement Officer.
- (B) The local Contracts Committee shall have authority to review requests for SSAs and RLAs between US\$30,000 and US\$99,999.
- (C) The Guidelines for the use of Special Service Agreements (SSA) (UNDP/ADM/95/63, dated 5 July 1995) shall apply to the use of RLAs, except as specifically provided below. (All paragraph references hereinafter refer to the SSA Guidelines).
1. Paragraph II 5(A) entitled “Definitions” is amended as follows:

“Consultant: A person whose services are required by UNDP on a short-term basis to provide outside expertise, i.e. advisory services or assistance requiring expertise, special skills or knowledge not available from the regular staff of UNDP, and for which there is no continuing need in UNDP. A **“consultant” shall include identified persons employed by an outside company, institution or other legal entity who have been contractually released by the employing organization to provide expertise to UNDP.**” (boldface added)
 2. RLAs issued for the services of identified consultants are not subject to the eleven month duration of contract or to the four-month break-in-service requirements (paragraphs 5, 10(a) and 40);

(C)

3. RLAs issued to engage a retired UNDP (or other UN agency) staff member may only be approved by the Director, Office of Human Resources (see paragraph 13(a)). This requirement shall apply to the hiring of consultants under an RLA even though such consultants are not subject to General Assembly Resolutions 37/237 and 51/408. These resolutions limit the amount that may be paid to a former UNDP/UNFPA/UNOPS staff member in receipt of a pension benefit from the United Nations Joint Pension Fund within any one calendar year (currently US\$22,000) and the duration of consultancy contract to six months within a calendar year.
4. The rate of payment for a consultant hired under an RLA shall include any overhead costs of the company/institution. Reasonable level of overhead charges should be taken into account in setting pay rates (paragraph 52, et seq).
5. A consultant hired under an RLA is not entitled to annual leave or paid sick leave from UNDP (paragraph 74).
6. An institution or company engaged by UNDP under an RLA to provide the services of a consultant may not claim entitlement to compensation in the event of death, injury, or illness of its employees attributable to their performance, under Appendix D to the Staff Rules of the United Nations (ST/SGB/Staff Rules/Appendix D/Rev.1). Nor is the consultant hired under an RLA entitled to compensation in the event of death, injury, or illness under Appendix D to the Staff Rules. Liability coverage for the consultant hired under an RLA is the sole responsibility of the employing institution or company (paragraphs 78, et seq).
7. The provisions of Appendix D to the Staff Rules do not apply to consultants hired under an RLA in the event of death, injury, or illness in connection with travel undertaken by means of transportation furnished by or at the direction of UNDP in the performance of services for which they are engaged (paragraph 81).
8. Consultants hired under an RLA who serve at, or travel at UNDP's expense to a designated hazardous duty station, are covered by the War Risk Insurance Scheme (paragraph 83).

List of Users

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