



UNDP/ADM/97/69

15 December 1997

To: All UNDP staff

From: Deborah Landey
Director
Office of Human Resources, BPRM

Subject: **Use of the Appointment for Activities of Limited Duration (ALD)**

Within UNDP's revised framework for contracting personnel, the appointment for Activities of Limited Duration (ALD) is used for work integral to UNDP activities but of a shorter duration than under the traditional 100 series contracts, which are intended for continuing activities. The ALD, which comes under the 300 series Staff Rules, offers greater flexibility and ease of use than the 100 series appointment. The ALD does not require the establishment of posts but is designed to be used within approved monetary allocations. It uses a lumpsum approach to pay, and does not provide the range of benefits and entitlements normally associated with longer term appointments. Flexible pay setting, decentralized to user units, is combined with a minimum of administrative procedure. Policy and accountability guidelines are set out in this circular. Operational materials are being made available to offices in the form of a user's handbook. Delegated authority to country offices is subject to the explicit approval of the Director, OHR.

1. The circular on the reform of employment contracts ([UNDP/ADM/97/68](#) of 15 December 1997) announces that the appointment for Activities of Limited Duration (ALD) will henceforth serve as one of our fundamental contracting mechanisms. I am pleased to announce here the arrangements for the use of the ALD by UNDP offices and units. This is one of a number of ways in which our systems and procedures are being changed to respond effectively to evolving Programme needs.

General

2. The ALD contract is intended to be a flexible hiring tool for appointments limited in duration (minimum of 6 months, maximum of 3 years or, exceptionally, 4 years). The limited duration aspect is the fundamental and distinguishing feature of the ALD, differentiating it from core functions and continuing activities, and from long-term expert assignments. It provides pay flexibility, within reasonable limits, and reduces the administrative work and overhead as compared to contracts under the 100 series. The ALD does not involve a wide range of entitlements and benefits requiring separate administration. Very importantly, by its limited duration nature, it is a form of relatively short-term, contracted personnel, without any expectancy of continued, long-term employment.

3. The purpose of this circular is to introduce formally this type of appointment for general usage in situations that require it, describe its key concepts and features, and present operating instructions and tools, so that offices can begin to use this new form of contract once they have satisfied the conditions for delegated authority described in para. 30.

4. The ALD approach was endorsed by UNDP's Governing Council in 1992. After a lengthy clearance process, senior management agreed to its use as from the beginning of 1994. The ALD has been in a pilot phase, and experience has been gained in its operation. The ALD has been used for limited duration hiring, ranging from senior assistant levels through professional and mid-level management and senior adviser levels - largely for a number of non-continuing and specialized functions at Headquarters, but it also has been tested in some country offices. User units have collaborated with OHR in the hiring process as well as in the ongoing administration and management of ALDs.

5. UNOPS has been a major user of the ALD for international project personnel, in the pilot phase. The United Nations also piloted the use of ALD contracts (with some different features) for peace-keeping operations, since 1994. In all cases, ALD contracts have been issued under the 300 series of Staff Rules which were redesigned for limited duration, non-continuing appointments. The International Civil Service Commission (ICSC) has been consulted since the outset, has undertaken interim reviews of this new form of appointment and monitors the experience of user organizations. Recently, it completed an extensive review of the category and agreed to the introduction of the ALD by other interested organizations. It is now clear that the UN system organizations have a growing need for such appointments, to complement the continuing, career service which is the foundation of the international civil service.

ALD as part of UNDP's framework for hiring of personnel

6. The general circular on types of contracts ([UNDP/ADM/97/68](#) of 15 December 1997) describes the ALD within an overall framework, as one of the four main contract types in use, as summarized in the following table:

| | |
|---|---|
| Project or non-project Local or international Outsourceable or integral | Project or outsourceable non-project Local hire only (for country offices and HQ locations outside of NY) |
| SSA | Service Contract |
| Duration: very brief up to 11 months | Duration: Limited or continuing 11 mos. min.; one-year increments; maximum - based on activities' needs |
| International: project or non- project Local: Non-project (integral) only | Non-project: local or international (200 series: project or non-project international) |
| ALD | 100 series/200 series |
| Duration: Limited 6 mos. min. - one year increments; 3 years maximum (exceptionally, 4) | Duration: continuing 1 or 2 year increments, without maximum time limitation |

7. The use of the ALD by country offices and headquarters units is intended to cover the following hiring situations:

- Individuals hired perform functions which usually are specialized and directly linked to the work of the office for time bound activities. The activities are ones which are known, on the basis of past experience and/or current plans, not to have a regular and continuing role for the office. The activities, set out in the terms of reference, must clearly be ones that can be deemed to be of limited duration. The hiring unit must justify in writing the limited duration nature.

The limited duration may result from any of the following:

- the temporary nature of the objective and related activities;
- the nature of certain functions - eg. the design and start-up of a new system or business procedure; the delivery of initial training and orientation in some new area of knowledge or procedure, that would then be taken over by continuing staff.

8. The table in Annex 1 of the main policy circular on "Reform of employment contracts in UNDP" (also included in the accompanying User's Handbook) provides a further description and specific examples of limited duration work which may be covered by the ALD appointment. Offices should refer to this, as well as to the specific guidelines and checklist provided in the User's Handbook. The ALD is not permitted in situations that have typically been covered by 100 series appointments. (Also see para. 17 below, regarding minimum and maximum duration.)

9. A clear distinction is drawn between the 100 series staff member contracts which are used for ongoing functions linked to posts in UNDP's biennial budgets (core and extra-budgetary), and the ALD appointments. Since ALDs are for limited duration activities and have no continuity of employment, they are considered a form of contracted personnel who are expected to leave UNDP once the limited duration work is completed. In this sense, there is a similarity with the SSAs, although certain key elements of social security are provided with the ALD.

ALD for local use and for international use

10. As a flexible tool for contracting in a variety of situations, the ALD has been designed to be adaptable for both international assignments (project or non-project), and for local hiring needs at Headquarters and in country offices (non-project (activities which are integral to the office's work). Until now, the ALD has been used only for international hiring and for local hiring in New York. Therefore, the extension of the ALD for country office use (and for Headquarters locations outside of New York) is the most significant change being introduced in the ALD at this time.

11. For ease of reference and understanding, hereafter the term "local ALD" is used to denote the contracting mechanism and arrangements when local hiring of individuals under ALD contracts is done by country offices. "Local ALD" will also be used for Headquarters locations (both Headquarters in New York and at other non-country office locations, eg. UNV Bonn, UNDP Geneva, IAPSO) to denote the contracting of ALDs who are not internationally recruited. The local ALD for New York and other non-country offices

outside of New York is used for the following situations: all hiring in ALD bands A1 and A2 (which covers the range of work equivalent to levels G3 to G7, in Headquarters locations); and hiring in ALD bands A3 to A5 (work equivalent to levels P2 to D2), when the individual is not internationally-recruited.

12. When an individual in the A3 to A5 bands must be recruited internationally (required to travel from one country to take up the assignment in another country - whether in a country office or a Headquarters location), this constitutes an internationally-recruited ALD. Further guidance on the meaning and intent of local as compared to international hiring is provided in the User's Handbook. The additional conditions of service which apply to international ALD appointments are specified under para. 28 below.

When the local ALD should not be used

13. International personnel must not be hired under a local ALD. If the activities justify the use of an ALD contract and international hiring is required, this must be arranged through Headquarters, as an international ALD. (In the case of local hiring of a spouse of an international ALD or 100 series contract holder, this is to be done with the local contracting mechanism.)

14. For the hiring of national personnel (professional or support personnel) to work in project activities, the ALD is not appropriate. For this, the service contract is the preferred tool, or - if the duration will not exceed 11 months -the SSA may be used. A separate circular is being issued simultaneously, with the policy and guidelines for the "service contract" - see [UNDP/ADM/97/70](#) of 15 December 1997. (A number of specifics related to contracting for NEX projects are still pending due to the ongoing programme policy discussions.)

15. In the past, offices have improperly used extended SSAs for work that should either be contracted out or performed under a service contract (eg. for custodial personnel, guards, maintenance work, and similar). The use of extended SSAs has not been an acceptable practice, nor will it be acceptable in the future. However, the local ALD is NOT meant to replace the previous improper use of extended SSAs. For the future, the service contract is the indicated method of contracting this type of service, when contracting out is not feasible.

(Note: The term "contract" or "contracting" used in relation to hiring of individuals refers to employment contracts - as opposed to the contracting of firms or contracting for services by outside businesses. "Contracting out" or "outsourcing" is with a firm, and follows the rules for procurement. Employment contracts directly with individuals - whether deemed to be "employees" or "independent contractors", based on local custom or law - follow the relevant guidelines established in the policy on reform of employment contracts in UNDP.)

16. It is emphasized that the ALD - local or international - is not used for hiring personnel into integral office functions that are known or can reasonably be expected to be of a continuing nature. For such cases, posts must be established (core or extrabudgetary, as appropriate) and the hiring is under the 100 series (or 200 series for non-core). ALD contracts cannot therefore be charged against vacant posts.

Key features of the ALD

17. Duration - Minimum of six months and maximum of four years (normal maximum is three years; the fourth year is exceptional). Contracts are generally issued in one-year increments. After four years, an individual cannot under any circumstances be employed under an ALD, SSA or service contract without a break in service of at least six months. In the future, the four year total includes any period served under an SSA or service contract prior to an ALD appointment. If an individual returns to an ALD appointment after a six months break, it must be a different activity, not a continuation of the previous activity.

18. The limit of three years of service (exceptionally, four years) applies to individuals without exception. That means that a person who serves as an ALD in one function, for example, for three years, can only serve for one additional year on an ALD contract before being required to take a break in service. Stated differently - in any period of four years and six months, an individual can only serve a maximum of four years on ALD (or a combination of ALD, SSA and service contract).

19. Legal status - The ALD is framed within the revised 300 series of the Staff Rules, which came into effect on 1 January 1994. Coverage under the Staff Rules also implies, among other things: applicability of the Convention on Privileges and Immunities; mandatory Pension Fund participation and medical coverage; UN income not subject to taxation (or taxes reimbursed); Laissez-Passer, as required, for travel purposes; appropriate visa status for non-resident expatriates; and Staff Association participation.

20. Groups covered - The ALD may be applied for technical, support, specialized, managerial, and/or advisory functions - which range in level of responsibility from the G4/G5 levels (G3/G5 at HQ) through senior professional levels (NO-D/P-4 level in country offices; D1/D2 level for international ALDs). Refer to the Users' Handbook or circular [UNDP/ADM/97/68](#), Annex 1 ("Summary of typical jobs performed under each type of employment contract") for a listing of the functions typically covered by the ALD contract. Note: the use of the ALD for managerial functions is considered exceptional. It is not to be used for "line managerial" functions. Instead, it could be a team leader function, supervising short-term activities, where the other members of the unit are also employed on ALD or SSA contracts. (ALDs do not normally supervise 100 series staff.)

21. Compensation - The level of work to be performed under an ALD contract is defined through a system of broad bands (of responsibility and pay). The bands are structured to maintain a linkage with the existing grade levels in the GS, NPO, Professional and Director categories, as follows:

| Local ALD (country offices) | | Local ALD for HQ locations and international ALD | |
|--------------------------------|-----------------|--|----------------|
| Band A1 (L) | G4/G5 levels | Band A1 (L) | G3 - G5 levels |
| Band A2 (L) | G6/G7 levels | Band A2 (L) | G6/G7 levels |
| Band A3 (L) | NO-B/NO-C level | Band A3 (L or Int) | P2/P3 levels |
| Band A4 (L) | NO-D level | Band A4 (L or Int) | P4/P5 levels |

| | | | |
|--|--|--------------------|--------------|
| | | Band A5 (L or Int) | D1/D2 levels |
|--|--|--------------------|--------------|

(Bands A3 to A5 for HQ and international use will be either local (L) or international (Int), depending on whether the individual is recruited internationally, as explained in paras. 11 and 12 above.)

22. Pay is defined in lump sum terms. ALDs are assigned to one of the four (or five) broad bands. While the pay ranges are drawn from the UN Common System scales of remuneration (to avoid a non-arbitrary approach to pay), the user unit has a reasonable range of discretion in negotiating pay rates within the relevant band in order to attract the necessary talent while taking due account of the labour market conditions. User units also take on a greater responsibility in operating cost-effectively within available monetary budget allocations.

23. For local ALDs in country offices, the office establishes the band ranges, based on the existing GS and NPO salary scales. The office is responsible for maintaining these ranges. For each ALD contract holder, a lump sum pay level is agreed upon as a result of discussion between the hiring unit and the candidate (guidelines are provided in the User's Handbook). A lump sum salary is set at the time of hire and normally remains unchanged for the duration of the contract period. At the end of the contract period, an extension of the ALD contract may be agreed, subject to need, budget availability and performance. At that time, a pay adjustment could reflect a merit increase (in lieu of step increments). The agreed pay adjustment results in a revised lump sum total salary for the new contract period. In this regard, it is important to stress that pay increases must be managed within available monetary budget allocations and are neither an entitlement or automatic. (Guidelines are provided in the User's Handbook.)

24. Headquarters offices other than New York establish the band ranges for bands A-1 and A-2, and proceed similar to country offices in terms of salary setting and adjustments. For bands A-3 to A-5 in these locations and for New York, different guidelines apply and are included in the attached material.

25. Financial management - Units must negotiate pay levels and determine compensation within the strict limits of a monetary budget allocation. This is an important difference between the ALD (which does not require the establishment or classification of posts) and the 100 (or 200) series contracts which are based on established posts. While the costs of posts under the 100 or 200 series may fluctuate and increase due to changes in pay scales and entitlements, in the case of the ALD the costs must be maintained within specific monetary allocations.

26. Social security and other non-cash conditions

- ALD appointees must be enrolled in the Pension Fund. They will also be enrolled in the Medical Insurance Plan (MIP) for locally-recruited personnel in the field, with a UNDP subsidy for the ALD appointee. Family members are eligible for enrolment, without subsidy by UNDP. At other locations, medical coverage will be provided, either through enrolment in the local plan, or (on an interim basis) through a cash payment in lieu of enrolment.

- Annual leave is 18 days per year, or 1.5 days per month, for local ALDs. International ALDs (in country offices and in Headquarters locations) receive 30 days of annual leave, 2.5 days per month. Leave can be accumulated during the contract, or successive contracts, up to 36 days (or 60 days for internationally-recruited ALDs), but is not commutable to cash at the end of the contract.

- Sick leave accrues at the rate of 2 days (paid leave) per month, and may be accumulated during the course of the contract (not to exceed 65 days of accumulation), and not commutable to cash at the end of the contract. Maternity leave is the same as for the 100 series staff, 16 weeks of paid leave.

- ALDs are covered for death and disability. Provisions for war-risk insurance, hazard pay, and medical evacuation apply.

27. Performance management and merit-based pay - An innovation with the ALD is the use of "merit increases", linked to performance. As mentioned earlier, units evaluate the performance with a streamlined PAR, and may establish an annual merit increase ranging from 2 to 7 percent of pay, subject to performance and within the limit of budget allocations.

28. Other conditions for internationally-recruited ALDs - There are a limited number of additional measures that apply in the case of ALDs who are internationally-recruited, that is, those for whom UNDP assumes the obligation to travel to the duty from another country. These additional measures relate to air travel, a one-time mobilization element, an annual or bi-annual travel benefit, and additional days of leave. These measures are covered in Section VI of the User's Handbook.

29. The following tables illustrate the structure of the ALD approach:

a) Local ALD for local hiring in country offices

| Local ALD in country offices | | | | |
|-------------------------------------|--------------------------------|-----------------|--|------------------------------------|
| ALD Band | Corresponding GS or NPO levels | Salary basis | Benefits | Basis for Pensionable Remuneration |
| A-1 (L) | G4/G5 | Local GS scale | Pension Fund Medical (MIP) Leave benefits | G4/Steps 1-4 |
| A-2 (L) | G6/G7 | | | G6/Steps 1-4 |
| A-3 (L) | NO-B/NO-C | Local NPO scale | | NO-B/Steps 1-4 |
| A-4 (L) | NO-D | | | NO-D/Steps 1-4 |

b) ALD for hiring at HQ locations (NY and other non-country offices) and for internationally-recruited ALDs

| Local ALD for HQ locations and ALD for internationally-recruited staff | | | | | |
|---|----------------------------|----------------|------------------------------|---|------------------------------------|
| ALD Band | Corresp. GS, P or D levels | Salary basis | Benefits | | Basis for Pensionable Remuneration |
| A-1(L) | G3/G4/G5 | Local GS scale | | Pension Fund Medical Leave benefits | G3/Steps 1-4 |
| A-2(L) | G6/G7 | | | | G6/Steps 1-4 |
| A-3 | P-2/P-3 | | P scale plus PA and Hardship | If internationally recruited: Travel to d/s Mobilize. element Annual (biannual) travel benefit | P-2/Steps 1-4 |
| A-4 | P-4/P-5 | | | | P-4/Steps 1-4 |
| A-5 | D-1/D-2 | | | | D-1/Steps 1-4 |

Delegated hiring authority for local ALDs

30. The authority for the contracting of local ALDs in country offices (local bands A1 to A4) is delegated from the Administrator to the Director of OHR, who may subsequently delegate such authority under certain circumstances to the Resident Representative. Similarly, for Headquarters offices other than New York (Geneva, Bonn, Copenhagen, Brussels, Washington, Vienna and Tokyo), authority for the contracting of local ALD staff in local bands A1 and A2 will be delegated, under certain circumstances, to the respective heads of offices. (Hiring authority is not as yet delegated for ALDs at Headquarters nor for the recruitment of international ALDs outside of New York, irrespective of funding source, in bands A3 to A5.) The delegation of authority to interested Resident Representatives and heads of the other mentioned offices outside of Headquarters requires completion and submission, to the Director OHR, of the attached "Request for delegated authority", and the written agreement of the Director of OHR.

Responsibilities of managing units

31. The ALD is designed to be more streamlined than the existing mechanisms for hiring and managing 100 and 200 series staff (but not as streamlined or flexible as the SSA). This approach places the responsibility on hiring units to ensure quality hiring, effective use of funds, and streamlined handling of appointments. OHR plays a limited role in the process: responsibility for establishing policies and principles, and providing tools and guidelines to offices. OHR also monitors overall implementation on the basis of reports by hiring units.

User units manage ALD staff and the process, and report on the use of the ALD facility.

32. Resident Representatives and heads of offices will be accountable for the following critical conditions of this delegated authority:

- a. ensuring availability of funds and the relevant budgetary authority, and compliance with all relevant Financial Rules and Regulations;
- b. defining terms of reference and work plans and determining that the activities to be performed are of a non-continuing nature;
- c. selecting a fully qualified candidate, without favouritism, through an open and competitive selection process;
- d. selecting the appropriate band and level of pay, resulting in a level which is fair and not excessive for the job to be performed;
- e. ensuring sound management of the induction process, payment of salaries and other operational requirements; this includes ensuring that the terms and conditions are understandable and clearly communicated to candidates and appointed ALDs, and that there are clear expectations regarding the limited duration and non-career nature of the ALD work;
- f. managing the performance of individual hired, including decisions on merit increases and contract extension, in relation to expected results;
- g. reporting on the use of ALD appointments.

ALD use by HQ units and for international recruitment

33. As compared to the local ALDs, slightly different conditions apply to ALDs at UNDP Headquarters in New York and for international ALDs outside of NY (in Bands A3 to A5). The difference in conditions relates partly to the remuneration structure and in part to operational aspects in terms of payments and enrolments. For these cases, the hiring authority has not as yet been delegated. Separate guidelines exist for this group of ALDs, described in the User's Handbook.

Financial aspects of the ALD

34. An ALD appointment does not require establishing or classifying a post. Because ALDs are outside the system of post establishment, offices must ensure that monetary budget allocations have been approved in order to finance and hire ALDs. Specific object codes of expenditure have been established for budgetary allocation and recording of expenditures for the ALD contract. Offices must ensure that provision is made and incorporated in the request for allotment for the financial year. Such requests must include:

- background to the request; concise description of the ALD activity (and how it is of a limited duration nature, as opposed to a continuing function); duration of the activity;
- estimated annual cost of each contract, including pension and medical contributions over and above salary, as well as tax reimbursement, if applicable.

35. The approval of an employment contract commits the organization's funds (or the funds of another organization) and constitutes a financial transaction for which the UNDP Financial Rules and Regulations are fully applicable, including the requirements for proper certification and approval authority. The provisions set out here do not alter in any way the overall budget and financial requirements of offices. Further information on specific financial and budgetary issues for ALD contracts is provided in the attached guidelines.

Reporting and accountability

36. Offices will report on their use of ALDs through the normal financial reporting mechanisms. In addition, a consolidated yearly report, covering ALDs and service contracts, will be submitted by offices to OHR. The report captures essential information, already available to country offices, which is needed both for OHR's overall monitoring responsibility and to permit UNDP to maintain and report information, on numbers, levels, costs and trends in employment, to regulatory and oversight bodies, within and outside of UNDP (such as the ICSC, etc.). Information on reporting requirements is contained in the User's Handbook.

37. Resident Representatives are accountable for their hiring actions. Para. 32 above lists the critical areas of accountability. These areas will be subject to audit review through UNDP's regular auditing mechanisms.

Guidelines and specific tools

38. A complete set of materials is contained in the User's Handbook for the information of and use by managers. This contains background and explanatory information; formal "instruments" for use in managing the appointments, including the reporting formats; and a series of tools and guidelines to assist units.

39. The materials distinguish between required areas of action and recommended good management practices and guidelines. Since the ALD is a form of staff member contract, and subject to review by outside bodies, there are a number of requirements that must be followed. In general, however, there is flexibility and streamlined management, as described in this circular and in the handbook.

Further information

40. These contracting modalities take effect immediately. Revised entitlements that apply to ALD contracts will be implemented as of 1 January 1998. Further information on implementation and transitional arrangements is contained in the User's Handbook, section VII-B.

41. For further information concerning the ALD mechanism, managers should contact

OHR. The focal points in OHR are the Chiefs of Policies, Compensation and Administration (PCA) and of Recruitment.

Implementation of the Local ALD Appointments

Request for delegated authority - ALD

Instructions: Country offices and other offices in HQ locations other than New York are required to seek explicit delegated authority from the Director, OHR, before approving appointments for Activities of Limited Duration (ALD) for local personnel. Resident Representatives and heads of offices are requested to complete the information below, transmitting it by fax or email to OHR. The information will be reviewed and a reply will be provided within 5 working days from date of receipt, indicating whether the delegated authority has been approved.

1. Duty station: _____ (name of country)

2. Indication of need to use this type of appointment in the country office:

_____ Expect to use immediately or within the coming six months

Number of ALD appointments foreseen _____

_____ Needed for the near future (later in 1998), but not on urgent basis

_____ No plans at this time for using local ALD

3. Preparedness for using the local ALD:

_____ Materials (circular and handbook) received and have been reviewed by relevant staff; office is prepared to go forward

_____ Do not consider that the office has the capacity at this stage to implement the local ALD; further briefing/training considered to be a pre-requisite

4. Accountability issue

_____ Have reviewed the areas for which I will be held accountable and am prepared to approve appointments under those conditions (para. 32 of ALD circular refers)

_____ Have noted the reporting requirements and am prepared to undertake the necessary reporting (para. 36 of ALD circular refers)

Name, title

Signature

Date

* * * * *

_____ I hereby delegate the authority to approve local ALD appointments.

_____ The authority to approve local ALD appointments is not delegated at this time.

Explanation:

| | |
|---------------|-------|
| _____ | _____ |
| Director, OHR | Date |