



Secretariat

ST/AI/231/Rev.1  
23 January 1991

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ADMINISTRATIVE INSTRUCTION

To: Members of the staff

From: Under-Secretary-General for Administration and Management

Subject: NON-REIMBURSABLE LOANS OF PERSONNEL SERVICES  
FROM SOURCES EXTERNAL TO THE UNITED NATIONS  
COMMON SYSTEM\*

Introduction

1. The purpose of the present revised administrative instruction, which supersedes instruction ST/AI/231 of 12 January 1976, is to clarify the provisions relating to service-incurred illness, injury or death of persons serving the United Nations under non-reimbursable loans. The annex to the present instruction contains a model of the form of agreement to such loans, which should be drawn up between the donor and the recipient office.
2. The non-reimbursable loan of personnel from Governments or from other sources external to the United Nations common system is permissible, subject to the provisions of financial regulation 7.2, the present instruction and the policies and procedures of the Office of Human Resources Management.
3. A non-reimbursable loan is defined as a loan of the services of an individual without any cost to the United Nations for his or her salary or remuneration, allowances, medical, dental and life insurance or other benefits. However, in the event of death, injury or illness attributable to the performance of services on behalf of the United Nations while on travel status or while working at an office of or other location designated by the Organization, the United Nations will pay to the individual under a non-reimbursable loan, or to his or her beneficiaries, a compensation equivalent to the compensation that would be payable under Appendix D to the Staff Rules of the United Nations (ST/SGB/Staff Rules/Appendix D/Rev.1 and Amend.1), to a staff member performing similar functions.

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\* Personnel Manual Index No. 4200.

Purposes for which non-reimbursable loans may be negotiated

4. Non-reimbursable loans normally may be negotiated for the acquisition of services required to assist in the execution of technical co-operation activities. Non-reimbursable loans may not be used in respect of secretariat-type posts or functions normally authorized under the regular programme budget.

5. Such loans normally may be negotiated only in respect of services at locations other than United Nations Headquarters or the United Nations Offices at Geneva and Vienna, excluding the United Nations Conference on Trade and Development (UNCTAD) and the Economic Commission for Europe (ECE).

Legal status and obligations of persons serving on non-reimbursable loan

6. Persons whose services are accepted on a non-reimbursable loan have the relationship to the United Nations of independent contractors and are thus not staff members of the United Nations. The contractual relationship of such persons to the United Nations is established by a special service agreement. Their relationship is therefore subject solely to the terms of that agreement and not to the United Nations Staff Regulations or Rules. For the purpose of the Convention on Privileges and Immunities of the United Nations, such persons are experts on mission and, as such, are entitled to those privileges and immunities defined in article VI, sections 22 and 23, of that Convention. If required by the United Nations to travel, they may receive a United Nations travel certificate.

7. During the performance of their services with the United Nations, persons on non-reimbursable loans shall neither seek nor accept instructions from any Government or any other authority external to the United Nations. They shall not engage in any activity that is incompatible with the proper discharge of their terms of reference. They are required to exercise the utmost discretion in all official business and may not communicate to any other person, Government or authority information known to them by reason of their work with the United Nations that has not been made public, except in the course of their duties or by authorization of the Assistant Secretary-General for Human Resources Management or his delegated designate. Nor shall they at any time use such information to private advantage. These obligations do not cease upon completion of their service under the agreement with the United Nations.

Title rights

8. The title rights, copyright rights and all other rights whatsoever in any material produced under the provisions of the special service agreement between the United Nations and the person serving on a non-reimbursable loan basis shall be vested exclusively in the United Nations.

Requisites for acceptance of services on a non-reimbursable basis

9. The requisites for acceptance of services on a non-reimbursable basis include:

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(a) A request addressed to the Controller and the Assistant Secretary-General for Human Resources Management by the Chief of Administration of the United Nations office concerned, specifying the services to be performed, accompanied by a job description listing the duties and functions and duration of the loan;

(b) A communication from the donor agreeing:

(i) To provide the services requested under subparagraph (a) above, free of all costs to the United Nations;

(ii) To pay 14 per cent of the value of the services to the credit of the United Nations overhead account;

(c) Certification by the requesting officer that the proposal does not directly or indirectly involve additional financial liability for the Organization;

(d) Approval of the proposal by the Controller;

(e) Approval of the candidate or candidates by the Office of Human Resources Management in accordance with the established policies and procedures of that Office;

(f) Acceptance of the candidates by any Governments or authorities to which they may be assigned during the period of the non-reimbursable loan.

Requisites (a) and (b) shall be set out in the agreement signed between the United Nations and the donor.

#### Duration of service and termination of agreements

10. Non-reimbursable loans are normally for a period not exceeding three years. In exceptional circumstances, the Controller and the Assistant Secretary-General for Human Resources Management may authorize extensions up to a maximum of five years' total service. A non-reimbursable loan may be terminated at any date prior to its scheduled expiration at the request of the person serving on loan, the donor or the United Nations. The donor shall be responsible for any additional costs that may result from such termination.

#### Costs arising from a non-reimbursable loan other than those relating to the services performed and the overhead contribution of 14 per cent

11. The estimated cost of non-reimbursable loans shall be provided by the donor, and a contribution of 14 per cent of the cost shall be deposited by the donor to the credit of the United Nations to cover servicing and administrative costs, since financial regulation 7.2 requires that any voluntary contributions, whether or not in cash, which directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority (the General Assembly). Any additional specific costs arising from a non-reimbursable loan, such as travel and subsistence or the rental or purchase of equipment, must either be borne by the donor or must have already been provided for either in the

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regular budget or in extrabudgetary funds, so that no additional costs to the Organization will arise within the meaning of the cited financial regulation.

Evaluation

12. A written evaluation of services performed by persons on a non-reimbursable loan will be made by the responsible United Nations office and transmitted, on request, to the donor, with a copy to the Office of Human Resources Management.

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Annex

MEMORANDUM OF AGREEMENT

Memorandum of agreement made on (       date       ) between the United Nations, represented by ( name of the recipient office ) (hereinafter called the recipient office), and ( name of the donor ) (hereinafter called the donor).

Whereas the donor is willing to loan to the recipient office the services of an expert on a non-reimbursable basis, in connection with the work to be undertaken by the recipient office in connection with ( title of the work-programme ).

Whereas the recipient office is willing to accept the services of such an expert on a non-reimbursable loan basis.

Now, therefore, the parties hereby agree as follows:

1. The donor shall loan to the recipient office, on a non-reimbursable basis, an expert to perform the functions specified in the attached terms of reference for a period of ( insert period ), subject to extension with the concurrence of the United Nations, the donor and the expert. Accordingly, the donor undertakes to pay all expenses in connection with the assignment of the expert including his/her salary, daily subsistence allowances, medical and life insurance coverage, travel from and return to ( name of town and country ) upon completion of the assignment, and also the cost of any travel and other related expenses incurred on official business for the United Nations.
2. The United Nations shall, however, be responsible, in the event of death, injury or illness attributable to the performance of services on behalf of the United Nations while on travel status or while working at an office of or other location designated by the Organization, for payment to the individual under a non-reimbursable loan, or to his or her beneficiaries, of a compensation equivalent to the compensation which would be payable under Appendix D to the Staff Rules of the United Nations (ST/SGB/Staff Rules/Appendix D/Rev.1 and Amend.1), to a staff member performing similar functions.
3. The donor shall be responsible for any claim brought by third parties for damages, injury or death as a result of any act or omission by the expert, during the performance of duties on behalf of the United Nations.
4. The recipient office shall not be responsible for any expenses in relation to the loan of the expert by the donor, except the provision of office and other facilities necessary for the performance of the services required.
5. The donor shall pay to the recipient office a sum equivalent to 14 per cent of the total value of the services of the expert as administrative expenses.
6. The expert shall be engaged on the basis of a special service agreement signed by the expert, a copy of which shall be attached to this agreement.

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7. Should the non-reimbursable loan be terminated before its scheduled expiration at the request of the expert, the donor or the United Nations, the donor shall be responsible for any additional costs which may result from such termination.
8. While the expert is on loan to the recipient office, he/she shall be considered as an independent contractor and he/she shall not be a staff member of the United Nations. His/her rights against the United Nations shall be determined by the provisions of the special service agreement referred to in paragraph 6 above.
9. For the purpose of privileges and immunities, the expert shall be considered as having, under article VI, sections 22 and 23, as well as of article VII, section 26, of the Convention on the Privileges and Immunities of the United Nations, the legal status of an expert performing missions for the United Nations.
10. Nothing in or relating to the agreement shall be deemed a waiver, express or implied, of any privileges or immunities of the United Nations.
11. Any controversy or dispute arising out of this agreement shall be settled by negotiation between the Parties. In case the controversy or dispute is not resolved by negotiation, either Party shall have the option to request the appointment of an arbitrator by the President of the International Court of Justice. The procedure of the arbitration shall be fixed, in consultation with the Parties, by the arbitrator. The arbitral award shall contain a statement of the reasons on which it is based. The Parties agree to accept the arbitral award as the final adjudication of the controversy or dispute. The expenses of the arbitration shall be borne equally by the Parties to this agreement.
12. The agreement shall become effective on the date of signature below.

For the United Nations

For (name of the donor)

By: \_\_\_\_\_  
(name of the recipient office)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_

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