

Administrative Instruction

Date: 29 June 2011
To: All UNOPS personnel
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Director, Human Resources Practice Group
AI Reference: AI/HRPG/2011/03
Subject: **Policy on UNOPS Merit rewards**

1. Introduction

- 1.1. The Executive Director of UNOPS established the “Rewards, recognition and sanctions Policy” in Organizational Directive (OD) 37 effective 1 March 2011.
- 1.2. This Administrative Instruction (AI) is established pursuant to section 10.9 of OD 37 to outline the process and procedures for UNOPS merit rewards.
- 1.3. Merit rewards are one of several mechanisms for rewarding and recognising performance at UNOPS. In line with OD37, UNOPS has put in place other formal mechanisms for rewards and recognition, both for team and individual contributions. Merit rewards are one element of providing recognition for excellent work, but recognition and rewards are not to be limited to this.

2. Scope

- 2.1. This policy applies to UNOPS personnel, both staff and individual contractors engaged under the Individual Contract Agreement (ICA), who work directly for UNOPS and whose performance is managed by UNOPS. It is not applicable to those UNOPS personnel whose performance is managed by a UNOPS partner or whose daily work is not directly managed by UNOPS.
- 2.2. In the event that a UNOPS partner expressly wishes to include their personnel in the scope of this policy, this request may be considered, and will be subject to a specific written confirmation, including that of funds availability. Any such inclusion of UNOPS partners in the scope of this policy must be approved by the Executive Director or his/her delegate.

3. Eligibility criteria

- 3.1. The following personnel are eligible for inclusion in the policy:

- 3.1.1 Personnel who work directly for UNOPS; and
 - 3.1.2 Whose performance appraisal is managed by UNOPS; and
 - 3.1.3 Whose performance is rated fully satisfactory¹ or above; and
 - 3.1.4 Have a minimum of six months' service for the performance year in question; and
 - 3.1.5 Are in active UNOPS service on rewards payment date².
- 3.2. The policy applies to all personnel up to and including staff members at the D-2 and equivalent level and all individual contractors up to and including the I-ICA 5 level.
- 3.3. The Executive Director and Deputy Executive Director are not eligible for merit rewards.
- 3.4. Personnel engaged under ICA retainer or lump-sum contracts are not eligible for merit rewards.

4. Pre-requisite for eligibility: performance appraisals

- 4.1. The timely completion of UNOPS performance appraisals is a pre-requisite for eligibility for merit rewards. Therefore:
- 4.1.1 Personnel who do not complete the performance appraisal in a timely manner will not be eligible for merit rewards.
 - 4.1.2 Supervisors who do not complete the performance appraisals for their supervisees in a timely manner will not be eligible for merit rewards.
 - 4.1.3 Personnel who are unable to complete their appraisals on time may request to be exceptionally included provided that they: (1) submit such requests for inclusion within 15 days of the performance appraisal deadline; and (2) provide a written justification for the delay. The final decision for all exceptions will be made by Executive Director.
- 4.2. For staff members the performance appraisal must be completed using the online Performance and Results Assessment (PRA) by the end of the annual performance appraisal cycle.
- 4.3. For ICA personnel the performance appraisal must be completed using the Performance Evaluation Report (PER) in line with AI/HRPG/2010/01 "Individual Contractor Agreements", as may be amended from time to time.
- 4.4. ICA personnel who have yet to complete twelve (12) months service with UNOPS by the rewards payment date (i.e. those whose contract started in May or June of the performance year), may complete the PER in advance (by 31 March). However, in cases where the performance appraisal is not completed by 31 March, and where the PER is not required until after 12 months, satisfactory performance will be certified by the Regional Director and such ICA personnel will also be eligible for merit rewards.

5. Corporate rewards amount

¹ Fully satisfactory performance rating is introduced in the 2011 assessment year. For prior year performance ratings, the equivalent ratings documenting satisfactory performance apply.

² The payment date is expected to be no later than 30 June of a given year when merit rewards are payable.

5.1. The rewards amount will not exceed 20% of corporate net revenue³ for the year in question.

6. Pre-requisites for payments of merit rewards

6.1. Each year the Executive Director will decide whether merit rewards are payable taking into consideration organizational performance, operational reserves and any other determining internal and external factors.

6.2. The following conditions are pre-requisites for the payment of any merit rewards:

6.2.1 The UNOPS corporate net revenue target for the performance year has been achieved⁴;

6.2.2 UNOPS Operational reserves are at or above the mandatory level established by the Executive Board; and

6.2.3 The Executive Director is not aware of any circumstances and external factors that would make the distribution of merit rewards for a given year undesirable.

6.3. UNOPS reserves the right to suspend the distribution of merit rewards at any time. UNOPS is under no obligation to distribute merit rewards, even when all pre-requisites have been fulfilled.

7. Merit rewards

7.1. Subject to the pre-requisites and the rights to suspend the distribution of merit rewards outlined in paragraph 6 above, UNOPS will grant a non-pensionable merit reward (in the form of a cash lump sum) to any member of personnel, provided s/he meets the eligibility criteria outlined in paragraph 3 of this AI.

7.2. Merit rewards will be derived from a standard salary reference point applicable to each category of personnel.

7.3. For the purpose of determining merit rewards, the applicable salary scales for staff members are as follows:

7.3.1 General service - based on ICSC General Service salary scale;

7.3.2 National officer – based on ICSC National Officer salary scale;

7.3.3 International Professional (P1 – P5) - based on ICSC International professional salary scale;

7.3.4 Directors (D1 – D2 or equivalent) – based on ICSC International professional salary scale.

³ Net Excess of Income over Expenditure (before any provision for this policy).

⁴ For the purpose of this policy, the annual targets are derived as 50% of the UNOPS biennial target established by the Executive Board.

7.4. For the purpose of determining merit rewards for ICA personnel the categories are as follows:

- 7.4.1 Local ICA Support - based on ICSC General service salary scale;
- 7.4.2 Local ICA Specialist - based on ICSC National Officer salary scale;
- 7.4.3 International ICA - based on ICSC International Professional salary scale.

7.5. Under no circumstances will any member of personnel receive a merit reward in excess of the salary reference point for that category.

7.6. The Executive Director may establish a maximum ceiling for individual amounts payable as merit rewards each year.

7.7. The applicable salary reference points must be available on the intranet at: <https://intra.unops.org/Practices/HR/RRS/RRS/AI%20Annex%202.pdf>

8. Merit Rewards composition

8.1. In order to recognise corporate, regional, unit and individual contributions the merit rewards comprise of four elements, as follows: Corporate performance; Regional performance; Business Unit performance; and Individual performance. These four elements will be considered independently of each other.

Element of merit	Merit rewards payable
bonus	
Corporate	Up to 25%
Regional	Up to 25%
Business Unit	Up to 25%
Individual	Up to 25%
Total	Up to 100%

8.2. The merit rewards composition is as follows:

8.2.1 A corporate element based on the overall corporate performance. This element may be up to 25% of the reward and the percentage is established by the Executive Director for the entire organization. This element is payable to all eligible personnel, assuming the pre-requisites for the payment of merit rewards are met.

8.2.2 A regional element based on the regional performance. This element may be up to 25% of the reward amount and the percentage is established by the Executive Director for each region. This element is only payable to those regions who

achieved the agreed net revenue targets⁵. In those regions, the element is payable to all personnel working in the region who meet the eligibility criteria.

- 8.2.3 The regional element for Headquarters personnel will be determined based on the average of regional element across the five regional offices. This percentage will be payable to all personnel working in Headquarters who meet the eligibility criteria.
- 8.2.4 A business unit element (OC, PC, Cluster or Group) is based on the business unit performance. This element may be up to 25% of the total reward and is established by the Executive Director. This element is only payable to those business units who achieved the agreed net revenue targets for the unit. This amount is payable to all personnel working in the business unit who meet the eligibility criteria.
- 8.2.5 For business units without specific net revenue targets, including HQ units, the percentage payable as a business unit element is determined based on the overall organizational performance, i.e. it is an average of the regional or unit level performance. This percentage will be established by the Executive Director and is payable to all personnel working in those units who meet the eligibility criteria.
- 8.2.6 The business unit element for Regional offices is determined by the regional performance.
- 8.2.7 The individual element is payable based on individual performance. For the first year implementation, i.e. for 2010 performance, the percentage for this element will be determined by the Executive Director and applied equally to all personnel with fully satisfactory performance or above.
- 8.2.8 The individual element will be determined equally in the first year of the pilot only, as the introductory year. This approach is designed to increase cohesiveness and a unified approach in the first year of the pilot.
- 8.2.9 For future years, i.e. from the 2011 performance year onwards, this element (up to 25%) will be determined by the performance appraisal ratings. This amount is payable to all personnel whose performance is rated as fully satisfactory or above, as follows:
- (a) Fully satisfactory – up to 15 %
 - (b) Outstanding – up to 25%
- 8.2.10 Personnel with a performance rating below satisfactory are not eligible for merit rewards.

9. Pro-ratio of merit rewards

⁵ The net revenue targets established and agreed upon by the Regional Director and Executive Director. The final decision on the financial performance of regions and business units is determined by the Executive Director.

- 9.1. The eligibility for rewards is subject to a minimum of six months service in the performance year. This service includes periods on annual leave, parental leave and sick leave. This service excludes periods on Special leave without pay (SLWOP) and sabbatical periods. Staff who are on inter-agency secondment or loan to another agency are not eligible for merit rewards whilst they are on secondment or loan to another agency.
- 9.2. For personnel who worked less than twelve months service (but more than six months) in the performance year, the merit reward will be pro-rated for each full calendar month worked. No amounts are payable for periods worked of less than one calendar month.

10. Change in level or location

- 10.1. Merit rewards are calculated based on the applicable contract and level of the personnel as of 31 May.
- 10.2. Merit rewards are calculated based on personnel's current location, i.e. the region and business unit in which they work on as of 31 May.

11. Implementation

- 11.1. A mechanism is put in place by UNOPS for the distribution of merit rewards. In order for merit rewards to be paid to personnel in any region, Regional Directors must ensure that all five eligibility criteria stated in paragraph 3.1 have been fulfilled.
- 11.2. The lists of eligible personnel are provided by and endorsed by Regional Directors for each region.
- 11.3. Notwithstanding the above, the Executive Director retains the right to make the final decision on the eligibility of personnel.
- 11.4. The percentage payable for each business unit will be calculated based on percentages established by Executive Director. The percentages to be applied every year must be available on the intranet at: <https://intra.unops.org/Practices/HR/RRS/RRS/EDmemo%20signed.pdf>
- 11.5. For the purpose of UNOPS merit rewards payments a purchase order is not required. All payments will be processed through Atlas /UNOPS ERP system. All merit rewards are to be paid to the individual's Atlas bank account. Exceptions to this may be approved by the Chief Financial Officer for personnel working in duty stations with cash based economies.

12. General considerations

- 12.1. The merit rewards are paid annually, in accordance with the financial results for the organization, as described in this AI.

- 12.2. All merit rewards are non-pensionable.
- 12.3. In the event that a member of personnel is subject to national income tax on his/her UN salaries/fees and emoluments, any income tax payable on merit rewards will not be reimbursed by UNOPS unless UNOPS had previously agreed to reimburse him/her for such national income tax with respect to his/her salary.
- 12.4. A merit reward is a discretionary payment and, as such, no member of personnel has any right or entitlement to a merit reward, even in cases of exceptionally meritorious performance. Furthermore, no acquired right to the payment of subsequent merit rewards will be conferred upon one-time merit reward recipients.
- 12.5. Notwithstanding the above, if individuals who do not receive a merit reward believe that they fulfil all the criteria, and may have been omitted, they may submit a request for review to the Regional Director. This request for review must include documentation confirming the fulfilment of all eligibility criteria and must be submitted within two weeks following the payment date.
The Regional Director will make a recommendation to the Director Human Resources Practice Group (HRPG) on such cases, for final decision by Director HRPG.

13. Effective Date of this AI

- 13.1. This AI is effective **immediately**.