

Work and Remuneration Guidelines

Context

LED spends public funds. This obliges the country coordination offices to be very attentive on how these resources are spent. LED is accountable both to the citizens of the Principality of Liechtenstein and to citizens of the partner countries. LED Moldova and its contracted partner organisations who are mostly NGOs must answer to a high degree of accountability. Generally, NGOs are regarded as agents of change who do important social, human rights, advocacy, and environmental work. It is expected that they act with transparency and accountability; and their staff / contracted personnel respond to high ethical standards and levels of responsibility.

Staff remuneration

Staff remuneration represents an essential part of the project budget. It is important that NGOs approach remuneration in a considered, consistent, and fair manner and is executed according to the approved budget. Any remuneration deviations with regards to staff (approved workload, pay level, etc.) need to be justified and approved by LED-Moldova in writing.

The remuneration of staff must be linked to the function and the level of competence which are preferably defined in an internal remuneration policy. LED Moldova wants partner organisations to remunerate its staff in a fair and transparent way, enabling committed staff to have a decent living. However, unusually high salaries – either of a single person or across the organisation - will be challenged by LED. The benchmark used by LED Moldova for comparing the salary level is what other national NGOs working in similar areas pay for similar roles as well as the professionalism of the organisations (e.g., content expertise and project management experience).

LED Moldova encourages the partner organisations to adhere to internal consistency of salaries amongst its employees. Internally equitable salary structures will help to ensure that the employees receive proportionally fair treatment in terms of pay, based on clearly defined roles and responsibilities. Therefore, there should not be wide salary gaps amongst its employees.

Project team

The project team is responsible for the implementation of project activities. Every employee shall have a current signed employment contract which will document the starting / end date, position, workload, salary within the LED-funded project. The contract shall also enclose an annex with the job duties and responsibilities of the position.

Staff budgeting

It goes without saying, that staff must not be budgeted beyond 100% in total (across all the projects or other tasks they may engage in the organisation). If an employee is already budgeted with 80% to one project, the same employee can only be budgeted with up to 20% to another project. Partner organisations should be aware that LED requests financial audits to provide an overview of the total

remuneration of all the staff charged on the LED-funded projects across all the projects that the partner organisation implements.

Workload

LED assumes that the typical maximum (100%) workload is, according to the Moldovan legislation, eight hours per workday and a total of forty hours per week. There can be times when the members of staff are requested to work overtime. However, partner organisations are urged to keep overtime limited and hire more staff if the workload is too high for the available staff and if this situation sustains over a longer period of time. Staff should not systematically work over 100%. Overtime should remain a short-time solution and importantly should follow the provisions of the national Labour Code.

LED Moldova is aware of the fluctuations of workload within NGOs. Partly, the unpredictability is a result of short-term projects, contracted by some donors. LED Moldova is interested in long-term cooperation, which should enable the partner organisations to better plan their human resources.

Distribution of work

As a rule of thumb, partner organisations are encouraged to dedicate one person per position to LED-funded projects. This makes attribution of personnel to projects easier. Project activities can be performed by partner organisation staff (i.e. remunerated based on an employment contract) or by consultants (i.e. remunerated based on a service contract). LED Moldova has noticed a widespread practice to have much work done under service contracts, even common tasks that occur on a regular basis and which do not call for specialised set of competences. There is a common understanding that this tendency to opt for consultancy was a reaction to the high dynamic and fluctuation of workload. LED Moldova prefers that partner organisations have as much work as possible done by regularly hired personnel and to use consultancy only for short-term and rather specialised work.

According to commonly accepted hiring practices, there are clear distinctions between employee and consultant which have major implications on working arrangements and on the employee's entitlement to different benefits.

In this sense, the employee has an employment contract and typically works for a single employer. The employer dictates and controls the work performed as well as the hours and location of work. The employee receives payments in form of salary through a standard payroll system that includes withholdings for income tax, social security contributions, and health insurance.

The consultant (national and/or international consultant) is an independent contractor who provides their services under a consultancy/service contract and may perform work for multiple clients. The consultant uses their own tools and equipment. The consultant gets their remuneration in form of honorarium according to rates fixed in consultancy/service contracts. Project budget and financial reports shall show the amount of consultancy (in workload) and the fee level applied.

The consultant provides supplemental services which should not be part of the regular, common tasks of the partner organisation. Thus, consultant/contractual services can be procured for:

- Specific projects/services – short-term, for example conducting a single three-day workshop;

- Specific projects/services – long-term, for example weekly building maintenance, trainer for monthly workshops;
- Framework services – long-term, where the nature of the service is known, but the exact details of workload are not and will be specified in specific work orders as utilized, for example, photocopying services.

The signed receipt of an executed task or any other local accounting documents (such as Factura) is the proof of acceptance of performed services.

Yet, LED believes that strengthening in-house expertise can be beneficial in terms of cost, quality and efficiency and can constitute a judicious strategic management decision. Thus, relying on full-time or part-time employees typically gives NGOs the consistency, dependability, and availability they need. However, there is no one-rule-fits-all approach; each partner organisation should assess for themselves what works best for them. Projects that rely heavily on consultancy services for most of their activities shall correspondingly have a smaller project team and reduced share of personnel cost out of the total budget.

Worktime documentation

Partner organisations are requested to maintain a transparent worktime documentation. It must be clear, who worked, for how long, and for which project. LED Moldova does not have a specific instrument or template for this. Yet, it is essential that the employee documents the hours worked and absences under LED-funded project in monthly timesheets. Partner organisations should use a tool corresponding to their needs and possibilities.

Contracting employees for consultant/contractual services

LED Moldova thinks that it is problematic when partner organisation employees (i.e. having an employment contract with the partner organisation) are contracted simultaneously as consultants for the project tasks. This is problematic for three reasons:

- The partner organisation must contract and supervise the consultant's work. The consultant should be treated as a service provider, i.e. the organisation should have mechanisms in place for assessing the quality of their work or products. Contracting own staff can blur the line of responsibility between supervision and being supervised.
- If the consultancy costs for one's own employees are hidden in the budget under activities, this can reduce transparency and may lead to misinterpretations.
- There is also a risk related to keeping accurate records of worktime documentation as the distinction between worktime remunerated on the basis of the work contract and worktime remunerated on the basis of the service contract gets blurred.

Therefore, the default rule is that project staff must not be contracted additionally under a consultancy / service contract for LED-funded projects. Exceptions shall be argued for and shall be approved by LED Moldova. Exceptions cannot result in a total workload beyond 100%.