

TRANSPORT OPERATIONS OF THE UNITED NATIONS CHILDREN'S FUND

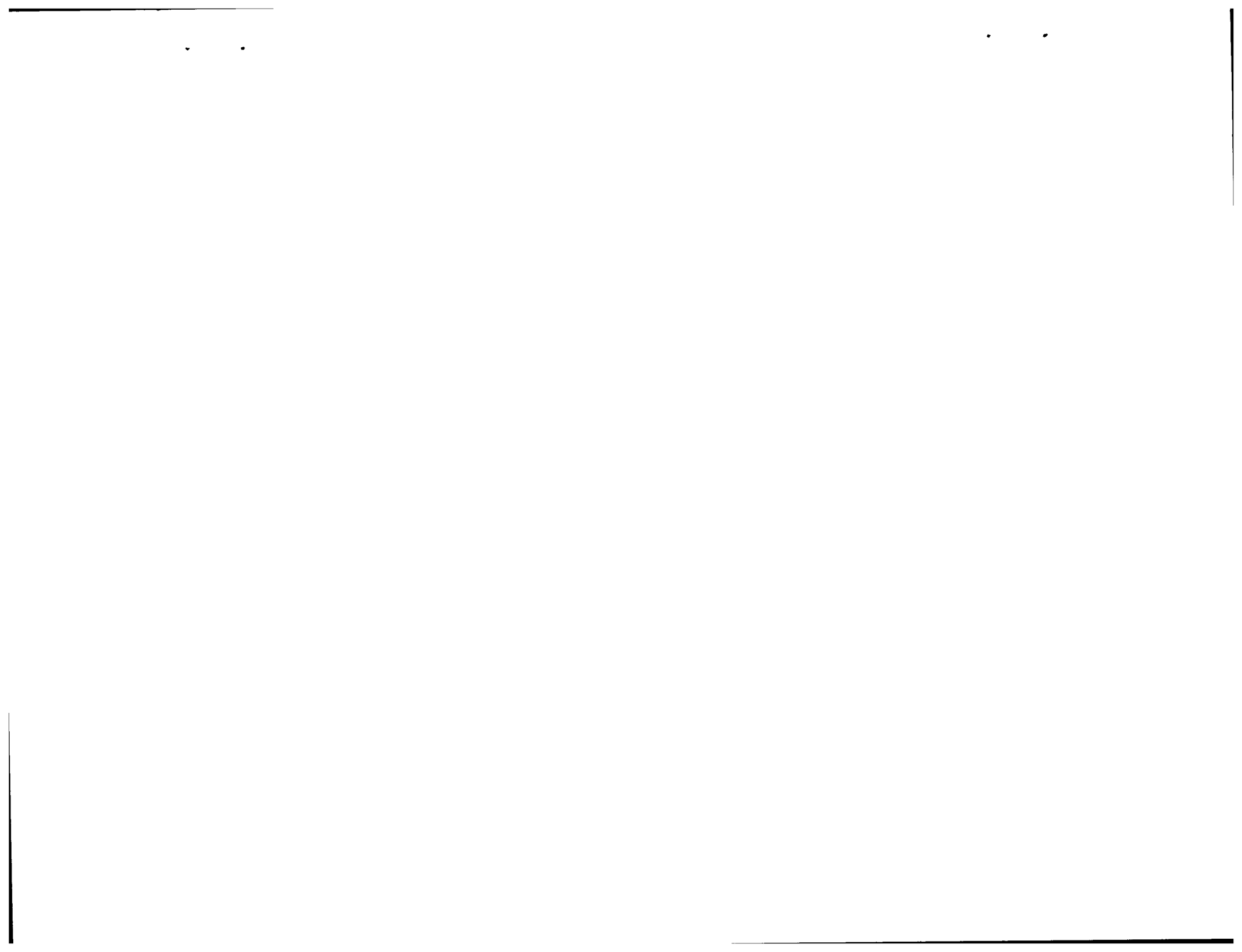
(Programming and Management Issues)

Prepared by

Siegfried Schumm

Joint Inspection Unit

Geneva
March 1991



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I. INTRODUCTION

1. From the early years, UNICEF's programme operations worldwide have often required significant inputs of supplies, including transport equipment. Since the beginning of the eighties when UNICEF increased its involvement in the provision and extension of basic services and primary health care coverage to numerous and remote rural communities as well as in emergency situations, the organization has relied heavily on mobile and outreach strategies for programme delivery. These strategies have been transport and logistic-intensive.

2. This note focuses on programme transport inputs (two, three, four and more wheelers and spare parts) for which expenditures increased by more than 90 per cent, from \$US 22.3 million in 1984 to \$US 41 million in 1989. These expenditures have remained almost constant at just below 10 per cent of total UNICEF programme expenditures during the same period. However, if the downstream costs of servicing, maintenance and repairs are included, the real "whole life" cost of transport operations doubles to 20 per cent of overall programme costs which in 1989 amounted to some \$US 486 million.

3. The Joint Inspection Unit first reviewed UNICEF's transport operations in 1973 (JIU/REP/73/6). While recommending some improvement and flexibility in the field management of UNICEF transport operations, that report by and large endorsed the organization's policy of supplying significant transport equipment in support of its field activities in some regions and countries. Although this first JIU report was prepared 17 years ago during which the content and thrust of UNICEF's programmes have evolved significantly, most of the issues addressed in that report also constitute the substance of the present Note.

4. In requesting the Joint Inspection Unit to review, for the second time, its transport supplies, UNICEF was concerned not only about the rising costs of this item, but also about broader logistics and management issues connected with programme preparation and implementation at field level. Some of these issues included in particular: the programming of transport inputs, their integration in project/programme monitoring and budget allocation by host governments and UNICEF for recurrent costs; local capacity for maintenance and repairs; procurement processes; UNICEF transport advisory services and support for government transport organizations; transfer of title or loan agreement to government with its implied responsibilities; etc. The present Note addresses these issues with special emphasis on ways and means of reducing transport costs without impairing the effectiveness of programme delivery.

5. The documentation used in the preparation of this Note included notably replies by 20 selected UNICEF field offices in Africa, Asia and Central America to a JIU questionnaire on UNICEF transport operations, several reports on the subject prepared in the eighties by UNICEF staff and consultants, and the already mentioned first JIU report on this subject. In addition, the Inspector visited several countries where he gained on-the-spot experience in the management of UNICEF transport supplies and had useful exchanges of views with relevant government officials, UNICEF and UNDP personnel. The Inspector was assisted by a transport management and logistic specialist who was engaged by the JIU as an independent consultant and whose contribution was very useful in preparing most of the conclusions and recommendations of this Note.

6. The Inspector records his appreciation of the co-operation extended to him throughout the study by UNICEF staff in the field and at headquarters, both in New York and Copenhagen.

II. POLICY FRAMEWORK

A. Programme policy and objectives

7. UNICEF's involvement in transport and logistic operations can be understood in the light of its mandate and operational methods, which combine advocacy, development and emergency relief actions in promoting the comprehensive well-being of children and mothers. To this end, UNICEF provides advice, supplies, equipment and services to strengthen national capacities for the benefit of children and mothers. The organization's policy for many years has been to co-operate closely with government, multilateral and bilateral agencies and non-governmental organizations, usually at the grass-roots level, in the context of country-specific programmes (plans of operations) administered, in principle, by the host governments.

8. Since the mid-seventies, UNICEF's programme policy and objectives have been defined by a number of milestones having transport and logistic implications. The first was the adoption by the UNICEF Executive Board in 1974 of the basic services approach which, among other things, extended the organization's involvement in rural development activities, thus increasing the need for transport and logistic support. The second milestone was the Alma Ata conference of 1978 which endorsed the Primary Health Care (PHC) strategy with emphasis on district-focused or community-based activities, multisectoral approach to health care, and community motivation and participation. This strategy required UNICEF to reinforce its operational involvement at the sub-national and peripheral levels, and to enhance support for some PHC components, such as household water supply and sanitation or child immunization, which rely heavily on transport equipment. Yet a third thrust of UNICEF's programme policy was the 1982-1983 report on the State of the World's Children calling for expanded measures to reduce infant and child mortality rates worldwide through the PHC approach. This report led to the adoption by UNICEF of Child Survival and Development (CSD) strategy and the setting of target goals for 1990 and the year 2000. The two main thrusts of this strategy are Universal Child Immunization (UCI) or Expanded Programme on Immunization (EPI) and Oral Rehydration Therapy (ORT), both of which aimed to avert the deaths of about two million children annually and to prevent several million disabilities each year.

9. The pursuit of these objectives and targets, especially at an accelerated pace as envisaged in the UNICEF medium-term plan 1987-1991, implied increased supplies, vehicular transport and logistic management, for the three are inter-dependent. Since 1984 when the CSD strategy was launched, it is estimated that the lives of over six million children have been saved thanks to intensified UCI and ORT campaigns. During the same 1984-1989 period, the supply of essential drugs and vaccines alone increased by about 20 per cent annually, the figure for 1987 amounting to \$US 58.6 million, or a 25 per cent increase over 1986. Transport equipment, which is especially vital to the success of CSD, increased in nominal terms from \$US 22.3 million in 1984 to \$US 41 million in 1989, or close to 20 per cent annually, in correlation with the increasing rate of CSD inputs.

10. The sharp increase in supplies and transport equipment happened to coincide, paradoxically, with the phasing out by UNICEF of its transport advisory services and technical assistance to government transport management organizations in several countries, just as increasing transport inputs appeared to be straining the technical and financial capacities of recipient countries to properly manage such inputs. The problem has been particularly acute in those countries faced with civil wars and economic crises, which have constrained the efficient implementation of UNICEF-assisted programmes. As a result, UNICEF-supplied transport fleets in a number of countries have, over the past five years, been bedevilled by serious maintenance and logistic problems, spare parts shortages, frequent breakdowns and write-offs and high replacement rate, as borne out by internal UNICEF documents on transport operations and confirmed by the Inspector in the course of this study. UNICEF field offices faced with this situation and concerned about the need for keep programme delivery on schedule, increasingly had to finance recurrent costs of maintenance and repairs from programme funds, thus offsetting whatever "savings" might have flowed from the termination of UNICEF transport management and advisory personnel. In retrospect therefore this measure appears to have been ill-advised and certainly could have been averted had the transport and logistic management function been fully recognized as a vital and indispensable element of UNICEF programme policy.

B. Transport policy

11. Partly as a result of the 1973 JIU report on UNICEF-assisted transport operations, UNICEF transport policy was reviewed in the late seventies. The new policy, which is described in Book G of the UNICEF Field Manual, can be summarized as follows.

12. Basis for provision of vehicles: vehicles are provided in response to specific requests from host governments, within overall programme requirements. It is, however, stipulated that in examining such requests

other means besides motor vehicles should be sought, e.g. animals, bicycles, mopeds, etc. (G.3.1).

13. The policy provides that, before considering the provision of vehicles within any new UNICEF-assistance programme, it is essential to examine carefully the existing maintenance facilities within the government organization. If these are found deficient, vehicles should not be introduced and/or supplied unless minimum facilities are also established, possibly with UNICEF's technical and material assistance (G.3.2).

14. In view of the high costs of operating and maintaining vehicular transport, especially larger four-wheel drive vehicles, particular attention must be paid to the financial burden that will fall on governments in respect of transportation running costs relative to the overall resources and other priorities (G.3.3).

15. It is essential that national capacity exist or can be developed to ensure proper utilization, management and upkeep of vehicles to be provided (G.3.4).

16. When a request for transport is being prepared, an analysis of the country's transportation situation should be made, taking into consideration past performance and future trends (G.3.5).

17. Vehicle selection: It is UNICEF's policy that transport management personnel, whenever available, should participate in programming transport requirements of new projects, and that transport procurement officers can be requested to assist in the development of appropriate specifications for programme vehicles, especially for new hitherto unsupplied ones (G.4.1). The policy also urges standardization of vehicles in each country (G.4.2).

18. Spare parts: To assist governments to extend the useful economic life of UNICEF-provided vehicles, the organization considers requests for spare parts for both UNICEF-supplied and government-owned vehicles in regular use in programmes in which UNICEF is co-operating. An initial stock of factory recommended, fast wearing consumable spare parts, may be ordered together with new vehicles, up to 10 per cent of new vehicle value (G.5.1 and 5.2).

19. Transfer of title: Where the government standard regulations and practices afford adequate control and maintenance of vehicles, the country office is required to institute a system of immediate transfer on arrival of UNICEF vehicles in the country (or on issue, if locally procured), of all motor vehicles provided for UNICEF-assisted programmes, using the transfer of title form (G.7.1).

20. Criteria for the immediate transfer of programme vehicles are considered for particular ministries or national institutions independently. In a given country it may be advantageous to transfer title to a ministry but to retain ownership of vehicles supplied to other ministries and/or institutions. In all cases, however, the government department receiving UNICEF-supplied vehicles remains responsible for any third-party claims which might arise from the operation of such vehicles. The department also undertakes to ensure that vehicles are operated for the intended purpose. (G.7.3).

21. Loan agreements: These are expected to cover two years or, exceptionally, longer periods and should be in the form of a master loan agreement rather than individual loan agreements, except in countries with only a few UNICEF provided vehicles (G.8.1).

22. The anticipated date of transfer of title is to be stated in the loan agreement, which also reaffirms (like the transfer of title) the responsibility of the receiving department for third party claims and for operating, licensing and insuring such vehicles (G.8.2).

23. Maintenance system: UNICEF policy stresses the importance of maintenance for the long-term viability and economy of all types of transport equipment. UNICEF field offices are thus directed to actively encourage government efforts in this respect, and to make the supply of vehicles contingent upon the availability of appropriate maintenance facilities (G.9.2). The policy further provides that special attention be paid to peripheral vehicle maintenance and repair services in preference to large, centralized systems (G.9.2).

24. Training: The policy also provides for strengthening national capacity through the training of national staff in all aspects of transport management, and envisages that such training may be provided by vehicle manufacturers who would send for this purpose service training engineers to the local vehicle distributor. Supply Division in Copenhagen is expected to arrange with manufacturers that government technical personnel be included in local training without cost to UNICEF or to the government (G.9.9. and 9.10).

25. Vehicle inventory list: The policy requires UNICEF field offices to maintain an inventory of all UNICEF-provided vehicles for each country for a minimum of seven years. The list, which must be kept up-to-date, includes minimum data needed to facilitate the ordering of spare parts and the briefing of new staff on vehicles in country programmes (G.10.1).

26. Reporting: Field offices are also required to provide Supply Division, at the end of each year, with a statistical report showing a summary

of the vehicle inventory, vehicles that have arrived during the year and those transferred to the government (G.10.3).

27. Disposal of unserviceable vehicles: It is stipulated that vehicles which are either worn out or damaged beyond economical repair while under loan agreement should be immediately disposed of by transfer to the ministry concerned at no cost to the government. UNICEF field offices are not required to dispose of programme vehicles by sale. (G.11.1).

28. The Inspector considers that while these guidelines are sound in broad terms, they need to be further strengthened with more detailed and strict instructions on the justification, selection, and control of transport items by country officers. Lessons should be drawn as appropriate from the transport policies of other UN organizations, especially UNDP and UNHCR. The fact that UNICEF is one of the most decentralized organizations in the UN system in terms of the level and scope of authority delegated to field representatives regarding country programme management, gives the field offices considerable leeway in the application of UNICEF transport policy. However, as will be noted in the following chapters, the Inspector found that the implementation of that policy by country offices was far from satisfactory.

III. PROGRAMMING AND SELECTION OF TRANSPORT INPUTS

A. Regional and country differences

29. There exist significant regional and even country differences that need to be taken into account in the programming and selection of transport equipment. For example, much of sub-saharan Africa, unlike the other regions, generally lacks good road networks, is less endowed with technical and maintenance skills, hardly manufactures vehicles locally (with the exception of Nigeria and Kenya) and has limited automobile dealership. Many of the countries are landlocked and some are faced with civil wars. These factors not only have implications for the programming and management of transport supplies, but also call for priority attention to project design, the building of transport maintenance and operating skills, logistics management and inter-agency collaboration.

30. The transport equipment component of UNICEF-assisted programmes in Africa amounted in 1990 to \$US 20 million or 15 per cent of UNICEF programme expenditure for the region in that year, compared to \$US 14 million (11 per cent) for Asia, \$US 2 million (7 per cent) for the Middle East, \$US 750,000 (2.4 per cent) for Latin America and the Caribbean and \$US 55,000 (0.4 per cent) for inter-regional programmes.

31. The major recipients in Africa of UNICEF's transport resources are Angola, Ethiopia, Ghana, Mozambique, Nigeria, Somalia, Sudan, Tanzania, Uganda and Zaire, which together accounted in the last two years for close to 80 per cent of those resources. Perhaps more so in the area of transport and logistics than in any other, these countries share the geographic, infrastructural, technical, managerial and financial constraints typical of Africa, as outlined in paragraph 29 above.

32. The negative impact of these constraints on UNICEF's transport operations and expenditures in Africa is considerable. The operating lifespan of vehicles is estimated at three to four years, compared to five years in the Middle East and seven years in Asia. Average mileage performance is estimated to be much lower than in other regions. Breakdowns are common and the proportion of UNICEF-supplied vehicle fleets reported to be off the road, or unaccounted for, averages 30 per cent, but rises as high as 50 per cent in several countries (Chad, Mozambique, Senegal, Somalia, Sudan, Tanzania).

Government-administered transport management organizations hardly function for want of motivated managerial and maintenance personnel. Public sector wages are too low to retain skilled transport personnel. Governments burdened with external debts and survival priorities are unable to finance the running and repair costs of the vehicles, which rarely receive systematic preventive maintenance. Such circumstances tend to heighten the risk of transport mismanagement.

33. These findings are not new to UNICEF, since the 1973 JIU report on UNICEF's transport operations had pointed out some of these difficulties 18 years ago. UNICEF's own internal reviews of its transport operations in Africa have adequately documented the unique problems of this region and have suggested measures for improving the programming and utilization of transport inputs. At a global UNICEF meeting on transport matters, held in New York in April 1979, the need was recognized to:

- consider the transportation running costs that the supply of expensive four wheelers would place on user government departments.
- ensure that national capacity does exist or can be developed for the proper management of transport inputs;
- prepare, before considering important transport requests, an analysis of the country's transportation situation, taking into account past performance and future trends;
- identify and select the most suitable and economic means to meet substantiated transport requests, using UNICEF's technical expertise in the examination of such issues as running costs, lighter vehicle solutions, locally available alternatives to provision of vehicles, etc.

34. Six years after the above-mentioned global meeting, a UNICEF transport survey conducted in several African countries in 1985 noted that:

- since most countries in Africa have logistical and transport difficulties, the most persistent challenge for UNICEF is to help in improving the long-term management of these aspects, which are vital elements in the delivery of services to children and women.
- many vehicles seem to remain out of service for considerable periods of time. Little information, if any, is available as to

their condition at the time of their disposal by government departments. There is need and room for increased cost effectiveness of this programme input;

- the situation of transport and logistics should receive more attention than in the past, particularly during programme previews and reviews;
- a more thorough analysis of transport and logistics needs to be done at the time of preparation of country plans of co-operation.

35. While the foregoing concerns have been duly incorporated into UNICEF's policy guidelines on programme transport (see Chapter II), only few improvements can be discerned at the operational level. Indeed, analysis of replies by UNICEF field offices to the JIU questionnaire for this study suggests that, if progress has been achieved in the standardization of vehicles at the country level or the selection of appropriate vehicles in terms of design and sturdiness, other aspects regarding, in particular, justification and definition of transport requests, selection of modes and types, management and preventive maintenance, control and reporting procedures and attention to the chain of logistics, may have grown from bad to worse since the 1973 JIU report on UNICEF's transport operations.

36. A number of reasons can be given for this state of affairs. Firstly, since the mid-eighties UNICEF has not only phased out its regional transport advisory services, but has also terminated its technical assistance to government-administered transport management organizations in several countries, notwithstanding the findings and recommendations of the 1973 JIU report and some of UNICEF's internal reviews.

37. Secondly, and partly due to the termination of regional transport management officers and technical assistance projects in many African countries, UNICEF policy guidelines on programme transport are not rigorously enforced and implemented. In general, transport equipment is allocated rather than programmed. Field offices lack the necessary expertise to scrutinize and substantiate transport requests and hardly any prior analysis or evaluation of previous transport inputs is prepared, as required by the Field Manual. Despite UNICEF's policy that "vehicles should not be introduced unless minimum facilities are also established, possibly with UNICEF's technical and material assistance," the Inspector has observed that countries such as Angola, Ethiopia, Sudan, Tanzania and Zaire lacking adequate facilities and funds to pay for preventive maintenance and repairs, have none the less continued to receive significant transport hardware, without UNICEF's support for the improvement of transport and logistic management. Transport procurement staff at Supply Division do not participate in programming exercises involving

substantial transport requests, as required by UNICEF Field Manual and Medium Term Plan: 1987-1991 (E/ICEF/1988/3).

38. Yet a third reason for the acute problems besetting UNICEF's transport operations in Africa may be found in the widespread practice of automatically transferring vehicle titles to government departments, irrespective of their differing abilities to fulfill the relevant conditions laid down in UNICEF's Field Manual. Vehicles thus "donated" to governments are considered "government property", thus weakening the incentive of user departments to account for their proper utilization and maintenance, and blurring UNICEF's responsibility for management control. This problem, which is discussed in greater detail in the next chapter, can and should be addressed during the preparation of country programmes of co-operation, as required by UNICEF policy guidelines.

39. Since the termination of its regional transport advisory services and technical assistance projects in some African countries, UNICEF's approach to the problems enumerated in the foregoing paragraphs has been ad hoc and inconsistent. Currently UNICEF supports transport technical assistance projects in Chad, Mozambique and Uganda, for example, but not in Angola, Ethiopia, Sudan, Tanzania or Zaire, which would qualify for such assistance. In Nigeria, three UNICEF programme officers devote 20 per cent of their time to transport management and the rest to health equipment. In Mali, Niger and Senegal, UNICEF now assumes direct management, operational and custodial responsibility for its transport inputs. In some countries, for example, due attention is given to logistics with the assignment of logistic/supply personnel (Mozambique and Zimbabwe) but not in other, eligible, countries (Ethiopia, Sudan or Tanzania).

40. What is clearly needed is an explicit and coherent strategy for dealing with the very special difficulties of the least developed countries in Africa and other regions which receive substantial transport equipment, but lack the institutional capabilities to derive optimal mileage from such equipment. In line with UNICEF's programme policy of promoting self-reliance in the co-operating countries, such a strategy should aim to build national capacities through tightly designed technical assistance projects financed by UNICEF and/or other development partners (see section D below), with special emphasis on training in transport and logistic management and maintenance skills. Most likely to be lodged in national Ministries of Health, currently the largest recipients of UNICEF's assistance, such projects should be identified within the context of country programming exercises and, once operational, should be open-ended and assigned management responsibility for UNICEF-supplied vehicle fleets and other health equipment, as was the case in the 1970's.

41. A cost-benefit estimate of the proposed technical assistance strategy would be elusive in view of the many variables involved. Firstly, the cost to UNICEF, where necessary, should be viewed in conjunction with UNICEF's primary policy objective of building up self-reliant capabilities in the host countries, as opposed to the supply of expensive transport hardware, not in itself a UNICEF programme objective.

42. Secondly, it would be difficult to quantify with precision the beneficial and durable impact that the successful operation of such projects in a couple of needy countries could have in stretching out the useful lifespan and reducing the accident/breakdown rates of transport vehicles supplied by host governments themselves, UNICEF and other external partners. Ethiopia, for example, currently has a UNICEF-supplied transport fleet of 650, of which about 400 are of the Toyota Land-cruiser series with an average purchase value of \$US 15,000 a piece. The attrition/replacement rate is estimated at 25 per cent annually. By any conservative estimate, an efficiently managed transport assistance project with user and control responsibility for such a fleet should reduce the replacement rate from 25 per cent (100 vehicles) to at least 15 per cent (60 vehicles) annually. The purchase value of the difference of 40 vehicles amounts to \$US 600,000 which equates to twice the annual average cost of the transport assistance projects now supported by UNICEF in Chad, Mozambique and Uganda. As another example, Tanzania is reported to have a fleet of about 700 vehicles, some supplied under bilateral programmes. About 50 per cent of that fleet is estimated to be out of order or off the road. Such a heavy attrition rate could be halved under a successful transport assistance project, yielding savings of well over \$US 1 million. These figures largely outweigh the costs of strengthening measures proposed in this Note for improved transport and logistic management.

43. Furthermore, the cost implications for UNICEF of such projects would also depend largely on how effectively UNICEF can encourage host governments, during the programming process, to tap other potential sources of transport technical assistance, inside and outside the UN system, including vehicle manufacturing firms, volunteer and other non-governmental organizations. Also worth exploring are innovative technical co-operation modalities, such as technical co-operation among developing countries (TCDC) under UNDP auspices, or twinning arrangements between health transport organizations in different countries and regions, north and south..

44. The Inspector recognizes that transport technical assistance projects by themselves, however well-managed, will not solve the persistent problem of low government wages and paucity of resources to finance recurrent costs. This problem is discussed in section C below.

45. After Africa, Asia is the next largest recipient of UNICEF-supplied transport equipment. In 1989, total UNICEF programme expenditure for the region amounted to \$US 195 million, of which the transport component was worth \$US 12.6 million, or 6.5 per cent. By October 1990, the share of transport inputs had increased to 11 per cent with a purchase value of \$US 14 million. The bulk of these inputs went to three major recipients: China, India and Pakistan. The situation of transport and logistics in these countries bears little resemblance to the African transport and logistic scene. In general, managerial and technical skills are available in good supply. Though public sector wages are not better than in Africa, there is hardly any problem in recruiting and retaining skillful technical personnel with the possible exception of Pakistan. China and India, for example, have already attained a high degree of self-reliance in the local production and export of transport equipment of all types, such as trucks, four and other wheelers. But UNICEF continues to supply significant transport hardware to these countries.

46. In 1989, China had a UNICEF-supplied fleet of 1,600 vehicles of various types, mainly of Japanese origin. Only 5 per cent of that fleet was locally produced. In the current programme cycle, 1990-1994, UNICEF has earmarked \$US 2.5 million for vehicles and \$US 255,000 for spare parts. No UNICEF transport management officer or adviser is assigned to China. Government assumes the full range of transport management and operating functions, including training activities. Transport requests from sectoral agencies are screened by the Department of International Relations of the Ministry of Foreign Economic Relations and Trade, and appraised by UNICEF office in Beijing. Besides occasional advice from Supply Division, Copenhagen, no other UNICEF transport expertise is available in the programming and selection of transport inputs. While it would appear that government agencies in the past preferred mostly imported vehicles, a more flexible attitude seems to be emerging with the realization that locally produced vehicles are cheaper and easier to maintain. The reply of the UNICEF office in Beijing to the JIU questionnaire indicates that the subject of local versus imported vehicles is currently under review.

47. India, like China, is a large automobile manufacturer and exporter. In 1989, UNICEF purchased a total of 890 jeeps and vans, 86 trucks and 61 two wheelers, all locally produced, valued at \$US 5.6 million. The total UNICEF-supplied fleet considered to be still operational throughout the country is estimated at 10,000 vehicles. The Indian Government contributes twice that number to UNICEF-assisted programmes. Responsibility for managing and maintaining government and UNICEF-supplied transport fleets lies with the state governments, 30 in all, who seem to have adequate financial and technical resources for the job, except for training.

48. The Transport and Health Equipment Organization of the State of Maharashtra, based in Pune, was visited in the course of this study. The organization operates a fleet of about 3,000 vehicles, of which more than 200 are supplied by UNICEF. It employs a work force of over 500, including 400 technicians who perform a variety of functions from periodic servicing to major rehabilitation of old vehicles. It operates a mobile repair workshop in every district and has additional responsibility for all health equipment throughout the state. It keeps detailed records of transport operations. Though somewhat staff intensive, the set-up appears well-managed, so much so that the useful life-span of its vehicles is estimated to be ten years. In several respects, it offers a model that can be tried by transport management organizations in other Indian states and developing countries, especially in Africa, with which the Director was willing to share expertise.

49. In addition to providing vehicles, UNICEF budgets \$US 250,000 for tools, workshop equipment and training in India. Two UNICEF officers, one based in New Delhi and the other in Jaipur, provide advice and training 20 per cent of their time, the remaining 80 per cent is devoted to health equipment, especially the cold chain. All government requests for transport are screened by the UNICEF transport and equipment management officer in New Delhi. Considering the sub-continental size of India, as well as the large quantity of UNICEF's transport supplies to the country, one officer devoting 20 per cent of his time to transport matters would hardly adequately perform the task of justifying and specifying all the transport requests. Yet the Inspector was informed that UNICEF was planning to redeploy its transport management advisory post at the Delhi office to other programme concerns, in line with the general trend to phase out UNICEF's transport expertise in the field. In the Inspector's view, this post should not only be maintained, but also strengthened with regional responsibility to advise on transport management and maintenance training in co-ordination with Supply Division (see paragraph 74).

50. Unlike China and India, Pakistan is not a large automobile manufacturer besides two wheelers and several vehicle assembly plants. But like the other two countries, Pakistan also receives significant UNICEF transport inputs. These currently amount to about 1,600 vehicles and 2,500 two wheelers. As opposed to China and India where all UNICEF transport equipment is automatically transferred to governments, a significant proportion in Pakistan (1,300 vehicles and 1,760 two wheelers) are managed and operated by government under loan agreement with UNICEF. There is at present no UNICEF transport management officer in Pakistan, the position having been discontinued in 1990. Identification and selection of transport requirements are done jointly by government counterparts and UNICEF programme officers during country programming. Up to 1986, UNICEF assisted in the establishment of five transport management organizations operated by the government; UNICEF

supplied all the tools and workshop equipment. The quality of these organizations is reported to be very poor at present for lack of government funds and qualified maintenance staff. However, UNICEF country office in Islamabad observes that some institutions have been able to maintain and operate UNICEF-provided vehicles very well for a number of years. The average working lifespan of UNICEF-supplied vehicles in Pakistan is estimated to be seven years.

51. The three case studies examined above for Asia lead to the following conclusions and recommendations:-

(a) Because of its scanty transport expertise on the ground and lack of direct active involvement by Supply Division staff at Copenhagen in the screening of government transport requests, as required by the Field Manual, UNICEF does miss opportunities for reducing the volume and costs of its transport supplies to this region through the application of strict criteria for vehicle requirements, increased supply of two wheelers in lieu of expensive four wheel vehicles especially in China and India, and more selectivity in vehicle replacements.

(b) The modest UNICEF provision for maintenance training in these countries is appreciated by the beneficiaries and well-targeted, especially in India where the UNICEF transport officer has prepared, in collaboration with vehicle manufacturers, instruction manuals and videos for drivers and auto mechanics. The implication is that UNICEF should budget much more for training and much less for transport hardware.

(c) The fact that China and India and perhaps other countries in Asia are virtually self-sufficient in automobile production has not yet forced a review of UNICEF's policy of continuing to supply them with transport hardware. As far back as 1973, the JIU's first report on UNICEF's transport operations had recommended UNICEF for its decision to gradually scale down its involvement in transport operations in several Latin American countries in view of their high-level of self-reliance in providing for and managing such operations. As a result, UNICEF's transport inputs into its Latin American operations have hovered between 3.5 per cent and 2.4 per cent between 1986 and 1990, without prejudice to its core programme assistance. The Inspector believes that the Organization should apply a similar policy of disengagement from large-scale transport operations in Asia, but should increase its support for training activities as recommended in (b) above. Such disengagement, which could be conducted gradually over three to five years, need not be detrimental to the overall volume of UNICEF's programme commitments in the countries concerned. Resources thus released should be re-programmed for more

substantive support for projects seeking to strengthen national self-reliance in the production of health supplies and equipment. In this regard, the Government of India would like to be self-reliant in vaccine production for which UNICEF already is providing modest support. Other countries might wish to be enabled to produce cold chain equipment for example. Emphasis on such national programme thrusts would be more in line with UNICEF's mandate and programme policy than the provision of transport items, which hardly contribute to building national capacities.

B. Selection of transport modes and vehicle types

52. UNICEF's transport policy provides that in examining government requests for transport, other means besides motor vehicles should be sought, e.g. animals, mopeds, bicycles, etc. The policy also guards against expensive vehicle types because of their high operating and maintenance costs. The Inspector finds that these policy guidelines are not being implemented as they should in the search for ways and means for reducing transport expenditure.

53. Motor vehicles are by far the most preferred means of transportation requested by governments and supplied by UNICEF, in terms of overall cost and quantity. Pakistan is the only country for which JIU has reliable data, where two wheelers represent a substantial proportion of UNICEF-supplied transport inputs. There is little evidence to show that requests for motor vehicles are usually scrutinized at the programming stage in relation to specific projects or programme activities, and the uses for which vehicles are sought. For example, very little distinction is made between transport means for supervisory functions on the one hand, and operational functions on the other. In most cases, two wheelers would suffice for essentially supervisory purposes, but this cannot be determined without thorough and astute processing of transport requests. The Inspector realizes that prestige considerations tied to administrative hierarchy are very much involved, but urges that once transport needs have been substantiated, the modes and types should be determined by UNICEF.

54. Replies to the JIU questionnaire leave no doubt that UNICEF can achieve substantial savings in transport expenditure through more systematic search for alternative and more economical transport modes, especially motorcycles and bicycles whose maintenance, repair and replacement costs are much lower and therefore more affordable in the developing countries. In India, where two and three wheelers are the commonest means of transportation, UNICEF supplied only 61 two-wheelers in 1989 compared to 890 jeeps. The same probably applies to other countries which could accommodate a judicious mix of motorcycles, bicycles and four-wheel vehicles such as achieved in Pakistan. UNICEF could also borrow a leaf from WHO whose Expanded Programme on Immunization is promoting a "Riders' for Health" initiative relying on the use

of motorcycles for primary health care and other rural development purposes in the public sector. The Organization could collaborate closely in this initiative to explore and tap its potential benefits.

55. In addition to selecting the right transport mode, the choice of a more appropriate vehicle make and model also holds potential for reducing transport expenditure, easing maintenance and avoiding undue operating costs on host governments. The Inspector noted that a significant proportion of prestigious and expensive models was being supplied by the Organization, particularly in Africa. The Toyota Landcruiser series seems to be particularly popular, representing close to 80 per cent of the UNICEF-supplied vehicle fleet in Nigeria, which is approaching self-reliance in transport production, and over 50 per cent in several other countries. A 1986 consultant's report on transport operations in Ethiopia had found that UNICEF's supplied fleet consisted mostly of the Toyota Station Wagon, the most expensive in the Landcruiser series, instead of the Toyota Hilux four-wheeler, costing 60 per cent of the value of the station wagon and performing almost the same functions. Attractive or luxurious vehicles are more likely than not to be misused, and more difficult and expensive to maintain and repair in countries with scarce technical skills.

56. More sources of less expensive and appropriate vehicle makes and models should actively be sought besides traditional European and Japanese suppliers, especially in Asia, the Middle East and Latin America, provided reliable after-sales services, maintenance training, spare parts and other relevant conditions can be guaranteed. For example, the Indian-manufactured Mahindra Mahindra jeeps which are sturdy, and highly functional without being "prestigious" could be appropriate for Africa and parts of Asia. These jeeps use the Peugeot engine already very common in Africa and with which African auto mechanics are therefore familiar. Indian produced transport equipment, such as Tata trucks are already common in some East African countries. The need for maintenance training, spare parts provision and basic dealership network could be examined with the manufacturer. At \$US 7,000 to \$US 8,000 a piece, the Mahindra Mahindra jeep which constitutes a large proportion of UNICEF's fleet in India, could also stand as a reasonably competitive substitute for more attractive and expensive models supplied by UNICEF to Africa and Asia.

C. Recurrent costs

57. Transport equipment is not only a utility, it also creates needs and services to address those needs, thus generating recurrent costs for maintenance, repairs and spare parts. UNICEF's Field Manual clearly requires that such cost implications be borne in mind in programming and selecting transport items, since the selection of appropriate modes, makes and models

can lighten the burden of recurrent costs on user government departments. The Inspector has found that in very few instances is rigorous prior attention given to the need for governments to budget for and finance recurrent costs. Some African countries in receipt of substantial transport items are unable to finance recurrent costs for reasons already discussed earlier with the result that UNICEF subsequently bears such costs from programme funds to ensure programme delivery. In Asia the same problem exists, though with less intensity, the major complaint being lack of funds for tools, workshop equipment and training activities.

58. The problem of recurrent costs goes beyond transport inputs. It has been tackled by UNICEF over the years in the context of its programmes of co-operation. A 1988 internal report on the subject (E/ICEF/1988/L.3) identified the following main types of recurrent costs common to most UNICEF programmes:

- (a) Supply costs (spare parts for vehicles, and cold chain, drugs, vaccines, oral rehydration salts, etc.);

- (b) local maintenance and operating costs (petrol, electricity bills, small supplies, repairs).

- (c) personnel costs (refresher training, stipends, per diem, travel costs, salaries of local project personnel, incentive, etc.)

59. The report found that nearly all UNICEF field offices support recurrent costs as defined above in varying degrees. This practice is now widely accepted by UNICEF as a desirable incentive for sustaining the viability of its programmes of co-operation, particularly in the least developed and low income countries. The provision of incentives in the form of bonus payments to workers on the basis of their performance is reported to have increased productivity by as high as 200 per cent in some African countries.

60. This lesson is especially relevant to UNICEF's transport operations in most African and other low income countries, where recurrent costs generated by transport equipment may have to include "topping up" of the salaries of technicians employed in transport management organizations assisted by UNICEF. Low government wages in many countries are reported to be one of the major causes for the inefficient performance and eventual disintegration of government-administered transport organizations, resulting in detrimental consequences for transport vehicles supplied by host governments themselves, UNICEF and other sources. Therefore in the light of UNICEF's flexible policy of financing recurrent costs in the low income countries, the Inspector recommends that this practice be extended to the payment of

performance-related salary supplements to selected staff of transport organizations receiving UNICEF's technical assistance, as recommended in paragraphs 40-43.

61. At present recurrent costs associated with transport operations are financed from UNICEF's general programme resources. In view of the fact that UNICEF's support for such costs might be desirable over a considerable length of time in some countries, especially under the strategy of expanded and open-ended technical assistance projects recommended for some least developed countries, the Inspector sees the need for alternative sources of funding these costs. One source which recommends itself is the method of "cost recovery," which already is being widely promoted by UNICEF in several programme activities, except transport operations. The above-mentioned UNICEF report on recurrent costs finds, for example, that charges for essential drugs and services are being used to pay local health workers and provide preventive services in programmes in Benin, Guinea, Liberia, Mali, Zaire and other African countries as well as in other regions such as Latin America (Bolivia, Brazil, Dominica) and Asia (China, India, the Philippines and Thailand). According to the report, maintaining control of revenues at district and local levels is increasingly recognized as a central aspect of financial sustainability.

62. Extended to UNICEF-assisted transport operations in the low income countries, this method of financing recurrent costs would require firstly that UNICEF withholds vehicle titles in countries unable to budget for recurrent costs and secondly that the Organization recovers revenue from its disposal by sale of vehicles eligible for replacement. Revenue thus recovered would constitute a transport recurrent costs budget to be managed by the field offices for the benefit of government-administered transport organizations. This recommendation, in line with UNICEF's method of financing recurrent costs through cost recovery, requires a corresponding adjustment of its policy guideline on the disposal of programme vehicles.

D. Inter-agency co-operation

63. The programming of UNICEF's transport operations currently suffers from inadequate co-ordination and co-operation with other UN system organizations, bilateral programmes and voluntary agencies. Transport equipment falls under capital assistance which could best be provided under bilateral, multilateral or other more appropriate sources of capital aid. The ideal role of UN system organizations with their limited financial resources would appear to lie in the provision of technological software in the context of their development co-operation activities. At any rate, the lack of co-ordination and collaboration between UNICEF and other external development partners inside and outside the UN system who in varying degrees

are also involved in transport matters, leaves undesirable room for resource duplication and competition for a limited pool of qualified national transport personnel.

64. A 1989 consultant's report on UNICEF's transport operations in Chad found that three departments of the Ministry of Health operated independent transport workshops, each of which was headed by an expatriate transport management expert paid by bilateral and multilateral agencies. The study noted that a merger of the three workshops would enhance productivity and achieve significant savings.

65. A UNICEF internal survey of its transport operations in East Africa in 1985 found that the Plant and Vehicle Pool Service (PVPS) of the Ministry of Works of Lesotho had developed into a model transport management and maintenance system, thanks mainly to the support of the World Bank, which is at present assisting a similar project in Ghana and discussing another in Uganda.

66. In Tanzania, where UNICEF has a large equipment component but no transport technical assistance, the Danish International Development Agency (DANIDA) finances a transport workshop catering only to vehicles for the Expanded Programme on Immunization (EPI). A UNICEF transport officer assigned to this programme but paid by DANIDA, is seeking to integrate all vehicles of the Ministry of Health into a single transport management and maintenance unit. This effort is reported, however, to be constrained by lack of funds and qualified personnel.

67. In Somalia, CARE (international voluntary agency) provides transport and logistic support to some international organizations, including the Office of the UN High Commissioner for Refugees, which has sub-contracted all its transport operations to the agency. Save the Children Fund (British non-governmental organization) provides similar services in Uganda.

68. These examples illustrate the benefits that UNICEF can derive from an active policy of collaborating with other agencies in programming transport inputs. Several agencies of capital aid and non-governmental organizations already co-operate in those UNICEF programme areas, especially health and community water supply, which are the greatest consumers of transport resources. Such co-operation represents an opportunity for strengthening complementarity of inputs from several sources during the programming and design of projects. Thus a more active UNICEF role in exploring alternative sources of transport hardware could go a long way in reducing its transport expenditure, which hardly contributes to strengthening the substantive capacities of host governments and therefore falls short of UNICEF's objective

of building up their self-reliance. Also governments with deficient transport infrastructures could be encouraged to take advantage of capital aid from the World Bank, International Development Association (IDA), Regional Development Banks, bilateral and multilateral agencies in order to rehabilitate and modernize their road networks, transportation and management systems. This would enable UNICEF to concentrate its resources on catalyst activities with more lasting self-reliant impact, such as training transport management and maintenance personnel.

69. The lack of co-ordination and co-operation in transport matters is equally acute among United Nations Secretariat bodies, such as UNICEF, UNDP, UNHCR and WFP, which also supply or depend on significant programme transport equipment. There is hardly any harmonization or co-ordination of field transport policies, approaches and experiences. Yet possible areas of co-operation could include, for example, umbrella technical assistance projects in support of centralized government transport management organizations, or even joint transport and logistic units operated and financed by several UN organizations in selected countries, particularly those hosting major emergency operations involving UN organizations (Afghanistan, Ethiopia, Liberia, Mozambique, Somalia, Sudan, etc.) For example, a report prepared in 1987 by the Office of the UN High Commissioner for Refugees on the role of vehicles in its transport operations (TSS/87/10) described transport policy, management and operational issues very similar to those dealt with by UNICEF's internal reviews of its transport operations in Africa in the eighties. The 1973 JIU report on this subject commended UN system collaboration that existed at the time in Sri Lanka where a UNICEF-assisted transport workshop also serviced UNDP vehicles on a cost recovery basis, or in Liberia where ILO fielded an expert to set up and launch a transport management and maintenance organization. Such collaboration is all the more necessary at the programming stage because there exists no UN entity at the field level with sole responsibility for assisting host governments in the organization and management of transport and logistics. It would be useful at any rate to harmonize UN systems transport policies and standardize transport equipment at the country level in order to facilitate integrated transport management by government departments or by UN system units in emergency situations. The management of spare parts and maintenance operations and training also would be simplified. There may be a role here for the UNDP-supported Inter-agency Procurement Services Office (IAPSO) in Copenhagen and the Administrative Committee on Co-ordination (ACC).

70. Some UNDP and UNICEF field personnel expressed the view that such co-operation would be nearly impossible to achieve in practice because of weak co-ordination and even rivalry among government departments, especially in transport matters, and differing UN system programme transport policies. Yet other field staff considered that UN system co-ordination of transport and

logistic operations in some countries was desirable in order to reduce wasteful duplication, expedite the delivery of programmes or relief supplies, and promote a good field example and image of organizations dedicated to a common goal. Although UNICEF does co-operate closely with other UN organizations and agencies in the development and implementation of its programmes (WHO, FAO, UNFPA, UNDP, etc.), the Inspector observed, much to his surprise, that such co-operation did not extend to transport policy and operations. Being the UN organization probably the most dependent on transport and logistics for programme operations, UNICEF no doubt would stand to reap the greatest advantage from the pooling of the system's transport operations or technical assistance to government transport organizations. The Inspector therefore recommends that UNICEF should raise this issue as a priority topic of discussion within an appropriate subsidiary body of the Administrative Committee on Co-ordination. Alternatively, UNICEF could initiate direct consultations with UNDP, UNHCR and WFP with a view to establishing such co-operation in selected countries.

E. Role of UNICEF Field Offices

71. The present role of UNICEF field offices in the screening of transport requests is generally weak and remote, even in the very few countries where UNICEF still has a transport management officer. One reason for this is that transport is, in point of fact, not "programmed" because it is not considered a self-contained "programme area" but part of equipment components of separate UNICEF supported projects and programmes, such as Expanded Programme on Immunization (EPI), Mother and Child Health (MCH), Essential Drugs and Vaccines (EDV), or Community Water Supply (CWS). UNICEF field offices are concerned with project/programme planning as a whole, and transport requests are approved as part of project or programme packages. Since different programme activities require different types of transport, this approach is basically sound. Nevertheless, in view of the need for integrated analysis of all transport requirements and to determine how best and from what source to meet them, the involvement of transport experts in programme development and approval processes would appear indispensable. There is no evidence to suggest that UNICEF field programme staff are conversant with the basic technical issues of transport and logistics, in view of the difficulties already documented in the present and other reports regarding the selection, justification and control of transport equipment supplied by UNICEF. Clearly there is a need for UNICEF management to render field programme staff more acutely aware of their duties, as stipulated in the Field Manual, with respect to transport matters. Special training or briefing sessions for field programme staff could be organized periodically for this purpose. The support to be provided to field offices by Supply Division is described in paragraph 74.

IV. MANAGEMENT

A. Procurement by Supply Division

72. Replies by UNICEF field offices to the JIU questionnaire indicated no major problems or delays in the transport procurement operations of Supply Division. Delivery of supplies was reported to be generally on time; the delays reported concerned mainly problems of logistics, especially in-land shipment from port of arrival to project site. However, the UNICEF Regional Office in Abidjan did mention delays of programme supplies from Copenhagen.

73. The Inspector also heard no complaints regarding reimbursable procurement services provided by Supply Division. These services seem to be well appreciated by governments and NGOs who benefit from them.

74. The phasing out of regular transport advisory services at the regional level and in many countries should have justified a review of the authority, role and staffing of the transport procurement unit in Supply Division, Copenhagen. Deprived of transport expertise on the ground and of systematic backstopping by Supply Division, UNICEF field offices are, as noted above, not fully equipped at present to enforce Field Manual provisions on programme transport. A reinstatement of the former regional transport advisory posts may not be necessary if a good deal of the services they offered can be provided by Supply Division. It is therefore recommended that the transport procurement unit in Supply Division be re-named transport procurement and management unit and that its authority, responsibility and staffing be enhanced to include the following tasks:

- direct and active participation in the programming and approval of significant equipment requirements bearing in mind UNICEF policy guidelines, the need to explore alternative sources of supply and achieve complementarity of inputs with other donors;
- periodic in-situ assessments of the performance and state of UNICEF-supplied vehicles and technical assistance projects as recommended above.

- organization of training and briefing sessions for UNICEF field staff and technical personnel in government transport organizations.

B. Logistics

75. The UNHCR report on transport vehicles referred to in paragraph 69 states that "while each category of vehicles is performing a specific active role in a logistics concept, it also creates its own needs. Unless these needs are taken into consideration in all stages of a project, no vehicle will be able to give satisfactory service. The vehicle is not the end of a logistics chain and is not necessarily the only solution to a transport problem: "it is inter-related with most other elements of a logistics network" (page 8). This quotation is particularly relevant to UNICEF-assisted transport operations in Africa where port clearance, warehousing, trans-shipment, distribution, etc., constitute a serious problem in Angola, Ethiopia, Mozambique, Somalia, Sudan, Tanzania, Zaire, as well as the landlocked Sahelian and central African countries. The fact that some of these countries are also experiencing civil wars which have damaged transport infrastructure and placed serious constraints on the movement of personnel and goods, has further compounded the problem of programme logistics. In most cases, government personnel are unable to deal effectively with logistic difficulties.

76. In Ethiopia, for example, port clearance at Assab was reported to be a continuing constraint due to lack of organization, funding and expeditive government procedures, and non-existent UN system co-operation. UNICEF thus employs a port agent at Assab to facilitate clearance and to direct the inland shipment of supplies and equipment, including vehicles. The Addis Ababa office expressed the need to strengthen the whole spectrum of logistic operations, including the management of vehicles in the country programme. One position for this purpose was reported to be under recruitment. The Inspector believes that this initiative, which is timely and justified in the Ethiopian context, could be replicated in other countries facing very similar situations.

77. In West Africa, the UNICEF Regional Office in Abidjan drew the Inspector's attention to serious problems of programme logistics encountered in the landlocked sahelien countries, which cause long delays on transit routes from port of arrival to warehouses in receiving countries. The Office may also be in need of logistic assistance.

78. In Mali, the government transport and equipment organization (SEPAU) which had received UNICEF technical assistance in the sixties, disintegrated so badly following the termination of UNICEF support that it was unable to

provide the logistic means for coping with the influx of relief supplies in the wake of the 1984 drought that afflicted the country. UNICEF therefore had to establish its own logistics unit to handle the emergency relief operation. This unit was subsequently expanded and equipped to facilitate UNICEF vaccination programmes. The logistics unit is still operated today entirely by international and local personnel paid by UNICEF from programme funds.

79. An internal review of UNICEF-assisted transport and logistic activities in East Africa in 1985 noted in Somalia that "there could be serious wastage if there is not proper planning and management of the various components of logistics: shipping, customs clearance, storage, intermediate distribution, storekeeping, and distribution to users. In general, it is felt that providing vehicles is the easy part, and that the difficulty lies in planning and programming for their effective and efficient use within the logistics framework, and that this is now of particular importance to Africa" (page 16).

80. These examples illustrate the vital link of transport logistics in programme delivery. They also point to the inadequacy of UNICEF's response to the logistic challenge to its programmes of co-operation. No consistent pattern emerges of the Organization's logistic support. It operates autonomous logistics units in some countries (Mali and Niger), provides modest logistic support in others (Mozambique and Zimbabwe), but no such assistance to other hard cases (Angola, Sudan, Tanzania, Zaire).

81 In view of the above, it is recommended that logistics officers be assigned to those countries eligible for their services but as yet without logistic assistance (see paragraph 75). These officers, who may be national programme staff paid by UNICEF would assume the whole range of logistic operations, including spare parts management. They should regard transport and logistics as integral to programme implementation. Employed for countries in receipt of UNICEF inputs on a large scale, or for a group of countries where the range of programme logistics may not justify such a post, these officers should be attached to operations units of country offices. If they are national officers they could be paid from transport recurrent costs budgets (see paragraph 62). If they are internationally recruited they should be paid from within existing resources, as done in Ethiopia and Mali. However, sources other than UNICEF should be sought, such as UN volunteers, junior Professional officers or Associate experts paid from Bilateral and Multilateral sources, etc. (see paragraph 43). A model post description of a logistics officer is annexed to this Note.

C. Transfer of vehicle title and loan agreement

82. It is UNICEF policy to hand over vehicles to governments on a transfer or loan agreement. In either case governments undertake the responsibility to operate and maintain such vehicles in support of programmes assisted by UNICEF. In the course of the present study the Inspector observed that vehicles, on arrival, are automatically transferred to governments in most cases irrespective of whether or not preconditions for such transfer, as defined in UNICEF policy, have been fulfilled. In practical terms of vehicles operation, maintenance and management, no real difference was observed under a transfer or loan arrangement. Responses to the JIU questionnaire clearly indicated in most cases that UNICEF field offices were only remotely involved in monitoring and controlling the utilization of UNICEF-supplied transport fleet. Factors such as civil wars, poor road network or vast expanse of national territory and weak government administration render such monitoring and control by field offices impractical if not impossible. Whether or not transferred to governments, all vehicles fall casualty in the same way to adverse local conditions mentioned above, or to budgetary constraints, inadequate technical skills and low wages, all of which inhibit proper maintenance and shorten vehicle lifespan. The Inspector was seriously concerned about the mismanagement and waste of transport resources in some countries because of weak control and supervision by UNICEF field offices.

83. The transfer of vehicle titles to governments does not, by itself, enhance government capacity to manage vehicle fleets, since UNICEF usually continues to pay for spare parts, repairs, workshop equipment and even fuel in several countries. The Inspector is of the view that the only way to effectively build government capacity for transport management is through technical assistance to governments, as described in the preceding section, and not necessarily through the outright donation of quantities of transport hardware, which cannot be managed as it should be. Indeed the present practice unwittingly builds into government departments an incentive for increased transport requests, whereas the retention of title in selected cases would strengthen the authority and responsibility of UNICEF field offices to better monitor and control programme transport and stretch out vehicle lifespan.

84. In their replies to the JIU questionnaire some field offices drew attention to the significant paper work that would be generated, under title retention or loan agreement, by the monitoring and control of hundreds of vehicles. The Inspector contends that workload implications for the field offices ought to be borne in mind by country offices and Supply Division in processing major transport requirements. It should also be recalled that UNICEF Field Manual requires the country offices to maintain basic records on UNICEF-supplied vehicles, for at least seven years, even where title is

released to governments. Such basic records are regrettably seldom kept at present, despite the considerable resources at stake. The Inspector recognizes the management wisdom in continuing to cede titles in the vast majority of countries assisted by UNICEF, especially in the Arab, Asian and Latin American regions, as well as in those African countries able and willing to fulfill their obligations under transport loan agreements with UNICEF. But in countries, such as mentioned in paragraph 75, where UNICEF has large vehicle fleets for which it finances recurrent costs, the need becomes obvious to withhold title, strengthen monitoring and control procedures, and perhaps recruit an office clerk to perform the required paper work. Criteria such as deficient management and maintenance facilities, emergency situations, civil wars, financial straits, misuse, etc., should strongly argue against the release of a large transport fleet under title transfer.

85. Transfer or loan agreements also bear on UNICEF's policy on the disposal of vehicles. Where title is retained, this is only on a temporary basis, usually for about two years, following which ownership is transferred to governments. Thus, whether vehicles are managed under transfer or loan agreements, they ultimately end up as "gifts" to host governments, which dispose of them at will, and to the surprise of the Inspector, with no accountability. If the vehicles thus received are sold, the resulting revenue is not guaranteed to be ploughed back into services of benefit to children and mothers, or even into transport management organizations.

86. Under UNDP guidelines, for example, project vehicles having completed their project assignment, can be transferred to another project or be sold by UNDP to the highest local bidder, or transferred to the government under certain conditions (see UNDP/ADM/Field/397). A 1979 JIU note on the use of vehicles by UNDP field offices and projects (JIU/NOTE/79/1) found that, of 700 UNDP project vehicles that had completed their assignments in 1977, 37 per cent, totalling 256 vehicles, remained with the project; 24 per cent (165 vehicles) were assigned to other projects; 14 per cent (100 vehicles) were put into the temporary custody of the Resident Representative, pending reassignments; 22 per cent (153 vehicles) were sold, fetching a total income of \$US 332,000. Eighteen vehicles were put in government custody and seven were transferred to governments.

87. That is an example in sound management of an expensive programme item. UNICEF may consider borrowing some lessons from UNDP's guidelines on project vehicles and to adjust its policy on the disposal of vehicles, particularly in the light of the recommendation in paragraph 62 regarding the constitution of transport recurrent costs budgets, in selected countries, through the sale of vehicles due for replacement.

D. Maintenance

88. A major factor negatively affecting the lifespan and "whole life" costs of UNICEF-supplied vehicles is, in the opinion of the Inspector and many UNICEF field officers, the lack of proper preventive maintenance. This is due, as noted earlier, to a combination of reasons, notably low technical skills of user government departments, shortage of essential spare parts, limited financial resources for recurrent costs in a climate of economic crisis, emergency operations or civil wars, poor condition of national transport infrastructure, etc .

89. Transport maintenance problems can partly be avoided at the programming stage simply by applying paragraphs 3.1 - 3.5 of UNICEF policy guidelines on programme vehicles, as discussed in the preceding chapter. The present practice of providing vehicles without proper advance arrangement for effective preventive maintenance contributes to higher transport costs and frequency of breakdown.

90. The fact that governments' transport and equipment management organizations (TEMOS) rarely function efficiently in Africa is yet another reason for the high rate of vehicle breakdown observed in that region. The problems inhibiting the efficiency of TEMOs include lack of adequate resources, over-staffing, low and sometimes unpaid salaries and overall inefficient management. The old concept of a TEMO, many of which had been created with UNICEF assistance, did not work out very well. Practically all TEMOs originally supported by UNICEF lost efficiency following the departure of the foreign expert associated with the project. Generally, TEMOs were based in capital and other main cities, with remote rural regions hardly being served. Thus the design and thrust of such transport support projects might have been the cause for ultimate failure.

91. The intrinsic value of UNICEF's technical assistance in transport management and logistics can hardly be questioned. In the Inspector's view such assistance should be expanded, especially in the Least Developed Countries, as suggested in paragraphs 40-43. Careful consideration should be given to the design of such projects, with greater emphasis being placed on the training and re-training of local management , operating and repair personnel and the establishment of peripheral maintenance and repair workshops. To this end the collaboration of other development partners inside and outside the UN system should be actively sought.

92. A replacement policy also needs to be developed and applied by UNICEF. Some vehicle models abundantly supplied to African countries, such as the Toyota Landcruiser series, become expensive to maintain after four or five years, generating annual recurrent costs equivalent to 25 per cent of the

original purchase value. This calculation was done by a consultant in 1989 for a UNICEF-supplied fleet in Chad. Four years would be a reasonable period, especially in Africa, for vehicles to be eligible for replacement in cases where UNICEF retains title and may have to discard the equipment in some countries by sale on the local market, as done successfully by other organizations like UNDP without any problems.

93. Another serious problem associated with maintenance is spare parts, the shortage of which appears to explain, in part, the significant percentage of vehicles off the road at any given time in some countries. Current UNICEF policy is to provide a standard set of factory recommended spare parts representing 10 per cent of the value of new vehicles. This policy might have a built-in element of wastage, partly because of the poor warehousing and management of spare parts in many countries, frequent changes of models, and fewer interchangeable spare parts. Pilferage was observed to be a severe problem. While the Inspector believes that UNICEF should continue to provide spare parts where appropriate, their replenishment should be done on the basis of past consumption of previously supplied parts. The Inspector recommends that existing policy be reviewed accordingly. Consideration also should be given, where appropriate, to centralized acquisition and management of spare parts under UN system auspices as outlined in paragraph 69.

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

94. In keeping with UNICEF's terms of reference for this study, the Inspector examined transport and logistic operations in UNICEF-assisted programmes in the light of the evolution of the organization's programme policy and objectives. Emphasis was placed on opportunities for reducing costs through the development and application of more detailed policy guidelines, more rigorous programming and selection of transport items and more careful attention to various aspects of management, logistics and maintenance.

95. The Inspector finds that while existing policy guidelines on programme transport are sound in broad terms, they need to be strengthened further with stricter criteria for transport requirements and selection. Current guidelines are, moreover, not being applied rigorously by field officers during programme previews and reviews, with the result that transport items are simply provided on request rather than programmed. Thus valuable opportunities are missed at the programming stage for achieving significant reductions in transport costs. The drastic curtailment of UNICEF's transport expertise in the field in the context of expanding transport and logistic operations to support the attainment, at accelerated pace, of strategic programme targets was ill-advised, as it has contributed to more, not less, transport costs resulting from inadequate justification, selection, management and control of transport items.

96. Regional and country differences also justify a review of present UNICEF policy of supplying large quantities of transport equipment to countries irrespective of their differing abilities to absorb and manage it efficiently, or despite their self-sufficiency in the production and management of transport equipment. The Inspector concludes that just as UNICEF progressively reduced transport supplies in the seventies to the Latin American region, so should it scale down its supply of transport hardware to other regions and countries having already attained a high degree of self-sufficiency in transport technology.

97. In the pursuit of its programme objective of promoting self-reliance in the developing countries, UNICEF should accordingly shift emphasis from the supply of transport hardware to the provision of technical assistance to government transport management organizations, with special attention to training, and to the unique difficulties of the least developed countries, especially in Africa. The Organization should encourage and assist countries to meet their transport equipment requirements from other sources outside UNICEF.

98. Additional cost reductions can be obtained through expanded collaboration with other organizations inside and outside the United Nations system with a view to integrating programme inputs and avoiding wasteful duplication. Moreover, effective handling of the chain of programme logistics, application of systematic preventive maintenance, and constitution of transport recurrent cost budgets through cost recovery are yet other ways to enhance the utility value of transport equipment and reduce costs.

99. Using as a benchmark UNICEF's transport costs in Latin America, which in 1989 and 1990 represented barely 2.4 per cent of the Organization's total expenditure for the region, but also mindful of the continuing transport needs of the least developed countries, especially in Africa, the Inspector believes that the application of the measures recommended in this Note should make it possible for UNICEF to reduce global transport costs by about 10 per cent annually over the next medium-term cycle 1992-1996. The goal should be to ensure that, by the end of this cycle, transport costs borne by UNICEF should not be higher than about half of 11 per cent, the ratio of transport costs to overall programme expenditure in 1990.

100. The following recommendations are inter-related and should be applied as a package for them to be fully effective.

RECOMMENDATION 1: Medium-term reduction of transport costs.

During the next medium-term plan period 1992-1996 UNICEF should aim to reduce the ratio of transport costs to overall programme expenditure from 11 per cent in 1990 to about half of this percentage (paragraph 99).

RECOMMENDATION 2: Transport policy

(a) UNICEF should further strengthen existing policy guidelines with more detailed and stringent instructions on the justification, selection and control of transport items, drawing lessons from the transport policies of other sister organizations (paragraph 28).

(b) UNICEF field offices should be enabled by various means (administrative circulars, meetings, briefing and training sessions, etc.) to implement fully UNICEF's transport policy (paragraph 71).

(c) The policy guideline on the disposal of vehicles due for replacement should be reviewed in the light of recommendation 6.

RECOMMENDATION 3: Technical assistance projects

A coherent strategy of expanded technical assistance in transport management and maintenance should be implemented in the least developed countries in receipt of substantial transport supplies. Such technical assistance projects, emphasizing the training and re-training of local personnel, should be open-ended and assigned management responsibility for UNICEF-supplied vehicles and other health equipment. The projects should be funded by UNICEF and/or other sources of technical assistance inside and outside the UN system (paragraphs 40 and 43).

RECOMMENDATION 4: Training

UNICEF's transport assistance globally should increasingly emphasize training and advisory support and de-emphasize the provision of transport hardware, as urged in recommendation 1 (paragraph 51(b)).

RECOMMENDATION 5: Policy of disengagement

The policy of disengagement from large-scale transport operations, applied in Latin America in the seventies, should be extended gradually to other regions and countries having already attained a high degree of self-reliance in transport technology (paragraph 51(c)).

RECOMMENDATION 6: Operating cost budgets

Transport operating cost budgets should be constituted through the cost recovery method in the least developed countries and others unable to finance transport recurrent costs. Such budgets should be constituted with revenue derived from the sale of vehicles where appropriate and could also be used to supplement the salaries of local personnel in transport projects assisted by UNICEF (paragraphs 60 and 62).

RECOMMENDATION 7: Inter-agency collaboration

UNICEF should actively collaborate with other UN system organizations and development partners in order to achieve co-ordinated actions in the supply and management of transport equipment, including spare parts, as well as in the provision of technical assistance to government transport management organizations. UNICEF should raise this issue within an appropriate subsidiary body of the Administrative Committee on Co-ordination (ACC) (paragraphs 70 and 91).

RECOMMENDATION 8: Fewer four-wheelers and more two-wheelers

More efforts should be made to select fewer four-wheel drive vehicles and more two and three wheelers, bearing in mind recommendation 1 (paragraphs 53 and 54).

RECOMMENDATION 9: Transport procurement unit at Supply Division

(a) The authority, role and staffing of transport procurement unit in Supply Division, Copenhagen, should be strengthened to enable the unit to:

- participate in the programming and screening of significant equipment requirements bearing in mind the recommendations of this Note, UNICEF's policy guidelines, the need to explore alternative sources of supply and to achieve complementarity of inputs;
- undertake periodic on-the-spot assessments of the performance and condition of UNICEF-supplied vehicles and technical assistance projects proposed in recommendation 3.
- organize briefing and training sessions for UNICEF programme staff and technical personnel of government transport management organizations;
- perform other related functions;

(b) The name of the transport procurement unit should accordingly be changed to transport procurement and management unit (paragraph 74).

RECOMMENDATION 10: Logistics officers

Logistics officers recruited at the national or international level and paid from existing resources should be appointed in selected countries or groups of countries facing serious problems of transport and logistic management.

RECOMMENDATION 11: Vehicle titles

Vehicle titles should as a rule not be ceded in countries:

- unable to finance recurrent costs;
- hosting major emergency operations;
- having deficient transport management and maintenance infrastructure (paragraphs 38 and 84).

RECOMMENDATION 12: Sources of transport equipment

Sources of less expensive and appropriate vehicle makes and models should actively be sought outside traditional European and Japanese suppliers, especially in Asia, the Middle East, and Latin America, provided reliable after-sales-services and maintenance training, spare parts and other relevant conditions can be guaranteed. Priority should always be given to local supply where possible (paragraph 56).

RECOMMENDATION 13: Spare parts

UNICEF should no longer supply spare parts in the value of 10 per cent of new transport equipment but on the basis of documented consumption of previously supplied parts. More emphasis should be laid on the rational and integrated management of spare parts for the benefit of all UNICEF-assisted programmes at the country level. UN system co-operation should also be sought where feasible (paragraphs 69 and 93).

PROPOSED JOB DESCRIPTION

Job title: Logistics Officer

Proposed grade: Level 3/4

Organization: UNICEF Country Office
Operations Section

Purpose of post:

Under the general guidance of the Senior Operations Officer the Logistics Officer will provide advice and support on all aspects of programme logistics in the country programme.

Logistics comprises all aspects of supply handling from arrival in country to programme implementation sites as well as transport management and vehicle maintenance.

Training of national personnel is an important part of the Logistics Officer's duties.

Major duties and responsibilities:

- Guide and assist government ministries in strengthening their programme logistics capacity to ensure timely availability of supplies at implementation sites throughout the country.
- Follow up on arrival of UNICEF supplies, monitor custom clearance by the respective government agency and despatch of these items to government warehouses.
- Advise government officials on warehousing, handling of supplies, distribution procedure throughout the country.
- Monitor the distribution of vaccines and the efficient functioning of the cold chain in the EPI programme. Make arrangements for cold chain equipment maintenance.
- Advise Ministry of Health officials on measures to be taken and budget implications for strengthening the Transport and Equipment Maintenance Organization "TEMO" including its field workshops in the various parts of the country.

- Advise other assisted projects on vehicle maintenance and repairs by co-operating with TEMO, or alternative technical services.
- Advise and actively assist in improving government's capacity to import, stockpile, distribute and re-order vehicle spare parts, assist in the rational and integrated management of such spare parts for the benefit of all UNICEF-assisted programmes in the country.
- Maintain close contact and seek co-operation with transport and logistics sections of government projects, other organizations of the UN system, especially UNDP, UNHCR, WFP, as well as various governmental, non-governmental and multilateral donor organizations.
- Arrange for the training of government management and technical personnel. Co-ordinate with UNICEF Supply Division, Copenhagen, for technical training courses to be conducted by vehicle manufacturer's service engineers.
- Organize seminars on logistics management with government project personnel. Arrange for the participation of highly qualified persons in such seminars.
- Advise the UNICEF Representative as well as Programme and Supply Officers in all aspects of logistics and transport matters.
- Advise and actively follow up on the need for UNICEF to meet local expenditures necessary for the implementation of programme targets. Respective expenditures may include costs for warehousing, transportation, fuel and vehicle servicing in commercial garages and others.
- In close co-operation with government as well as Programme and Supply Section, and other bilateral and multilateral organizations, develop specifications for suitable vehicles, spare parts and other logistics items, taking fleet standardization and serviceability in country into account.
- In close co-operation with government and Supply Section, seek whenever possible "set packing" of programme supplies by UNIPAC, Copenhagen, for direct shipment to the various provinces and projects, thus avoiding handling and re-packing of supplies in a central warehouse location.