COMMON SERVICES AT
UNITED NATIONS HEADQUATERS

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**Acronyms**

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<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>DAM</td>
<td>Department of Administration and Management (United Nations)</td>
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<td>IAEA</td>
<td>International Atomic Energy Agency</td>
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<td>IAPSO</td>
<td>United Nations Inter-Agency Procurement Services Office</td>
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<td>ITU</td>
<td>International Telecommunication Union</td>
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<td>JCGP</td>
<td>Joint Consultative Group on Policy</td>
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<td>JCGP/CPSP</td>
<td>JCGP Common Premises and Services Project</td>
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<td>JIU</td>
<td>Joint Inspection Unit</td>
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<tr>
<td>OLA</td>
<td>Office of Legal Affairs</td>
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<td>OHRM</td>
<td>Office of Human Resources management</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<td>UNICEF</td>
<td>United Nations Children's Fund</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<tr>
<td>UNOG</td>
<td>United Nations Office at Geneva</td>
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<td>UNOPS</td>
<td>United Nations Office for Project Services</td>
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<td>UNOV</td>
<td>United Nations Office at Vienna</td>
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<tr>
<td>VIC</td>
<td>Vienna International Centre</td>
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<td>WFP</td>
<td>World Food Programme</td>
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EXECUTIVE SUMMARY AND RECOMMENDATIONS

Legislative guidance on common services within the United Nations system is specific as to the objectives to be pursued: to achieve administrative and technical uniformity, ensure the most efficient use of personnel and resources, and avoid the establishment and operation of competitive or overlapping facilities and services. The Inspectors have assessed in this report how these and related objectives are being pursued by the United Nations and its affiliated programmes and funds (UNDP, UNICEF, UNFPA and UNOPS) which conveniently share common Headquarters and other similar denominators such as a common charter, legal identity, financial and personnel regulations, membership, constituency, etc.

The Inspectors find that although a number of services are provided by the United Nations on a reimbursable basis to the programmes and funds, only a few of the services pass the litmus test of a genuine common service governed by principles elaborated herein. At present barely three per cent of the combined administrative and programme support resources at the common Headquarters of the organizations concerned have been brought under common service arrangements.

Additionally, although most Headquarters common services carry performance responsibilities for the United Nations system as a whole, their unique role as instruments for achieving a cohesive and cost-effective United Nations system has still to be properly recognized and established within the Secretariat. Furthermore, the programmes and funds, which share more profound affinities, have as yet no common services specific to all of them. Accordingly, the Inspectors offer the following main recommendations while drawing attention to other recommendations in the text specific to individual common services.

Recommendation 1: Policy guidance

(a) The General Assembly may wish to provide policy guidance on the question of common services at Headquarters by:

(i) endorsing the new framework for common services proposed in Chapter IV of this report and

(ii) requiring the organizations concerned to pool progressively most of their non-statutory or non-core functions under common service arrangements within a five-year period.

(b) The General Assembly could also include on its agenda a regular item on common services and require the Secretary-General to report every two years in the context of his programme budget proposals on progress being made in this area.

(c) The Executive Boards of the programmes and funds should similarly require their respective secretariats to report every two years on progress being made in the strengthening of common services at Headquarters and in field locations.
Recommendation 2: Implementation plan

Further to recommendation 1 (a) above, the Secretary-General and the executive heads of the programmes and funds should together adopt the necessary measures to formulate and agree on a plan of action for the progressive implementation of common services at Headquarters, taking into account the objectives, guidelines and other proposals contained in Chapter IV. The implementation plan should include the following among other things:

(a) List of services to be shared by all Headquarters organizations, on the one hand, and cluster of services to be shared only by the programmes and funds, on the other;

(b) Measures for upgrading the quality and efficiency of existing common services incorporating, as appropriate, the general principles set forth in Chapter IV, with special emphasis on the need for cost-benefit analyses, effective user-management committees, transparent and equitable cost-sharing formulas, and other innovative modalities for providing and managing services, including outsourcing under a common policy and contract;

(c) Annual progress milestones to guide the development of new common services in the two major clusters proposed in (a) above and in paragraphs 66-67;

(d) Establishment of interdependent linkages between common services at Headquarters and in other duty stations, especially in field locations;

(e) Further standardization of operational policies, administrative rules and procedures and technical specifications in each area of common services;

(f) Methodology for joint monitoring and evaluation of the efficiency, cost-benefits and user-satisfaction with common services.

Recommendation 3: Enhancing the system-wide role of common services

Considering that some common services managed by United Nations Headquarters have broad system-wide responsibilities, including particularly the fostering of integration and operational efficiencies within the Secretariat and the common system as a whole, the special role of these services should be enhanced and properly established within the Secretariat to ensure, inter alia that:

(a) Their budgetary and staff resources are fully commensurate at all times with their common system responsibilities and tasks;

(b) They are self-supporting to the extent possible through a more rational system of cost allocation to all users (except policy organs) who could have for this purpose common service budget lines and accounts;

(c) They have the authority and autonomy to manage their budgetary and staff resources efficiently under the primary responsibility of duly-empowered user-management committees representing all user entities.
I. INTRODUCTION

1. The inherent benefits of common services (or the unified, joint or shared operation of programme support services) for the organizations have been recognized by the Member States since the creation of the United Nations common system. For example, the requirement for common services is stipulated in the Relationship Agreements which legally underpin the common system.

2. The standard Article in those Agreements relating to "administrative and technical services" provides inter alia that the United Nations and the specialized agencies "recognize the desirability, in the interest of administrative and technical uniformity and the most efficient use of personnel and resources, of avoiding, whenever possible, the establishment and operation of competitive or overlapping facilities and services among the United Nations and the specialized agencies". In the same Article, the United Nations and the specialized agencies further "agree to consult together concerning the establishment and use of common administrative and technical services and facilities, insofar as the establishment and use of such services may, from time to time, be found practicable and appropriate".

3. Although the above citations refer specifically to the United Nations and the specialized agencies, it should be borne in mind that since its inception in 1946, when the first Relationship Agreements were concluded, the United Nations common system has grown steadily over the years to include, for example, United Nations affiliated programmes and funds (hereafter referred to as affiliated programmes) such as UNICEF, UNHCR, UNDP, WFP, UNFPA and UNOPS. Although these entities have distinct programme budgets as well as global responsibilities and operations akin to those of the specialized agencies, they lack the separate legal or constitutional status of the specialized agencies. Therefore, the requirement for common services applies even more forcefully to entities affiliated to the United Nations.

4. The citations in paragraph 2 above are also quite specific regarding the objectives that should guide the development of common services:

   (a) to achieve administrative and technical uniformity;

   (b) to ensure the most efficient use of personnel and resources;

   (c) to avoid the establishment and operation of competitive or overlapping facilities and services.

5. These objectives have been reiterated by the General Assembly in successive resolutions of the past several years on the operational activities for development of the United Nations system. The resolutions include provisions requiring the system organizations to achieve common premises and services in their field locations in order to reduce overhead costs while enhancing coordination, coherence and efficiency in the conduct of operational activities.

6. It is evident from the above paragraphs that the legislative mandate for common services is unequivocally clear and specific. However, the application of that mandate has thus far not been consistent among the duty stations and in terms of the quality and efficiency of
existing common services. At the field level, increasing progress is being made under the resident coordinator system towards common programme support facilities and services. But the record of achievement varies widely from one country to another.

7. At the Headquarters or global level, common services are perhaps more elaborately developed at the Vienna International Centre (VIC) where United Nations entities, IAEA and UNIDO are located. The organizations located in Geneva and New York also have common services which differ in scope and operating modality. In Vienna, Geneva and New York, some common services appear more successful and user-friendly than others, thereby implying the need for some cooperation among the duty stations in the application of successfully tested common service models. Unlike the systematic and comprehensive approach adopted by the Vienna-based organizations to develop and manage their common services, the same approach has not yet been adopted in Geneva and New York where common services have tended to follow a haphazard pattern, without the benefit of a guiding policy framework.

8. In this context, the general objective of the present report is to help improve the management and operation of existing common services in New York and to contribute to the development and application of a coherent policy framework for common services at Headquarters as part of the continuing series of JIU reports on this subject. To that end, the specific objectives of the report are the following:

(a) **To enhance the efficiency and quality of common services:** While the Inspectors are aware of the mixed experience to date with common services at various duty stations, they find that what is at issue is not the common service principle as such but rather the organization and management of these services to ensure that they are accountable and cost-beneficial to all participants, and efficiently responsive to their needs. This report identifies a number of operating and managerial principles that should be applied to upgrade the efficiency, quality and transparency of these services.

(b) **To reduce overhead costs and achieve economies of scale and time at Headquarters:** The combined resource requirements for administrative and programme support services of the United Nations, UNDP, UNICEF, UNFPA and UNOPS at their New York Headquarters are estimated at approximately US$ one billion for the 1996-1997 biennium, shared almost evenly between the United Nations on the one hand and affiliated programmes on the other. The estimate for the United Nations also includes the Office of Legal Affairs and Department of Public Information at Headquarters in respective sections 6 and 25 of the 1996-1997 programme budget (A/50/6/Rev.1). The resource requirements for common services at Headquarters are estimated at only US$ 30 million during the same biennium, or a mere 3 per cent of their projected administrative and programme support costs. These figures suggest the considerable ground still to be covered in the development of common services in New York.

(c) **To strengthen operational synergies based on commonalities:** Although the organizations have been hit by a common financial crisis, each is working independently for specific solutions. So far there appears to be no inter-organization strategy at management level for tackling the crisis in such a way that maximum advantage is derived from commonalities among the organizations, including especially co-location, common charter and legal identity, common membership and constituency, common system standards and goals, etc. The present report highlights these basic similarities as sufficient justification for increased
efforts at integrated approaches and operations at the Headquarters of the United Nations and its affiliated programmes.

(d) To place common services on the institutional reform agenda: Although current reform initiatives by the New York-based organizations would seem to provide an opportunity for a fresh look at common services as a management strategy with significant potential benefits, this option has not yet been seriously considered. This report holds that the option of improving and expanding common services should figure prominently on the reform agenda of these organizations, and that common services should become an integral component of the "new management culture" being fostered at Headquarters.

(e) To promote a global approach to common services: A major common feature of New York-based organizations is their global network of field offices and operations and the primary role of some of them in promoting effective inter-agency coordination at the field level. As found by the JIU in its 1994 report on common premises and services in the field, the implementation of General Assembly directives on field-level coordination of policies and approaches or the achievement of common system facilities and services at the country level, may have been hindered largely by limited institutional collaboration, including especially a common services ethos, at the Headquarters of the organizations. Therefore, the strengthening of common services in New York could have the positive impact of accelerating the integration of programme policies and support facilities and services at other duty stations world-wide. Conversely, successful lessons of experience in the operation of common services at other duty stations could also be applicable at Headquarters. In this light, United Nations system common services should be developed into a rational network of mutually-supporting operation centres with vertical and horizontal linkages.

9. The common services reviewed in this report have been selected for indicative purposes only in order to draw a general picture of the organization and management of New York common services and develop benchmarks for their improvement and expansion. This report argues that there is considerable scope for extending the coverage of common services involving, at a general level, all New York-based organizations and, at a more specific level, the affiliated programmes whose more fundamental similarities, particularly their operational vocation, funding channels and significant field orientation and representation, would seem to justify more institutional cohesion at their common Headquarters as a prerequisite for successful collaboration and coordination in the field. Services now provided by UNDP to UNFPA and UNOPS can be considered therefore as a practical first step to the necessary, more systematic pooling of the administrative and programme support resources of the affiliated programmes, in the strategic conception of common services in New York.

10. With few exceptions, existing common services at Headquarters are managed by the United Nations. From their interviews with the managers and users of these services, the Inspectors gathered the strong impression that perceived management difficulties at United Nations Headquarters and the concern of co-located entities to preserve their programme identity and management autonomy have impeded a more deliberate approach to common services. However, these concerns, which are not specific to the New York duty station, may now be out of tune with the present context of resource crisis and management reforms. The challenge is for the Member States to provide unequivocal policy direction on this important subject and for the executive heads concerned to signal stronger commitment to collaborate in
forging a common vision and a more integrated and economical infrastructure of services supportive of that vision and common system goals.

11. The significant performance improvements now underway in all New York-based organizations should also contribute to improving the general context for the development of common services that are efficient and cost-effective, procure measurable benefits to all participants considered as full and equal partners to whom common service managers must be accountable. These basic principles are developed further in this report.

12. The management of individual services is not analysed in detail partly because of the deliberately broad methodological focus of the report, and partly because a recent JIU report entitled "Management in the United Nations: Work in progress" (JIU/REP/95/8) provides a detailed analysis of managerial systems and performance management challenges which have a direct bearing on the management of services shared by all New York-based organizations.
II. OVERVIEW

13. The services covered in this report include: telecommunications, IMIS, legal affairs, conference services in various subcategories, public information and library, medical service, procurement, travel, buildings management and related services, security and safety, pouch and mail services, and insurance unit.

14. These services, which are concentrated in DAM except for legal affairs, public information and library, are designed, budgeted, staffed and managed essentially to meet the servicing requirements of United Nations policy organs and Secretariat departments. Although they are shared on a reimbursable basis with the affiliated programmes in New York, the services in most cases only accommodate the needs of the affiliated programmes which represent a relatively small segment of the users. Similarly, with few exceptions, the affiliated programmes in much the same way as the user departments of the United Nations itself, have no influence over the management of the services because they are not set up as user-driven, self-supporting units with effective user-oversight committees. For these reasons, "common services in New York" may be a misnomer. However, the services have different profiles and some are more common than others as shown in the following summary review of each service.

A. Telecommunications network

15. This service is evolving to become perhaps one of the most extensive common services managed by United Nations Headquarters following resolution COM 8/1 of the ITU Plenipotentiary Conference of 1989, which authorized the United Nations telecommunications network to carry the traffic of the specialized agencies. An Inter-Agency Coordinating Committee on the development of the United Nations global telecommunications network, established in May 1993, involves virtually all organizations and agencies of the United Nations common system and seeks to ensure a high degree of coordination and collaboration in meeting the telecommunications requirements of the entire common system.

16. The network aims to enhance the availability and efficiency of a world-wide integrated telecommunications system capable of handling voice, telex, facsimile, electronic mail, data and documents transmission, and video-conferencing over the same network. There is no doubt that the successful implementation of the proposed network, as a common system service, will have a positive cross-sectional impact on other common services, such as management information systems and technologies, conference services, public information and library services, etc. However, questions have been raised as to whether the United Nations had the necessary in-house technical and managerial expertise to make the proposed system-wide telecommunications network economically viable for all users. It was pointed out to the Inspectors that current United Nations telecommunication charges to the affiliated programmes tended to be higher than those on the private market.

17. A recent JIU report on telecommunications and related information technologies in the United Nations system (JIU/REP/95/3) recommends the establishment of a "corporate network entity, totally independent operationally" from the United Nations to enable it to perform in a cost-effective, commercially competitive and technically suitable environment. While the
General Assembly is still to decide on the most appropriate modality for implementing the global network concept, the affiliated programmes are negotiating with commercial agents for an outsourced network arrangement for their data communication requirements. This initiative is independent of the interagency coordinating committee on telecommunications.

18. Some affiliated programmes believe that a hybrid telecommunication network would be a more realistic strategy as it would combine elements of a United Nations private network with commercial ones. The Inspectors believe, however, that all options should be subjected to rigorous feasibility analyses to establish their potential efficiency and cost-benefits. Additionally, further elaboration of the concept of a financially self-supporting global network involving also the participation of interested Permanent Missions could well clear the hurdle of capital expenditure requirements now delaying implementation of the network.

B. Integrated Management Information System (IMIS)

19. IMIS was launched as a project in 1989 as part of the United Nations technological innovations programme at a time when the affiliated programmes in New York were similarly developing their own automation systems. As reported to the Inspectors, initial attempts by the United Nations Secretariat to involve all Headquarters entities in the development of the IMIS project did not prevail over the reluctance of some affiliated programmes to invest in the development cost of the project, even though they were investing in the development of their specific systems. The development of separate systems by the Headquarters entities virtually neutered from the outset the objective of achieving a technically integrated and coherent United Nations system in line with the legislative guidance set out in paragraph 4. It would appear, for example, that IMIS is not originally designed for applications in country offices of the affiliated programmes, and UNICEF reports that it intends to use it only at its Headquarters. However, UNDP has cooperated rather closely with the IMIS project since 1990 and products of the major development stages were apparently shared with the affiliated programmes.

20. Although the United Nations Secretariat maintains otherwise, the Inspectors believe that a common technological innovations policy and project at Headquarters from the outset in the mid-eighties would have enabled the organizations concerned to develop right from inception compatible or standard technologies, pool their managerial and technical skills, enhance their bargaining power with suppliers, and perhaps significantly reduce overall investment, procurement, maintenance and training costs incurred thus far.

21. As it nears completion, IMIS is already evincing its potential as a United Nations common system service (software) that can be customized to the specific needs of participating organizations at Headquarters and elsewhere without modifications to the original design for United Nations purposes. At present, all Headquarters entities intend to participate in IMIS, in one form or another, in addition to United Nations offices and entities at other duty stations as well as the ILO. Like the global telecommunications network project, IMIS also will have a positive cross-sectional impact on other services, especially in finance, personnel and general administration, which could be extended to the affiliated programmes. For that reason, it would seem logical for all Headquarters entities to adopt a common policy and strategy for meeting maintenance, improvement and training requirements, including the pooling of resources and costs. For example, the common production support facility already envisaged by all Headquarters entities would be a good starting point. In this vein, and subject to a careful
analysis of all the issues involved, IMIS could evolve into a relatively autonomous, self-supporting facility for the common system.

C. Legal services

22. These are provided by the Office of Legal Affairs (OLA) to all organizations and Liaison Offices in New York. OLA has staff dedicated almost exclusively to the affiliated programmes which provide extrabudgetary resources for this purpose. The affiliated programmes, however, also have their own, though very specific, legal services which handle administrative issues, just like OHRM. The Office of Legal Affairs serves as a central legal service for the Secretariat and all organs of the United Nations, including inter alia the affiliated programmes. In order to achieve a uniform and consistent understanding and practice of international law throughout the United Nations, and to protect the interests of the Organization on a system-wide basis, the affiliated programmes seek and receive advice and legal services commonly provided to other organs of the United Nations. As separately funded entities, the affiliated programmes reimburse OLA for the advice and services provided to them.

23. OLA provides UNDP, UNICEF and UNFPA regular advice on their standard basic assistance and cooperation agreements with Member States, national committees and other international organizations; constitutional and institutional organization; entitlement to privileges and immunities; the interpretation and implementation of their rules of procedure; financial and staff regulations and rules; settlement of commercial claims and disputes; other advice on operational activities, administrative matters, and general questions of public and private international law.

24. While some affiliated programmes complain about the costs of legal services, OLA contends that its fees are lower than what can be obtained on the private market which, moreover, lacks OLA’s conversance with United Nations system policies and its highly specialized legal documentation that is unique in the world. The absence of a consultative mechanism involving OLA and the users of its services means that complaints about fees, delays and quality of OLA services are not addressed as they should.

D. Conference service

25. This is a major common service outfit shared by all Headquarters entities and comprising several subcategories of services, such as translation, interpretation, printing, distribution, etc. Except for parliamentary documentation, the affiliated programmes generally resort to external contractual printing which they believe provides more efficient and timely services. Yet, printing could be an ideal common service whether managed internally or outsourced like travel under a single contract.

26. With respect to the conference servicing function, some affiliated programmes have expressed the concern that, as relatively minor users of this service, they are not usually given due priority in the processing of their parliamentary documents, especially during peak conference periods. The service has taken steps in the past few years to strengthen cooperation and consultation between service providers and substantive and author departments as well as the secretariats of the main policy organs.
27. Enhanced consultative arrangements involving all Headquarters entities would not only address the concerns and expectations of the affiliated programmes and other participants but would also cater to constant improvement of quality, efficiency and timeliness of services. It would additionally foster improved understanding by the participants of the work priorities of conference service as well as its capacities and constraints in performing to deadlines.

28. At the same time, the Inspectors recognize that conference service is unique among all the common services reviewed herein in that it exists essentially to support the deliberations of the policy organs. Probably for that reason, it is one of the few common services with its specific intergovernmental oversight mechanism which is the Committee on Conferences.

E. Public information

29. The potential of the Department of Public Information (DPI), as a common infrastructure for the design and production of information materials specific to each entity appears somewhat underutilised by other units and offices of the Secretariat as well as by the affiliated programmes. Yet public information would seem to be eligible as a common service infrastructure that could extend to the entire United Nations common system considering the fact that promoting the image, goals and achievements of the United Nations system directly serves the statutory objectives of each and every organization. It is true that various forms of interagency cooperation have been developed through the Joint United Nations Information Committee (JUNIC), a subsidiary body of ACC which has, thus far, served as a mechanism for coordinating the activities of the information services of the United Nations system. DPI has cooperated with the affiliated programmes through JUNIC to mobilize system-wide resources in support of global conferences and other major international events. Indeed, a sharper recognition of DPI’s role as a common service infrastructure would facilitate the projection of an image of unity of purpose within the United Nations system as a whole and facilitate the integration of information resources at the country level where JUNIC is generally not yet effective.

30. The Dag Hammarskjold Library, which is part of DPI, functions as a common service for all Headquarters entities although specialized reference and documentation units are maintained by several departments and offices. The library develops library policies, coordinates and cooperates with other United Nations system libraries on projects and activities of mutual interest, maintains liaison with United Nations depository libraries, and advises the United Nations Publications Board on related matters. The application of modern communication technology in its operation, particularly in establishing the United Nations Bibliographic Information System (UNBIS), including UNBIS ON CD ROM and its on-line retrieval system, has enabled the Library to become the hub of a United Nations network of cooperating information outlets in the broader framework of electronically inter-linked libraries within the United Nations system as a whole, accessible to delegates, Secretariat staff, and external researchers.
F. Medical service

31. The medical service operates effectively as a common service responsible for the health, medical care and welfare of all staff members of the United Nations and affiliated programmes world-wide, including peace-keeping missions. The Medical Director, who heads this service, also plays a coordinating role for the United Nations common system in the implementation of staff welfare programmes and resolution of health care problems arising from the field. This service additionally provides technical support and supervision to 45 United Nations field-based dispensaries, clinics of the regional economic commissions as well as peace-keeping medical units.

32. Although the Inspectors heard no complaints about the general performance and quality of this service, their findings for this study suggest that the service is overstretched and that its actual costs did not appear to be borne proportionately by all users, especially DPKO and affiliated programmes, for example, which apparently are not charged for the costs of inoculations, medicines, X-rays, etc.

G. Procurement

33. The Secretariat has recently rationalized the procurement function by upgrading the Procurement and Transportation Service to a Division and consolidating the field Mission Procurement Section and Headquarters and Regional Offices Procurement Section into one. All procurement activities now come under the same consolidated delegation of authority, supported by a common vendor database for both the Procurement and Transportation Division and for the Department for Development Support and Management Services (DDSMS).

34. However, the rationalization and integration of the procurement function within the Secretariat proper has not yet been extended to the affiliated programmes. With the exception of the procurement of services, such as freight forwarding services, shipping, travel, etc, the bulk of the procurement function is not common to all Headquarters entities, and not even among the affiliated programmes. Each maintains a specific service for this purpose, even for such very basic items as office supplies. The Inspectors were informed that previous attempts to pool the local procurement of goods and services at Headquarters were opposed by some affiliated programmes on grounds that their procurement needs and methods were different. Except for the procurement of services mentioned above, there are no joint bids and virtually no formal, systematic exchange of information among the different procurement services on suppliers and costs. Yet, if all New York-based organizations could pool their negotiating and bargaining power for the acquisition of supplies and equipment, especially in the area of information technology, they could reap substantial cost benefits.

35. Furthermore, UNDP and UNICEF maintain separate and autonomous procurement services in Copenhagen, respectively the Inter-Agency Procurement Services Office (IAPSO) and UNICEF Supply Division. Although it would appear that these two services cooperate more often than they compete, the Inspectors observe that their main customers and constituencies are broadly the same. IAPSO appears increasingly oriented towards a market information service for the common system. But it is still, basically, a UNDP unit performing a common system service. With few exceptions, therefore, the procurement function stands out as an illustration of the ground still to be covered in the development of common services at United
Nations Headquarters generally and among all the affiliated programmes more specifically. A Headquarters common procurement service for all entities or only for the affiliated programmes could consist of, like the conference service, distinct subcategories of major procurement items, responsibility for which could be allocated to the different participating entities under a common policy. UNOPS, for example, has expressed its readiness to contribute its expertise and experience in this area to the development and management of a Headquarters procurement common service.

H. **Travel**

36. Unlike the separate procurement arrangements discussed above, the travel service is characterized by a high degree of cooperation among all Headquarters entities. It is also among the few common services which have been subcontracted through a competitive bidding process to a private company (American Express) which provides travel agency services to all the organizations in New York. The terms and conditions of the contract were negotiated jointly taking advantage of the combined travel volume of the participating organizations. A management oversight committee comprising the contractor and representatives of the organizations meets periodically to monitor performance and quality of services. A similar arrangement exists for shipping services provided by Matrix Company whose performance does not, however, seem to be satisfactory to all user entities. As a general principle, user management committees should constantly monitor the efficiency and cost-benefits of services whether outsourced internally or externally. In this connection, reference is made to a separate JIU report on outsourcing in the United Nations system to be published by the end of 1996.

37. However, each organization maintains its own travel approval and monitoring processes which they do not consider appropriate for centralized management under a common service partly because the organizations are located in different buildings and have their administrative specificities, which require a degree of flexibility. However, after the introduction of IMIS which will enable the electronic processing of all travel authorizations, among other things, it might be necessary to study the further integration of travel-related functions among all Headquarters entities or the affiliated programmes.

38. The travel unit is also responsible for issuing the United Nations Laissez-Passer and other travel documents for all United Nations organizations of the system, including the World Bank and International Monetary Fund. It is assisted in this task by two other issuing stations in Geneva (UNOG) and Vienna (UNOV). The Assistant Secretary-General for Conference and Support Services at Headquarters sets policies and procedures for the other issuing stations in Geneva and Vienna and monitors adherence to these policies and procedures. The unit also includes a visa service which was common until recently when UNDP and UNICEF opted out to delegate it to a private travel agent, apparently over the legal opinion of OLA. The Inspectors see the need to reconsolidate the visa common service within the new framework for common services recommended in the next chapter.
I. **Buildings management**

39. Buildings management and related services such as cleaning and maintenance are at present not provided as a common service to all the organizations. However, a Coordinating Committee on Common Premises (CCCP) exists and involves all Headquarters entities. CCCP aims *inter alia* to ensure common policies and standards for the management of the organizations’ physical assets at Headquarters. A major objective would be to develop and apply a long-term strategy for achieving common premises at Headquarters by integrating progressively as far as practicable the management of office space facilities for all Headquarters entities.

J. **Security and safety**

40. This service is common to all the organizations at Headquarters. Besides some complaints about the duty hours of the security guards, no other serious problems were mentioned regarding the quality of protection provided to persons and property, or the cost-sharing formula applied. Although it was suggested to the Inspectors to assess the benefits, financial and otherwise, of outsourcing this service completely compared with present arrangements, such an assessment did not seem warranted by the generally satisfactory performance record of this service, which also covers field security and emergency responses.

K. **Pouch and mail**

41. This service is also a common arrangement which, however, does not seem to operate to the full satisfaction of all user entities, especially the affiliated programmes. The latter maintain individual mail operations, including significant reliance on international express mail services. The pouch service was criticised for its slow, two-week turn-around, for its lack of adequate logistic facilities and its consequent limited capacity to handle large volumes, such as during major international conferences. The Inspectors gathered the overall impression that the pouch service’s workload, in terms of volumes handled yearly, has grown considerably over the years, especially since the surge in peace-keeping operations which are reported to have outstripped the capacity of the service to perform efficiently to the satisfaction of all users.

42. The affiliated programmes tend to rely on the pouch service mainly for bulk despatches. While the pouch management took the view that there was still room for a more rational and optimal use of the central pouch unit by all Headquarters entities in the interest of greater cost-effectiveness, one affiliated programme indicated to the Inspectors that it was weighing the option of pulling out of the common pouch service because of its perceived inadequacies. Should that happen shortly after the break-up of the visa common service, it would follow the erratic pattern of common services in New York and Geneva because of the United Nations’s internal management challenges and the absence of a coherent strategy for common services. The significant strengthening and modernization of the pouch and mail service would certainly yield cost savings by reducing the present heavy reliance by Secretariat Departments and the affiliated programmes on private mail services.
L. **Insurance**

43. The United Nations insurance scheme covers all staff members payrolled at United Nations Headquarters, including those of the affiliated programmes and retirees, as well as New York representatives of the specialized agencies who have applied to be covered by the scheme. The management of this scheme is simplified by the United Nations payroll common service which similarly covers the scheme's participating organizations and ensures that premiums can be deducted at source. About 200,000 claims are processed each year, with virtually no complaints. The scheme is assisted by a Joint Advisory Committee of six members evenly representing the staff and the Administration. The Inspectors find that this service is managed and functions effectively as a common service and provides useful benchmarks for other common services. In addition, the affiliated programmes are covered by a marine and war-risk insurance policy provided by an external contractor (TNI Insurance Brokers).

44. The foregoing overview has highlighted differences and similarities in the profiles of individual common services at Headquarters. The following chapter offers an integrated view of these services and discusses cross-sectional issues of organization and management.
III. ORGANIZATION AND MANAGEMENT

A. Scope

45. Table 1 (page 14) shows in columns (1) - (4) the present inter-organizational and geographical scope of each of the common services reviewed in the preceding chapter. Column (5) of the same table indicates those services with a potential common system coverage. As can be observed, the vast majority of the services have an extensive coverage. In terms of geographical span, only the travel service is limited to United Nations Headquarters, while in terms of inter-organizational coverage, only two services (public information and procurement) do not cover the affiliated programmes. The point to be stressed, therefore, is that the managers of most of these services, unlike the managers of the substantive departments of the United Nations Secretariat, carry heavy performance responsibilities extending well beyond the United Nations proper and having implications for the work of other organizations of the system.

46. This observation leads to the following tentative two-fold conclusion. Firstly, the special responsibilities and status of common services managed by the United Nations and whose scope encompasses other organizations of the system should be more clearly recognized and established by the Secretary-General. Secondly, if optimally organized and managed to ensure their consistent efficiency, quality and cost benefits to all user entities, common service arrangements could constitute the administrative and technical centrepiece of a cohesive and cost-effective United Nations common system. As currently organized and managed, these services are not effectively serving that fundamental objective.

B. Pattern

47. It can be seen from table 2 (page 15) that besides the vast majority of the services shared by all Headquarters entities, only UNDP and UNFPA operate several services in common, covering finance, personnel, audit, management information system, and external relations. Surprisingly, no services are common to all the affiliated programmes notwithstanding their more obvious commonalities, such as their essentially operational character, extensive field outreach and presence, mutually supportive mandates, and their JCGP mechanism that seeks to promote harmonization of programming policies and tools among them in the field. The Inspectors wonder how harmonization can be achieved in the field among these programmes in the absence of an ethos of collaboration among them at Headquarters level. The services currently provided by UNDP to UNFPA and UNOPS appear perfectly eligible as common services either for all Headquarters entities or at least for the affiliated programmes, especially in the areas of procurement, public information infrastructure, audit, evaluation, recruitment, etc., as discussed in the next chapter.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>IMIS</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>OLA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Conference</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>DPI + Library</td>
<td>X</td>
<td>X</td>
<td>X (library)</td>
<td>X (library)</td>
<td>X</td>
</tr>
<tr>
<td>Medical</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Procurement</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X²</td>
</tr>
<tr>
<td>Buildings</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Security</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Pouch</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Insurance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X³</td>
</tr>
</tbody>
</table>

¹ Other United Nations duty stations include, for example, Geneva, Vienna, Nairobi and locations of regional economic commissions, humanitarian and peacekeeping operations and information centres.

² United Nations Laissez-Passer service has system-wide coverage, including the World Bank and International Monetary Fund.

³ Excluding Geneva and Vienna.
Table 2: Pattern of Common Services at United Nations Headquarters

<table>
<thead>
<tr>
<th>SERVICES COMMON TO:</th>
<th>See table 1, column 3; other services include: pension fund, payroll, Claims Board, Joint Appeals Board, staff counselling, language training, Administrative Tribunal, GS examination and tests, transport of personal effects and equipment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All New York-based organizations</td>
<td>None.*</td>
</tr>
<tr>
<td>2. UNDP, UNICEF, UNFPA</td>
<td>None.</td>
</tr>
<tr>
<td>3. UNDP and UNICEF</td>
<td>None.</td>
</tr>
<tr>
<td>4. UNDP and UNFPA</td>
<td>Finance, personnel, MIS, internal audit, printing, external relations. UNDP also provides support services to UNOPS.</td>
</tr>
<tr>
<td>5. UNICEF and UNFPA</td>
<td>Procurement for field needs</td>
</tr>
</tbody>
</table>

* The JCGP Sub-Group on common premises and services is concerned essentially with field-based common services.

C. Design

48. With the exception of services common to UNDP and UNFPA as well as the pension fund and insurance scheme, or the telecommunications network project, New York common services are not originally designed as collective endeavours of the participating entities, notwithstanding the system-wide scope of some of the services as shown in table 1. This may explain why some of the services lack the essential common service attributes listed in table 3 (page 17). An example of this lack of a common service dimension in the design of the services is provided by the technological innovations programme at Headquarters, and more particularly the original design of the IMIS project, which was intended to cater to the needs of Secretariat entities only. The Secretariat contends, however, that had IMIS been conceived originally for all organizations it would never have reached the current stage. But the Inspectors observe that even at current capabilities IMIS applications do not appear to be fully relevant to the management requirements of the operational activities for development and field offices. Some of the programmes which have adopted IMIS intend, at least for now, to use it only for their Headquarters management requirements, exclusive of the field operations which represent over 70 per cent of their budgetary and staff resources.

49. In addition, the rules and procedures by which the services are managed have not been framed in a way that takes fully into account the services’ common system linkages or performance accountability to user entities within and outside of the United Nations Secretariat. For example, the affiliated programmes make the valid point that United Nations administrative and financial rules and procedures may not be appropriate for the essentially field-oriented nature of their programme support requirements whereby speed of action is of the utmost importance. The protracted administrative procedures of the United Nations in such critical areas as recruitment, procurement, disbursements, etc. could be a costly drag on responses to field demands, especially in life-and-death development and emergency situations.
50. Furthermore, common services have not been set up as semi-autonomous, self-supporting and customer-driven facilities whose raison-d’être is to provide efficient services rather than simply to interpret and administer rules and procedures. Ideally, common services, unlike substantive or research units, should function as business enterprises, constantly adapting their manning strength and products to evolving customer requirements and changing circumstances in the business environment. An example of such a common service model is the Pension Fund or even the publishing service, which has an interdepartmental publications board (user-management committee) and operates in response to the needs of the author units which oversee and monitor performance and generate ideas for continuous improvements.
Table 3: Management of Common Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Telecom network</th>
<th>IMIS</th>
<th>OLA</th>
<th>Conference service</th>
<th>DPI + Library</th>
<th>Medical service</th>
<th>Travel</th>
<th>Security</th>
<th>Pouch/Mail</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Managed by the United Nations</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>2. Outsourced (partly or fully)</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>partly</td>
<td>no</td>
<td>no</td>
<td>yes²</td>
<td>partly³</td>
<td>partly⁴</td>
<td>no</td>
</tr>
<tr>
<td>3. Users oversight / advisory committee</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no⁵</td>
<td>no</td>
<td>yes⁶</td>
<td>yes</td>
<td>yes³</td>
<td>no</td>
</tr>
<tr>
<td>4. Periodic workload forecasts</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>5. Agreed quality / efficiency standards</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>6. Satisfactory costing/billing formula</td>
<td>no</td>
<td>N/A⁷</td>
<td>no</td>
<td>N/A⁷</td>
<td>N/A</td>
<td>no⁸</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>7. Performance monitoring and evaluation</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>UN only</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>8. Accountability to users/sanctions for poor performance</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
</tbody>
</table>

1. External translation, printing, and free-lance interpreters.
2. Commercial travel and visa services are outsourced but United Nations retains visa service for itself and Laissez-Passer for all.
3. For the Annex Building.
4. Affiliated programmes make significant use of private express mail services.
5. Oversight mechanism specific only to the United Nations (e.g., committee on conferences).
6. A system-wide Joint United Nations Information Committee (JUNIC) exists but there is no mechanism specific to New York-based organizations.
7. Provided cost free by the United Nations to the other organizations in New York.
8. Affiliated programmes are not charged the cost of inoculation, medicines, x-rays, etc.
D. **Budgeting and reimbursement formulas**

51. Common service units are budgeted as an integral part of the United Nations regular programme budgeting process. The costs of services provided to the affiliated programmes are established by and reimbursed to the United Nations using a formula specific to each service. For instance, the formula for reimbursement for legal services is based on the ratio of work months devoted to UNDP, UNICEF and UNFPA to total work months in the Office of Legal Affairs and General Legal Division, applied to the estimated cost of these two units. For the pouch service, the reimbursement formula is the ratio of UNDP, UNICEF and UNFPA share of airfreight costs to total airfreight costs, applied to the cost of airfreight unit and pro-rated share of managerial overhead.

52. Reimbursement formulas for services provided to the affiliated programmes remain a point of friction. While these programmes would prefer to pay for actual services provided to them, the United Nations maintains that such a method would be unpractical and labour-intensive. As can be observed in table 3 (page 17), present costing methods are not considered satisfactory for at least three common services reviewed in this report. The main issue is their apparent lack of justification and transparency. The Inspectors provide no ready-made solution that can be applicable to all the common services because costing and cost-sharing methods are often specific to the nature of service involved, including posts and non-post items. This problem can, therefore, be resolved only by a user-management committee or ad hoc panel representing service providers and users.

53. According to the United Nations Programme Planning and Budget Division, the approach taken in respect of reimbursement formulas and workload statistics was approved by the General Assembly based on the recommendation of the ACABQ which believed that the methodology adopted by the Secretary-General with regard to reimbursement was pragmatic and should be continued. On that basis, the United Nations submits to the affiliated programmes workload statistics for each of the services in question. These programmes are supposed to review their workload statistics, based on consultations with their counterparts at the United Nations. Any queries would then be resolved. Since 1988-1989, UNDP/UNFPA and UNICEF did not undertake their review. During the 1992-1993 biennium, the review was made retroactively for the period 1988-1989 and thereafter, when records were apparently no longer available. This resulted in protracted negotiations whereby the United Nations was reimbursed for services it rendered in 1992-1993 only in 1996 and no reimbursement has yet been received for services it rendered during 1994-1995 and in 1996.

54. The wider problem is that the budgeting of common services may not be the most rational at present in that it does not precisely reflect actual workloads. The United Nations lacks formally established work measurement standards and cost accounting systems organization-wide. The budgeting process is based essentially on pre-established standard salary costs and the post adjustment index, and not on standard activity costs. As such services, whether common or otherwise, cannot be costed with any degree of precision. More serious still, common service entities face a double budget dilemma. Firstly, the zero budget-growth policy and not infrequent budget cuts throughout the Secretariat have been applied as well to common services to the point where some of them have been stripped of their capacity to perform common system tasks efficiently. Secondly, as commented to the Inspectors by the United Nations Programme Planning and Budget Division, reimbursement to the United Nations for services it renders to the affiliated programmes would appear to be “significantly lower” than
what it should be. The implication is that common service budgets are somewhat contrived and
perhaps even artificial because of their incommensurate relationship to the actual costs of the
services and level of user demands within and outside the Secretariat. It may be wondered
whether the budget squeeze, which has forced increased reliance on various forms of
outsourcing and temporary staff, has not been counterproductive with respect to common
service units which ideally should foster efficient work processes throughout the Organization
and the common system,

55. Since 1992, for instance, peace-keeping operations have placed considerable new
demands on practically every common service. While a special peace-keeping account has
been established to help relieve new work pressures, the Inspectors were unable to ascertain
that the account was being used effectively to shore up all the services affected by peace-
keeping operations. Legal affairs, pouch, procurement and medical service, for example, were
found to be coping as best they could with significant work pressures. The Inspectors raise the
question as to whether common services should not be budgeted as semi-autonomous, self-
supporting facilities whose direct and indirect costs would be borne proportionally by all user
ergies excepting the policy organs of course. That would imply that common service managers
should have adequate authority to manage their budgetary and staff resources as may be
directed by user-management committees representing the Secretary-General and the
executive heads of the affiliated programmes.

E. Staffing

56. At present, common services are managed and operated by United Nations staff and
essentially for United Nations needs just like other units specific to the Secretariat. If common
services are to be expanded successfully as proposed in the following chapter, a distinct
staffing policy will need to be formulated and endorsed by all Headquarters entities concerned.
Such a policy should ensure, inter alia, that common service managers are experts in their
respective functions, and are endowed with entrepreneurial skills so that they can provide
services which are competitive in quality, efficiency and costs with services available on the
private market. A common service staffing policy should also allow for the pooling of the
specialized staff of the participating organizations through secondments, loans or transfers.
Besides staff competence, the vacancy and staff turnover rates in some of the common
services were also seen as affecting optimal performance. Further still, the selection and
periodic appraisal of common service managers should be one of the chief responsibilities of
user management committees reviewed below.

F. User-management committees

57. As shown in table 3 only few of the twelve services have a user-management committee
representing all Headquarters entities. From the Inspectors' experience and findings of previous
reports on the subject, no common service can function smoothly without an effective user-
management mechanism empowered to set standards of quality and efficiency, approve
budget proposals, select and appraise service managers, resolve conflicts of priority, establish
and adapt cost-sharing formulas in the light of new circumstances, and generally ensure that
points of contention can be heard and addressed swiftly.
G. Quality and efficiency

58. Table 4 (page 21) shows how the affiliated programmes rate the quality and efficiency of services provided to them at present by the United Nations. The ratings appear on the whole more satisfactory than could have been expected by the Inspectors in view of the many problems brought to their attention during interviews with officials of the affiliated programmes. The ratings suggest nevertheless that there remains ample room for improvement in the quality and efficiency of these services.

H. Accountability

59. The degree to which common services are accountable for their performance and outputs to all the participating entities (as opposed to their current exclusive accountability to the Secretary-General) is summarized in table 3. Only very few of the twelve services covered can be considered at present to be fully accountable for their work to the affiliated programmes as well. User-oversight committees discussed above, represent one reliable method for ensuring that common services are accountable to all user entities by performing to agreed standards of quality and efficiency as well as deadlines, and treating all participating organizations equally without any distinction.

60. Although some of the services, such as conference, telecommunications or security and safety services have an internal performance monitoring system, complete with precise performance indicators, performance monitoring data are not systematically communicated to all user entities, especially the affiliated programmes whose channels of communication with most of the services appear quite limited.

I. Synthesis

61. The foregoing summary reviews a rather chequered pattern of organization and management of common services at Headquarters. It points to the need for a more rational framework of management principles and effective policy guidance to ensure that these services operate indeed as common endeavours rather than as United Nations services that accommodate as best as possible the needs of the affiliated programmes. The Inspectors hold the view that common services should deepen the spirit of collaboration, enhance coherence and integration within the Secretariat and the common system, add value to the work of the participating entities, and be cost-effective and competitive with other potential service providers. Uncompromising professionalism should be the desirable hallmark of these services. The Inspectors recognize that many of the performance difficulties that beset common services are not atypical in the United Nations Secretariat as a whole, as detailed in the aforementioned JIU report on "Management in the United Nations: Work in Progress" (JIU/REP/95/8). It can reasonably be expected that the management improvement initiatives under way in the United Nations, such as the technological innovations programme, the increasing emphasis on management training, or new human resource management and performance management strategies, should also create a new environment conducive to the strengthening and extension of common services at Headquarters. A more fundamental challenge, however, is to fashion a comprehensive new strategy of common services at Headquarters. Such a strategy should clearly establish the special, self-supporting status of common services which have broad responsibilities for the System organizations, and afford them the necessary authority and autonomy to manage their budgetary and staff resources efficiently, and to discharge their
accountability to all users represented on user-oversight committees. These issues are further elaborated in the following chapter.

Table 4: Quality and efficiency of Common Services as assessed by UNDP, UNICEF and UNFPA

(figures refer to the number of the three affiliated programmes having rated the service concerned)

<table>
<thead>
<tr>
<th>Service</th>
<th>Excellent</th>
<th>Satisfactory</th>
<th>Poor</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMIS</td>
<td>1</td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>OLA</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conference</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DPI/Library</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Medical</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Pouch</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
IV. NEW FRAMEWORK

A. Rationale

62. The rationale for a new, more comprehensive and coherent framework for common services at United Nations Headquarters is the following:

(a) The requirement for all Headquarters entities to comply with relevant provisions of the basic legislation establishing the United Nations common system, as recalled in paragraphs 1-4 of this report, including especially standard policies, rules and procedures.

(b) General Assembly resolutions of the past several years on operational activities for development require organizations of the system to achieve integrated facilities and services in the field. The Inspectors have found that unless the organizations can achieve optimal synergies nurtured by a common service culture at the Headquarters level, it would prove difficult to fully implement General Assembly directives on integrated field programmes, facilities and services.

(c) The organizations headquartered in New York all have global operations anchored in the main duty stations of the system. Therefore the development of comprehensive arrangements for common services in New York should logically facilitate similar arrangements at other main duty stations.

(d) The financial crisis facing all the organizations compels a radical review of overhead structures and costs in order to achieve optimal economies of scale and time in the performance of non-statutory functions.

(e) The convenient co-location within the same vicinity of several organizational entities sharing a common charter, legal identity and other affinities presents a practical case for intensifying common services in New York.

B. Main objectives

63. Elaborating further on the basic common service objectives set forth in paragraph 4 of this report, the Inspectors recommend that common services at Headquarters should aim to:

(a) Ensure the most efficient and cost-effective use of the human and financial resources of the participating entities, individually and collectively, through the elimination of similar, overlapping non-core services and pooling of the managerial and technical cream of each functional discipline into common or joint endeavours dedicated to management excellence;

(b) Encourage high performance standards through the identification and replication of best management practices;
(c) Foster a single vision and coherence of concepts and approaches within the United Nations system by using common services at Headquarters as instruments of integration, including harmonisation of the operational policies, methods and procedures of the system;

(d) Reinforce Headquarters support for integrated approaches, facilities and services at the field level in keeping with relevant General Assembly resolutions on operational activities for development;

(e) Promote a global, interdependent network of common services, for example through mutual technical support, information exchange, and communication of lessons of experience among services in different locations.

C. General guidelines

64. From their interviews with the providers and users of existing common services, the Inspectors have identified the following general guidelines, which are not exhaustive, as being essential to the successful organization and management of common services:

(a) Institution by the entities concerned of the most appropriate and uniform operational policy, methods and procedures for each common service with due respect for the mandate and mission identity of each participating entity;

(b) In view of the specific nature of each common service, the participants should decide on the most appropriate modality for organizing and providing the service concerned, including in some cases the need for relatively autonomous, self-supporting joint ventures, or use of outsourcing under a single policy and contract as exemplified by existing arrangements for travel, shipping and freight-forwarding services;

(c) A user oversight committee should be established, where non-existent, for each service or group of services, where appropriate, and endowed with clear terms of reference including authority and responsibility for approving service work plans, budget proposals, developing and monitoring standards of quality and efficiency, selecting key service managers and evaluating their performance, and ensuring full accountability to all users, with special emphasis on the need for cost-accounting and periodic reporting of performance achievements and constraints;

(d) Common service participants should decide on the best policy for budgeting, staffing, managing and sharing the costs of each service to ensure consistent performance standards and professionalism, including entrepreneurial flair where required.

65. The Inspectors recommend that the above guidelines be further refined to meet the specific requirements of each service, and that they be used as a basis for consolidating existing common services as well as for the development of new common services at Headquarters as proposed below.
D. Extending the coverage of common services

66. The Inspectors see no insurmountable barrier to the pooling of all non-core or non-statutory services of Headquarters entities. However, having carefully considered all the implications of such an approach, the Inspectors conclude that New York common services should progressively be organized into two major clusters. The first cluster would include services common to all Headquarters entities, such as existing common services and others that could be eligible for this group. The Inspectors propose, for example:

- technological innovations programme, with special emphasis on common policies and standard technologies;
- procurement of goods and services at Headquarters; especially common policy, joint bids and contracts;
- buildings management and related services;
- printing and publications;
- public information infrastructure, with the understanding that participating organizations will maintain their specialized public information functions to the extent that these directly promote their statutory objectives;
- management training;
- archives and records management;
- warehousing, and others that could be amenable to this first group of common services.

67. In the second cluster, the affiliated programmes should pool most of their presently separate personnel, administrative and financial services. Some of the areas the Inspectors believe could be suitable for common arrangements include recruitment, finance, evaluation, procurement for development and emergency operations, etc. At this second level, the guiding principle should be that all administrative support functions can be performed as a common service. The JCGP mechanism, which seeks to promote common operational policies and procedures amongst the affiliated programmes, should be used effectively to develop and manage common services specific to the JCGP members in New York, as a stimulus to similar arrangements at field duty stations.

68. While the Inspectors, in finalizing this report, have taken fully into account all the comments made on the draft text by United Nations common service managers and the affiliated programmes, they consider it useful to summarize below the substance of the comments received from the affiliated programmes because of their implications for the development and management of common services at United Nations Headquarters.

69. UNDP made only few comments and appeared to endorse the recommendations and substance of the report.
70. UNICEF expressed the following concerns:

(a) Any proposals for common services should give due regard to “the substantial differences in the nature, mandates and roles of the United Nations Secretariat and the operational bodies such as UNICEF”;

(b) Because of these differences, “the same basic service may not always have the same meaning in all organizations”;

(c) The provision of common services will be most effective when the various partner organizations have relatively similar needs, are at comparable service levels and there are effective user oversight and cost allocation mechanisms. These pre-conditions do not generally exist in the United Nations system and the recommendations proposed would likely result in the more efficient organizations dropping to the levels of the less efficient ones”;

(d) “The study needs to give more weight to past experience and comparative advantage. The record (of common services) has been mixed, with problems caused by lack of effective user-committees, cost-allocation mechanisms that do not reflect actual usage, lack of competencies, politicization of services, force-majeure diversion of services, etc. Before embarking on an unconditional pooling of non-core functions within a five-year period, there is a need to identify and correct these problems”;

71. UNFPA, while indicating its full support for the need for consultative arrangements between the provider and user of services, cautioned that “the amount of time required for participation in consultative or supervisory bodies in the roughly 15 areas of suggested common services may absorb too much staff time compared to savings on products. If the optimal size of a service is surpassed, coordination problems and complex reporting lines (including clearances) reduce efficiency, and a pooling of resources in such areas may become counter-productive. (...) For a small organization like UNFPA, where most of the services suggested in the report are handled by one Division, the staff resources are simply not available for the coordination required to manage common services”.

72. UNOPS commended the draft report for stressing the importance of enhanced efficiency, reduced costs and improved quality of common services, but reserved its unqualified agreement with its contents for the following stated reasons:

(a) UNOPS and UNDP are reviewing the structure under which their common services are delivered and hope to enter into an agreement in the near future;

(b) UNDP and United Nations are also considering certain changes to their common services agreement which will almost certainly affect UNOPS;

(c) UNOPS is a self-financing organization and it is thus incumbent upon UNOPS to operate efficiently, responsibly and progressively;

(d) In its report DP/1995/45 of 5 September 1995, the Advisory Committee on Administrative and Budgetary Questions specifically noted that AUNOPS should receive the best value for money for the administrative services provided by UNDP or, without duplicating
existing infrastructures, UNOPS should explore the possibility of setting up in-house services for those that could be rendered in a more economical manner”.

73. The Inspectors address the foregoing concerns as follows:

(a) The comments of the affiliated programmes have all avoided mention of the constraining United Nations common system legislation on common services as recalled by the Inspectors in paragraphs 1-4 of this report;

(b) The comments also hardly make reference to the rationale and objectives for common services as set out in paragraphs 62-63, including particularly the significant cost-savings which each organization could draw from coherent common service arrangements in New York, with the important implication that resources thus released from streamlined and integrated overhead structures at Headquarters would reinforce operational activities for development at the field level;

(c) The comments have also evaded the major benefits that the achievement of common services at Headquarters as proposed in this report will produce at the field level, especially in accelerating the development of common services in field duty stations, achievement of economies of scale through the integration of programme support services and facilitating the functioning of the Resident Coordinator system in accordance with relevant inter-governmental resolutions and decisions;

(d) The concern about “substantial differences” (as mentioned by UNICEF) between the United Nations Secretariat and the affiliated programmes may be relevant, but these differences do not outweigh the commonalities among the organizations located in New York. At any rate this concern is addressed in the report by proposing a dual approach (two clusters) in the development of Headquarters common services. Those services which may not seem practical, for whatever reasons, to operate for all the organizations in New York could be made specific only to the affiliated programmes which could devise the most appropriate modality for providing and managing the services concerned (e.g. allocated responsibility (VIC model), joint and autonomous operation, user-fee or charge-back system, etc.). Whatever model is applied should aim to produce substantial cost and staff savings in overhead structures at Headquarters for the benefit of field programmes.

(e) The need to correct deficiencies in existing common services as a prerequisite for new common services, is one of the main objectives of this report, as mentioned in paragraph 8 (a). Moreover, the application of the general guidelines outlined above, which the Inspectors believe should govern common services, and the identification and replication of best management practices in the operation of these services should enable the “less efficient” services or organizations to enhance their operational performance to the level of the “more efficient” entities;

(f) The staff resources needed to participate effectively in user-management committees would depend on the frequency or periodicity of the meetings of such committees or on the scope of the committees themselves, since a single committee could well oversee several services. More important still, the new framework for common services proposed by the Inspectors, if fully implemented, would imply that the participating organizations would have “Common Service Officers” (to represent them on the user-management committees) instead
of their own specific in-house support services in the areas identified for common services in this report.

74. In the light of the above clarifications, the Secretary-General and the executive heads of the affiliated programmes should together adopt the necessary measures to formulate and agree on a strategic plan of action for implementing on a progressive basis a common service agenda at Headquarters in the light of the findings and observations contained in this report. The proposed implementation plan should include the following among other things:

(a) List of services to be shared by all Headquarters organizations, on the one hand, and cluster of services to be shared only by the affiliated programmes, on the other;

(b) Measures for upgrading the quality and efficiency of existing common services incorporating, as appropriate, the general principles set forth above, with special emphasis on the need for cost-benefit analyses, effective user-management committees, transparent and equitable cost-sharing formulas, and other innovative modalities for providing and managing these services;

(c) Annual progress milestones in the development of new common services in the two major clusters proposed above;

(d) Establishment of interdependent linkages between common services at Headquarters and in other duty stations, especially in field locations;

(e) Further standardization of operational policies, administrative rules and procedures and technical specifications in each common service area;

(f) Methodology for constant monitoring of the efficiency, quality and cost-benefits of common services, including user-satisfaction.

E. Policy guidance

75. One possible reason for the relative low priority given to common services at Headquarters may be the absence of consistent legislative guidance for all United Nations system duty stations. For example, the strong policy guidance provided by the General Assembly on common service arrangements for Vienna-based organizations and for field locations could also apply with even greater force to New York and Geneva duty stations, which are the most important centres of United Nations system concentration and operations. Furthermore, the Inspectors were informed time and again in the course of this review that Member States adopt different positions on the same subject from one policy organ to another and that only a firm consensus among the Member States on the question of common services can provide grounds for collective action thereon by all Headquarters entities.
76. Accordingly, the Inspectors recommend that:

(a) The General Assembly provide policy guidance on the question of common services at Headquarters by:

   (i) endorsing the common service agenda proposed herein, and

   (ii) requiring the organizations concerned to pool progressively most of their non-statutory or non-core functions under common service arrangements within a five-year period.

(b) The General Assembly could also include on its agenda a regular item on common services and require the Secretary-General to report every two years in the context of the programme budget submission on progress being made in this area.

(c) The Executive Boards of the affiliated programmes should similarly require their respective secretariats to report periodically on progress being made in the strengthening of common services at Headquarters and in field locations.
Notes

1. These Relationship Agreements have been reviewed comprehensively by JIU in a 1993 report on the subject (JIU/REP/93/3).

2. See, for example, General Assembly resolutions 42/196(1987); 44/211(1989); 46/219(1991); 47/199(1992); and 48/209(1993).

3. See the 1994 JIU report entitled "United Nations system common premises and services in the field (JIU/REP/94/8).

4. Two previous JIU reports in this series include: Common services of United Nations organizations at the Vienna International Centre (VIC) (JIU/REP/84/10); and United Nations system common premises and services in the field (JIU/REP/94/8).