

**COMMON SERVICES IN VIENNA:  
BUILDINGS MANAGEMENT SERVICES**

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In accordance with Article 11.2 of the JIU Statute, this report has been "finalized after consultations among the Inspectors so as to test the recommendations being made against the collective wisdom of the Unit".

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**ACRONYMS**

<b>BMAC</b>	Buildings Management Advisory Committee
<b>BMS</b>	Buildings Management Services
<b>CCCS</b>	Consultative Committee on Common Services
<b>CTBTO</b>	Comprehensive Nuclear-Test-Ban Treaty Organization
<b>ERP</b>	Essential Requirements Programme
<b>GC</b>	General Conference
<b>IAEA</b>	International Atomic Energy Agency
<b>IDB</b>	Industrial Development Board
<b>JIU</b>	Joint Inspection Unit
<b>MoU</b>	Memorandum of Understanding
<b>MRRF</b>	Major Repairs and Replacements Fund
<b>PBC</b>	Programme and Budget Committee
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNOV</b>	United Nations Office at Vienna
<b>VBOs</b>	Vienna-based organizations
<b>VIC</b>	Vienna International Centre

## EXECUTIVE SUMMARY

**OBJECTIVE:** To respond to concerns of IAEA for improving the oversight, transparency and accountability of the Buildings Management Services as a key element in the functioning of the Vienna International Centre.

### **Recommendation 1:**

**Member States of IAEA are invited to formally approve the current assignment of common services for which IAEA is responsible under the existing arrangement whereby the common services are allocated among the United Nations, UNIDO and IAEA.**

*(See paras. 22-23.)*

### **Recommendation 2:**

**Member States of IAEA may wish to take a more proactive role in monitoring and providing guidance in respect of common services activities and expenditures, including those allocated to the United Nations and UNIDO. In view of the major and growing costs of the Buildings Management Services this common service should be subject to particular scrutiny by Member States.**

*(See paras. 24-27.)*

### **Recommendation 3:**

**Member States of IAEA may wish to request the Director General to ensure that there is mutual sharing among the Vienna-based organizations of detailed information on common services activities, costs and expenditures in order to improve transparency and accountability. In this regard, the Director General should continue efforts to renegotiate the 1977 Memorandum of Understanding.**

*(See paras. 28-33.)*

### **Recommendation 4:**

**Member States of IAEA are invited to request the Director General to initiate the renegotiation of the terms of reference of the Consultative Committee on Common Services with a view to strengthening its role, particularly with respect to monitoring and decision-making. The revised terms of reference should be reported to Member States.**

*(See paras. 34-37.)*

### **Recommendation 5:**

**The external auditor of IAEA is invited to bring the subject of the Buildings Management Services at the Vienna International Centre to the attention of the Panel of External Auditors of the United Nations system.**

*(See paras. 38-39.)*

### **Recommendation 6:**

**The Director General of IAEA may wish to request the Director-General of UNIDO to identify, not later than the end of 2006, additional buildings management services that could be outsourced to achieve cost savings.**

*(See paras. 40-42.)*



## I. Common services in Vienna: historical overview

1. The first United Nations organization to be located at Vienna was the International Atomic Energy Agency (IAEA) in 1957. The relationship agreement between the United Nations and IAEA of the same date recognized, inter alia, the “desirability of co-operation in administrative matters of mutual interest”. In this regard, the United Nations and the Agency undertook to consult each other, particularly on “the most efficient use of facilities, staff and services and appropriate methods of avoiding the establishment and operation of competitive or overlapping facilities and services...”.<sup>1</sup>

2. The United Nations Industrial Development Organization (UNIDO) was established in 1966 as an organ of the General Assembly functioning as an autonomous organization within the United Nations.<sup>2</sup> It was to be located in Vienna. As IAEA already had a well-established administrative infrastructure, it was considered efficient and cost effective for UNIDO to share some of IAEA’s support services on a cost-recovery basis, even though UNIDO was housed in different buildings. IAEA provided UNIDO with medical, library, computing, printing and reproduction, housing and headquarters procurement services.

3. In the early 1970s, a new facility – the Donaupark Centre, later known as the Vienna International Centre (VIC) – was purpose-built by the Government of Austria and the City of Vienna to accommodate the permanent headquarters of both UNIDO and IAEA. With a view to extending common services arrangements, the two organizations set up a Joint Working Group on Common Services in 1974 to consider a range of possible common services, as well as methods of allocating capital and operating costs between the organizations and alternative forms of management.<sup>3</sup>

4. The Joint Working Group concluded that allocated administration would present fewer difficulties than the other two management options that it considered. Under this system, management of each common service would be assigned to one or other of the organizations with the objective of achieving an “overall balance of responsibility”, with the costs shared on the basis of predetermined formulae.<sup>4</sup> The Joint Working Group recommended that “[s]ervices be equitably allocated essentially on the assumption that the organization now responsible for a given service will continue to exercise this responsibility, and that detailed arrangements be worked out for each service”.<sup>5</sup>

5. Following the decision of the General Assembly to relocate a number of United Nations entities to Vienna,<sup>6</sup> a Memorandum of Understanding (MoU) was signed in 1977 between the United Nations, IAEA and UNIDO concerning the allocation of common services. The MoU states that “[t]he operation and maintenance functions of Donaupark premises have to be governed by the basic principle that the United Nations, UNIDO and IAEA bear joint responsibility and the common services will be implemented in a spirit of co-operation”.<sup>7</sup>

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<sup>1</sup> General Assembly resolution 1145 (XII) of 14 November 1957, art. XIII.

<sup>2</sup> General Assembly resolution 2152 (XXI) of 17 November 1966.

<sup>3</sup> Report of the IAEA/UNIDO working group on common services for the permanent Headquarters, May 1975, paras. 4-5 and annex I.

<sup>4</sup> Ibid., paras. 43-47.

<sup>5</sup> Ibid., para. 68.3.

<sup>6</sup> General Assembly resolution 31/194 of 22 December 1976.

<sup>7</sup> Memorandum of Understanding concerning the allocation of common services at Donaupark Centre in Vienna, 31 March 1977, sect. 1.



6. The MoU provided for a tripartite management committee that would give policy direction in the initial planning and implementation of common services at the VIC. Subsequently, the Consultative Committee on Common Services (CCCS) was established, composed of one senior official of each of the Vienna-based organizations (VBOs) accompanied by advisers and experts as deemed necessary. Although the allocation of common services was set out in the MoU and, in some cases, provision made for joint advisory committees, most of the detailed arrangements remained to be worked out. In the event that major disputes could not be settled, they were to be referred to the executive heads of the organizations.

7. When UNIDO became a specialized agency in 1986, a relationship agreement was concluded between the United Nations and the Organization. In addition to recognizing the desirability of cooperation in administrative matters, there was a provision to “explore the possibility of continuing or establishing common facilities or services in specific areas, including the possibility of one organization providing such facilities or services to one or several other organizations, and establish the most equitable manner in which such facilities or services shall be financed”.<sup>8</sup>

8. The 1977 MoU is still the basic instrument governing the system of common services at the VIC. In 1998, a supplementary MoU was signed admitting the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO) as a full member of the arrangement. However, as CTBTO is not itself a common services provider, it pays a service overhead charge for administrative costs to the organizations providing it with services, in addition to its share of the costs under the existing cost-sharing methodologies.<sup>9</sup>

9. Under current arrangements, common services at the VIC are allocated as follows: IAEA (medical, printing and reproduction, commissary, child care centre); UNIDO (buildings management, catering); United Nations Office at Vienna (UNOV) (safety and security, garage operations, official travel documents, interpretation). Of these, three operate under cost-sharing ratios (medical, buildings management and safety and security); the rest operate under cost recovery or are self-financing.

10. A consultancy study of these arrangements that was conducted in 1996 identified, inter alia, the need to update the cost-sharing methodology for the Buildings Management Services (BMS), by far the most important common service in cost terms.<sup>10</sup> The methodology was revised accordingly and the ratios are now updated annually. For 2005, the cost-sharing ratios for BMS are IAEA (53.155 per cent), UNOV (21.932 per cent), UNIDO (16.226 per cent) and CTBTO (8.687 per cent). These ratios are also applied to the Security and Safety Services.

## **II. Joint Inspection Unit reports on common and joint services in Vienna<sup>11</sup>**

11. The Joint Inspection Unit (JIU) series of reports on the operation and development of common administrative services by organizations of the United Nations system located at the

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<sup>8</sup> General Assembly resolution 40/180 of 17 December 1985, art. 14.

<sup>9</sup> Supplementary Memorandum of Understanding concerning the allocation of common services at Donaupark Centre in Vienna, 1998.

<sup>10</sup> Vienna International Centre – study of cost sharing of common services: phase I – Buildings Management Services, consultancy report, June 1996.

<sup>11</sup> At the Vienna duty station it is usual practice to distinguish between common services (those that are provided by the service provider to all the organizations located at the VIC), and joint services (those that are provided on a bilateral basis).

same duty station has included two reports on Vienna.<sup>12</sup> The objective of the 2002 report was to provide an impetus to the further development of common services in the United Nations system by reviewing the framework under which common and joint services were provided to the Vienna-based organizations, highlighting best practice, identifying areas for improvement in the management and delivery of existing services, and examining the scope for expansion.

12. The current allocation of common services still reflects the initial attempt in 1977 to balance out the management responsibilities between the United Nations, UNIDO and IAEA. The JIU report of 2002 found that the allocation was far from equitable and that a marked imbalance of responsibilities existed among the organizations. The analysis indicated that UNIDO was carrying a disproportionately large responsibility by virtue of its management of the VIC buildings complex, and that IAEA had less responsibility than was justified by the assumptions underlying the system of allocated administration. This was a matter for concern as administrative support costs for each common service were not being shared among the three main participants since it had been assumed that these costs would balance out between them – an assumption that was no longer valid.<sup>13</sup>

13. The report also found that the rationale for the present allocation was seriously open to question in terms of its efficiency and cost-effectiveness, and that significant managerial and operational efficiency gains could be achieved by ending the current fragmentation. The Inspector proposed, *inter alia*, that the system of allocated administration be replaced by a single common services entity to be managed by the United Nations.<sup>14</sup> The report recognized, however, that the system of allocated administration might be retained by the Vienna-based organizations. In that event, the Inspector recommended that the MoU be renegotiated to reflect the current realities and remove any vagueness and ambiguity, and the rules of each common service be revised as necessary to ensure consistency with the MoU.<sup>15</sup>

14. In resolution 58/278 of 23 December 2003, the General Assembly “[w]elcome[d] the comprehensive and timely preparation of the report...”. The report is still under the active consideration of the Assembly and its subsidiary bodies (Fifth Committee and Advisory Committee on Administrative and Budgetary Questions). The subject of common services in Vienna is of ongoing interest to both Member States and the concerned secretariats, and this has been further demonstrated by the request of IAEA to the Unit to include in its 2005 work programme a more detailed review of the Buildings Management Services being managed by UNIDO.

### **III. Management of the VIC premises**

15. By the terms of the headquarters agreements with the Government of Austria, the international organizations located at the VIC pay only a token rent. The agreements also set out, *inter alia*, the conditions of use of the various parts of the VIC, as well as the respective responsibilities of the Austrian Government and the international organizations concerning maintenance, repair and replacement. For major repairs and replacements, a common fund was set up – the Major Repairs and Replacements Fund (MRRF) – based on agreed shares for

<sup>12</sup> JIU/REP/84/10 (A/39/520); JIU/REP/2002/12 (A/58/258).

<sup>13</sup> JIU/REP/2002/12, paras. 139-146.

<sup>14</sup> *Ibid.*, paras. 147-154 and Recommendation 1.

<sup>15</sup> *Ibid.*, para. 155 and Recommendation 11.

contributions and reimbursements by the organizations and the Austrian Government. The main elements to be covered by the MRRF were itemized in a separate protocol.

16. As the VIC buildings have aged, so the demand for major repairs and replacements has grown, notably since the mid-1990s, and the financing arrangements for the MRRF had to be renegotiated for the 2002-2006 period. The situation was further complicated by the need to undertake an extensive asbestos removal project at the VIC, which is currently in progress.

17. Under the 1977 MoU, UNIDO has responsibility for buildings management,<sup>16</sup> which is a separate major programme in the UNIDO programme and budgets. In the proposed programme and budgets for 2006-2007, total gross expenditure is estimated at €57,163,720.<sup>17</sup> The major projects financed by the MRRF are also managed by UNIDO. The MoU stipulated, in addition, that all appropriate buildings management and maintenance services were to be contracted out to the extent that was technically and economically feasible.

18. A Buildings Management Advisory Committee (BMAC) composed of representatives of the participating organizations is required by the MoU to give guidance to UNIDO on major matters of buildings management problems and priorities, work standards and resulting costs, etc. The BMAC is composed of one member designated by the executive head of each of the participating organizations – usually the head of general services – who may be assisted by advisers, while the chief of the BMS is an ex officio member.

19. In the 1990s it was found that increasingly some repairs and replacements could not be financed from either the regular budget of the BMS or the MRRF and in 1996 the VBOs agreed to launch an Essential Requirements Programme (ERP) to begin in 1998 and run for 10 years. Implementation of the programme was, however, delayed by difficulties in reaching agreement on items to be financed by the ERP. In December 2000 the VBOs decided that the ERP should be absorbed by the BMS regular budget from the 2002-2003 biennium.

20. Discussions continued on enhancing BMS funding arrangements and in early 2002 agreement was reached on the establishment of a Special Fund for BMS that would enable unspent balances of the BMS regular budget to be carried forward, giving greater flexibility to achieve full implementation of the budget. The Special Fund was intended to be a funding source for both operating and maintenance costs and major projects, planned and unexpected. At the same time, the method of collecting payments was changed, with UNIDO now invoicing the organizations quarterly, in advance, on the basis of the budget approved by the General Conference (GC).

21. While the rationale for the Special Fund appears to be sound, the operation of the arrangement has given rise to certain technical problems and other difficulties that appear not to have been entirely foreseen at the outset. These include differences in the timing of the budget review and approval processes in each organization, insufficient cost and expenditure information, and, in the case of IAEA, the requirement to fund major projects from budgetary savings. Such problems put at risk the continuation of the Special Fund in its present form.

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<sup>16</sup> Memorandum of Understanding, op. cit., sect. 5.

<sup>17</sup> This figure comprises: services that are cost-shared by four VBOs; joint services provided to UNOV and CTBTO; other projects funded jointly or individually; and projects funded by the MRRF (IDB.30/6-PBC.21/6, p. 107).

## IV. Findings and recommendations

### Allocation of common services

22. As noted above, the 1975 report of the Joint Working Group recommended that an organization responsible at that time for a given service should continue to exercise that responsibility. Under the 1977 MoU, a number of services were thus allocated to IAEA, most prominently the medical service.

23. The MoU was signed by the executive heads of the United Nations, UNIDO and IAEA but, as far as can be ascertained, the proposed allocation of the common services was not subjected at the time to the scrutiny of the Member States of the organizations. In view of the importance of common services, not only in financial terms but also in terms of the proper functioning of the VIC, as well as the difficulties that have arisen in the operation and management of these services in recent years, the Inspectors are of the view that the Member States should exercise their proper oversight role in this regard. As a first step, the Member States of IAEA should be invited to formally approve the current assignment of common services for which IAEA bears responsibility.

#### ► Recommendation 1

### Oversight role of Member States

24. The JIU report of 2002 recognized the need to improve the effectiveness of the oversight role of Member States in respect of common services at the VIC. It was found that while the Secretary-General of the United Nations reported comprehensively and systematically on common services to the General Assembly, there was no equivalent reporting by either UNIDO or IAEA. It was recommended that this be remedied without delay.<sup>18</sup> In the context of the present report, the Inspectors have concluded that the Member States of IAEA should exercise their oversight role more intensively, taking a more proactive role in monitoring and in providing guidance in respect of common services activities and expenditures, including those allocated to the United Nations and UNIDO.

25. In view of the ageing of the VIC complex and the resultant major and growing costs of maintaining it, as well as closely related issues of safety and security, the BMS should be the subject of particular scrutiny. The Inspectors believe that the attention paid to BMS by Member States needs to be increased. Under the present budgetary arrangements of UNIDO, buildings management is a separate major programme in which all the proposed expenditures are offset by income, i.e. contributions received from the VBOs, including UNIDO, through the cost-sharing mechanism. Thus, the UNIDO core budget shows only its own share of the costs of buildings management operations (16.226 per cent for 2005), which is included under another separate major programme (Indirect Costs), and BMS posts are excluded from the UNIDO post profile.<sup>19</sup>

26. The programme and budget proposals of the Director-General of UNIDO are considered by the Programme and Budget Committee (PBC) and the Industrial Development Board (IDB) and

<sup>18</sup> JIU/REP/2002/12, paras. 158-160 and Recommendation 12.

<sup>19</sup> UNIDO, Programme and Budgets, 2006-2007, IDB.30/6-PBC.21/6.

may be amended.<sup>20</sup> Final approval of the programme and budgets, however, is the purview of the General Conference, and in this forum it is likely that the representatives of the Member States would tend to focus on the substantive programmes of UNIDO. Furthermore, UNIDO's small share in buildings management costs means that the majority of the funding is provided by the other organizations and not from UNIDO's budget. IAEA provides 53.155 per cent of the funding, but in the Agency's programme and budget this recurrent project gets only a brief mention in the general services subprogramme.<sup>21</sup> Under these arrangements, there is a clear risk that oversight of BMS expenditures may be less than optimal.

27. Oversight of common services is further complicated by the fact that membership in the Vienna-based organizations is not identical. The Inspectors are of the view that countries that are not Member States of UNIDO should have the opportunity to exercise some governance in respect of the BMS outside the budgetary procedures of the Organization. The same would apply to Member States of UNIDO that are not members of IAEA with regard to the common services that are managed by the latter.

## ► Recommendation 2

### Transparency and accountability

28. A prerequisite for effective oversight is that information is available that is timely, accurate and sufficiently detailed, but in the case of common services at Vienna, this has not necessarily been the case. Apparent contradictions in the basic instruments may at least partially explain why the VBOs have been unwilling to furnish detailed information on a regular basis. While the 1977 MoU states that the United Nations, UNIDO and IAEA bear joint responsibility for the operation and maintenance functions of the premises, the terms of reference of the CCCS state that each common service is operated under the authority of the respective head who bears final responsibility for that service.

29. The CCCS statement of individual responsibility may be used by the VBOs to justify the view that they are not obliged to share detailed common service cost and expenditure information with each other. While this lack of transparency has always been at odds with the responsibility and accountability of the executive heads to their respective legislative bodies, it has grown more serious in recent years as costs have mounted, particularly those for the BMS. The creation of the BMS Special Fund, which provides for the accumulation of reserves for future expenditures, and the switch to advance quarterly payments, makes it even more imperative that the issue of transparency be addressed.

30. As noted above, the JIU report of 2002 recommended that the MoU be renegotiated to reflect current realities and remove ambiguities, and the rules of each common service be revised as necessary. The VBOs agreed with this recommendation.<sup>22</sup> While no immediate action was taken,

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<sup>20</sup> The twenty-first session of the PBC discussed adjustments to the proposed programme and budgets for 2006-2007, including a possible reduction in the level of the BMS Special Fund related to refurbishment of the C building (IDB.30/24). The IDB recommendation to the GC is for a slightly reduced level of net expenditures than that proposed, and the Director-General is requested to revise the programme and budget document IDB.30/6 accordingly (IDB.30/Dec.7 in GC.11/4).

<sup>21</sup> IAEA, The Agency's Programme and Budget, 2006-2007, GC(49)/2, p. 222.

<sup>22</sup> In the comments of the United Nations Secretary-General and the United Nations System Chief Executives Board for Coordination on JIU/REP/2002/12 it was stated that Recommendation 11 would be acted on (A/58/258/Add.1, para. 15).

the Inspectors note that in the context of the current problems relating to the BMS Special Fund, the IAEA Secretariat has proposed the adoption of a supplementary MoU that would cover the three common services that are subject to the cost-sharing methodology – the BMS, medical services and security services – and has drawn up a draft document for discussion.<sup>23</sup>

31. The IAEA proposals emphasize the central decision-making role of the CCCS in respect of the programmes and budgets of the three services. The CCCS would decide by consensus a timetable for the submission of the programme and budget plans and approve the programmes and budgets prior to action being taken by the respective VBOs. It would also approve by consensus the cost-sharing ratios and hence the levels of contribution of each VBO, as well as the amount available for carry-over funding at year-end.

32. A strong monitoring role is envisaged for the CCCS, facilitated by detailed quarterly expenditure reports to be issued by each VBO for its respective common service. These reports would provide the necessary justification for the quarterly billing by each VBO for advance payments and would serve as a precondition for the final payment to be made in a calendar year. It is proposed that the quarterly reports would reconcile actual and planned expenditures, describe the actual work accomplished by project and related expenditures, and describe and justify the requirements for which additional funds have been sought.

33. The Inspectors commend the IAEA Secretariat for its initiative in preparing the draft supplementary MoU, recognizing that it endeavours to address issues of transparency that are central to resolving the present problems and crucial for the proper exercise of responsibility and accountability by the executive heads of the VBOs to their respective legislative bodies.

### ► Recommendation 3

#### **The roles of CCCS and BMAC**

34. Under its terms of reference, the CCCS functions on the basis that each common service is allocated to one of the organizations and is operated under the authority of the executive head who bears the final responsibility for that service. The CCCS is required to take fully into account the areas of responsibility and terms of reference of the individual advisory/coordination committees. On this basis, the CCCS “may consider and, by consensus, decide or make recommendations to the organizations” on policy questions and related financial matters, outsourcing of services, third party access, and the establishment of a new, or dissolution of an existing, common service.<sup>24</sup>

35. The terms of reference of the BMAC set out its scope of work, composition, procedures for handling its recommendations, relations with the BMS, and rules and procedures, including voting procedures. The BMAC may request and receive from UNIDO all pertinent information concerning the operations, costs and budgetary situation of the BMS. And UNIDO is required to make every effort to accommodate the recommendations of the BMAC. There is consensus decision-making in the BMAC, with resort to voting only in exceptional circumstances, and then on the basis of a simple majority. There cannot be a decision when the votes of the members are equally divided.

<sup>23</sup> Draft Supplementary Memorandum of Understanding Concerning the Buildings Management Services (BMS) Special Fund, Security Services, and Medical Services for the VIC Based Organizations (VBOs), 10 December 2004.

<sup>24</sup> Consultative Committee on Common Services at the VIC, revised terms of reference, 1998.

36. The terms of reference foresee a wide scope of work for the BMAC, including policy issues, the establishment of priorities, the planning of major new constructions, alterations and repairs, and costs and budgets of the BMS. Review of the minutes of the meetings of the BMAC suggests that it is an effective forum for discussion of operational matters and that it is reaching decisions by consensus, but that it has been less successful in resolving issues relating to costs and budgets. It should be noted, however, that in legal terms the BMAC does not have any decision-making authority since it can only make recommendations to UNIDO, which do not have to be accepted.

37. While the terms of reference of the CCCS are much less detailed than those of the BMAC, it was intended that it too should have a decision-making role, based on consensus. The Inspectors are of the view that the decision-making processes of the CCCS should be strengthened in order that unresolved disagreements in the BMAC and other such committees can be reviewed and decided upon at the higher level of representation of the CCCS. As discussed above, they also believe that the CCCS has a central role to play in monitoring the operation and financial position of the VIC common services. The terms of reference of the CCCS should therefore be renegotiated by the participating organizations with a view to establishing clear mechanisms for monitoring and for the resolution of disputes. The revised terms of reference should be reported to Member States.

#### ► Recommendation 4

##### **Role of external audit**

38. The efficiency and cost-effectiveness of buildings management at the VIC affect all of the occupants of space in the complex and the BMS is hence a subject that is of interest to several external auditors, most particularly those of the four organizations that participate in the cost-sharing arrangements for the BMS. The external auditors have an important function to perform, and not just in respect of the common services provided by the organizations under their respective responsibilities. Some of the recent difficulties that have arisen in respect of the BMS Special Fund have their origins in differences between the organizations' financial regulations, rules and procedures, as well as the timing of budget cycles. The Inspectors are of the view that the advice and guidance of the external auditors could prove crucial in resolving some of these complex problems.

39. The Panel of External Auditors of the United Nations system provides, inter alia, a forum for the exchange of information on methods and findings.<sup>25</sup> As the problems in buildings management at the VIC that have been identified in this report may also arise in the management of buildings at other duty stations, the Inspectors are of the view that the external auditor of IAEA should bring the subject of the BMS at the VIC to the attention of the Panel.

#### ► Recommendation 5

##### **Outsourcing**

40. As noted above, the 1977 MoU provided for the outsourcing of all appropriate buildings management and maintenance services to the extent that was technically and economically feasible. While a wide range of these services is currently being outsourced, including

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<sup>25</sup> General Assembly resolution 1438 (XIV) of 5 December 1959, annex, para. 1.

maintenance of elevators and other systems, it is clear from the BMS staffing – six Professional and 113 General Service posts budgeted in the 2004-2005 biennium – that much of the work is still being done in-house.<sup>26</sup>

41. In a report issued in 1997, the JIU advocated a proactive approach to outsourcing, while recognizing certain limiting factors.<sup>27</sup> The General Assembly provided guidelines and goals for outsourcing practices in its resolution 55/232 of 23 December 2000, and more recently added four criteria for programme managers to use to assess the potential of an activity for outsourcing: cost-effectiveness and efficiency; safety and security; maintaining the international character of the Organization; and maintaining the integrity of procedures and processes.<sup>28</sup>

42. The Inspectors are of the view that buildings management services at the VIC lend themselves to outsourcing arrangements, and that there are potentially substantial financial benefits to be gained. In the case of the BMS, it would be worthwhile to undertake detailed cost comparisons, particularly in view of the opportunities that exist for outsourcing in Vienna and the adjacent region. The Inspectors believe that greater recourse to outsourcing should be possible without undermining either the international character of the Organization or the integrity of procedures and processes. As for security arrangements, these would need to be clearly specified in outsourcing contracts and the participation of UNOV would be essential in reviewing and clearing proposals.

► **Recommendation 6**

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<sup>26</sup> IDB.27/3-PBC.19/3, G.4 table.

<sup>27</sup> JIU/REP/97/5 (A/52/338).

<sup>28</sup> General Assembly resolution 59/289 of 13 April 2005.