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Review of the efficiency of the administrative and financial functioning of the United Nations

United Nations system common services at Geneva

Report of the Secretary-General*

Summary

The present report is submitted in compliance with the request of the General Assembly contained in paragraph 8 of its resolution 56/279, in which the Secretary-General was requested to report to the Assembly at its fifty-eighth session on the implementation of the resolution. Section II of the report reviews the measures which have been taken to enhance the existing common services structures further to the case studies carried out by the Joint Inspection Unit in 2000, namely the International Computing Centre, the Joint Medical Service, the Staff Development and Learning Section (the former Training and Examinations Section), the Diplomatic Pouch Service and the Joint Purchase Service.

Section III of the report describes in further detail the most salient joint initiatives which have been carried out in Geneva towards the development of an action plan for common services since the issuance of the report of the Joint Inspection Unit over three years ago. Those initiatives constitute milestones towards the launching of the plan of action for Geneva. Flexibility is key to enhancing cooperation and participating organizations tend to favour a pragmatic approach geared towards the completion of specific projects within the existing common services framework, rather than the establishment of additional structures in order to define and implement the plan of action. The three-tier mechanism (see A/56/417/Rev.1), which comprises the Management Ownership Committee, the Task Force on Common Services and the various ad hoc working groups, is being reviewed so as to enhance its efficiency further. Possible improvement measures lie in expanding the mandate of the Task Force on Common Services so as to include the tasks assigned to the Management Ownership Committee and in redefining the role of the Joint Purchase Service.

* The report is being submitted after the deadline owing to the need for consultations with several offices.

I. Introduction

1. In its resolution 56/279 of 27 March 2002, the General Assembly took note of the recommendations of the Joint Inspection Unit contained in the report of the Joint Inspection Unit on United Nations system common services at Geneva (part II) (see A/55/856) and the comments of the Secretary-General and the Administrative Committee on Coordination thereon (see A/55/856/Add.1). The Assembly encouraged the organizations concerned, in their efforts further to expand areas of cooperative arrangements, to give priority to those services that lend themselves to common delivery using the criteria of efficiency, productivity and cost-effectiveness and, where feasible, to take into account the recommendations contained in the report of the Unit, bearing in mind also the distinct mandates, roles and rules of each individual participating organization. The Geneva-based organizations of the United Nations common system were further encouraged to pursue, with a more structured approach, the improvement of existing common services and the development of new common approaches, within the framework of the Management Ownership Committee and the Task Force on Common Services and its working groups. Finally, the Assembly requested the Secretary-General to encourage the Management Ownership Committee, when determining the scope and pace of implementation of common services arrangements at Geneva, to adopt streamlined consultation procedures that would promote timely agreement on which services should be delivered in common or jointly, with a view to the possible full launching of the plan of action for Geneva common services earlier than the targeted year of 2010.

II. Further strengthening existing common services structures

2. In its report on United Nations common services at Geneva (see A/55/856), the Joint Inspection Unit reviewed the following five common services structures in place at Geneva and made a series of recommendations thereon: the International Computing Centre (ICC); the Joint Medical Service (JMS); the Training and Examinations Section (TES, now entitled the Staff Development and Learning Section (SDLS)); the Diplomatic Pouch Service (DPS); and the Joint Purchase Service (JPS). Efforts have been deployed since the publication of the report to review the activities and operations of those structures with a view to identifying areas for further improvements and rationalization.

A. International Computing Centre

3. The recommendation of the Joint Inspection Unit for a closer collaboration between the International Computing Centre and the Information Systems Coordination Committee has been partially implemented. Following the change in the structure of the Administrative Committee on Coordination and the establishment of the ICT (Information and Communication Technology)-Network, the Centre has systematically participated in the meetings of that group. The items discussed in the ICT-Network can be integrated in the agenda of the meetings of the Centre's Management Committee. The issue related to the fact that not all organizations participate in the Management Committee can easily be resolved by setting the agenda in a manner that allows non-members to participate in the

relevant part of the meeting. While a number of good ideas and initiatives are discussed and shared in the ICT-Network meetings, the follow-up and implementation remain difficult. The Centre has a track record in implementing either in pilot mode (proof of concept) or, where appropriate, in production mode, some of those initiatives.

4. The Centre concurs with the position of the Joint Inspection Unit that the Management Committee members should share the reasons why their respective organizations prefer not to use the services of the Centre and source them either internally or commercially. That should help the Centre to position its service offering and review its cost-assessment methodology, as well as help determine which services should be established, expanded or dismantled. The Centre is proposing to include a permanent item addressing that point in the agenda of its Management Committee meetings. The Centre systematically compares its services with private offerings, on both technical and financial grounds, and performs benchmark tests against industry offerings when establishing a new service. In addition, the Centre periodically hires specialized companies to perform technical reviews and benchmark tests of its services.

5. The Centre's engineers have frequent contacts with their counterparts in member organizations and actively share technical views and responsibilities in carrying out information and communication technology projects. The exchanges of staff recommended by the Joint Inspection Unit may well be envisaged insofar as the Centre remains adequately geared to face its technical support responsibilities. Such exchanges should be carefully balanced, so that the staff who join the Centre have skills in relevant technical areas and have experience in a similar service-oriented environment. The Centre proposed to include in its new mandate provisions encouraging its members to focus on their strategic management functions while strengthening the Centre as a common service. The responsibility now rests with its members. The pooling of requirements has resulted in substantial economies of scale over the past 10 years. A review of the last five bienniums shows clearly that the increase of business reflected by the budget of the Centre corresponds to a decrease in the service rates applied (see annex A). The Centre's presence in various organizations enhances knowledge-sharing and has led to more efficient information technology services through the use of common methodologies, software, tools and techniques.

B. Joint Medical Service

6. Following the recommendations of the Joint Inspection Unit, a Management Committee was established to review the activities of the Joint Medical Service (JMS) in order to streamline and propose cost-effective measures for the management of that inter-agency service. While the World Health Organization has maintained the overall administration and coordination of JMS, the post of Director was abolished and a coordination system has been put in place between all the service providers. The Management Committee has now made a number of recommendations for the improvement of JMS services. Those recommendations are currently being reviewed by the senior management of participating organizations. It is expected to reach conclusions and decisions on the recommendations before the end of 2003.

C. Training and Examinations Section

7. The Staff Development and Learning Section works in collaboration with Headquarters, bearing in mind that the only type of training for which the United Nations Office at Geneva (UNOG) has an independent budget is language training. All other training provided for Secretariat staff (e.g. information technology, management and supervision, upgrading substantive skills), while administered by UNOG, is funded centrally by the Office of Human Resources Management. As stated in document A/55/856/Add.1, the Secretariat continues to make a significant investment in training for its staff in order to support the Secretary-General's human resources management reform and build organizational core and managerial competencies. The training is geared very specifically to the requirements of the Secretariat.

8. The needs of the various United Nations entities in Geneva are often organization-specific and, as noted, the report of the Joint Inspection Unit did not attempt to analyse the training requirements in relation to varying organizational mandates. Nevertheless, when appropriate, efforts have been made to pool resources and do joint training in areas of common interest, such as procurement or human resources management.

9. Language training continues to be most effectively organized as a common service and UNOG remains the primary provider of language training for the Geneva-based United Nations organizations. In the exceptional cases where organizations have opted to organize their own language training in high demand languages such as English and French, it has been due to the calculation that, taking into account staff time lost in travel, it is more cost-effective to offer courses on the premises. With ever-changing developments in field information technology training, organizations are increasingly choosing to do standard information technology training online, thus diminishing the need for a common approach or venue.

D. Diplomatic Pouch Service

10. The Diplomatic Pouch Service is managed by the Administration of UNOG and services all the Geneva-based international organizations and agencies and field offices (as a trans-shipment platform), which are charged back according to their actual volumes of shipments. The Section in charge of the diplomatic pouch has been restructured (from Registry, Records and Mail Section to Mailing, Pouch and Inventory Section (MPIS)) and the Diplomatic Pouch Unit has become the Diplomatic Pouch and Mail Dispatch Unit (DPMDU). The Unit is in charge of the contract management and the operations for both pouch and outgoing mail (Postal mail and courier service). Customer charge-back and accounting are processed within the Section (MPIS). Handling methods have been improved by staff training and the introduction of new equipment. In the context of the implementation of the Security Concept in Geneva, the Section is going to be relocated to a new building to be built so as to externalize potential risks. The opportunity will be seized to restructure the Section further so as to streamline its operations and improve its overall efficiency additionally.

11. The Internet-based MailOps system, which was put in place as of 1 January 2000 as an accounting, charge-back, shipment-tracing and reporting system, is fully operational and exceeds the initial expectations of the users (operators and customers such as the International Telecommunication Union, the United Nations Children's Fund, the United Nations Postal Administration and services within UNOG). The system has been significantly developed since its implementation in order to cope with technical innovations, the important changes in the pouch and mail contracts and the changing needs of the users and administrators. It is constantly reviewed for further improvement in close collaboration with the users, who are regularly kept abreast of the changes in procedures. Close contacts have been established with the Pouch Service at Headquarters and should result in a better mutual knowledge of the procedures. The communication with sending and receiving offices has been improved.

E. Joint Purchase Service

12. Since 2001, the functions and structure of the Joint Purchase Service have been under study and UNOG, as the lead agency and organization in charge of the secretariat of the Service, will present at the next annual meeting (January 2004) a proposal for updating the statutes of the Service in order to reflect the objectives of the procurement reforms and better coordinate the mission and function of the Service with the Task Force on Common Services. It should be noted that the current configuration of the Joint Purchase Service includes representatives of all Geneva-based organizations, the International Labour Organization having decided to resume its participation as a full member.

13. Rather than apportioning to its members centralized procurement responsibilities by product lines, as recommended by the Joint Inspection Unit, the Service has favoured a pragmatic approach, electing the lead agency for each project on the basis of the Management Board members' expertise and the amount of their respective expenditures in the various categories of goods and services to be purchased. The method of electing the lead agency has resulted in the successful conclusion of over 12 joint projects since 2001. The Management Board of the Service continues to review the current practices to ensure that each organization has the opportunity to play a major role in the Common Services projects.

14. The Management Board reviewed the staffing and structure of the secretariat in 2002 and concluded that the current staffing level was inadequate. The revised statutes should include a staffing proposal designed to strengthen the support to the secretariat through the assignment of a dedicated procurement officer. The budget of the Service should be revised so as to cater for the related additional cost. The final reports on each project completed under the aegis of the Service include an indication of the cost savings made as a result of the joint approach, where quantifiable. The updated statutes should formalize that practice in order to ensure the usefulness of the joint exercises. In order to promote its visibility, the Service is currently looking into the possible establishment of a joint purchase service web site and will, if the option is retained, include the related design and implementation costs in a revised budget.

III. Development of a Plan of Action for Common Services at Geneva

15. In part I of its report on common services at Geneva (see A/53/787), the Joint Inspection Unit called for the implementation of a Plan of Action to be set up by 2010 and made proposals which included the establishment of an Implementation Committee and, thereafter, the establishment of three centres, pooling organizations on the basis, *inter alia*, of the scale of their operations, their mandates and governance structures.

16. Common services are best served with a more flexible approach where organizations elect to participate in a specific joint initiative if it is in their interest to do so. Recent joint initiatives tend to indicate that the proposed centres would not necessarily be the best option, since most of the projects carried out in Geneva include organizations of various sizes and mandates. Though an established, well-publicized general structure is essential to give impetus and foster initiatives, too complex and overstructured an approach may burden the activities and defeat the purpose of the exercise. A pragmatic approach should be favoured in order to ensure that goods and services are provided in the most efficient and effective manner. The most salient initiatives undertaken in the past three years are described below.

A. Provision of electricity

17. The Swiss energy market is monopolistic, with electricity being provided by a State-owned company. The Swiss authorities proposed the liberalization of the electricity market. The liberalization was conditional upon the result of a national referendum which took place in September 2002. In anticipation of the new market, UNOG negotiated with the electricity provider on behalf of all other agencies and obtained preferential rates. The proposal to liberalize the market was eventually defeated. The Office's initiative has nevertheless resulted in a substantial cost reduction of 10 per cent in 2002 and 11.35 per cent in 2003 for UNOG and the organizations that joined it in the initiative, *i.e.* the World Trade Organization and the World Intellectual Property Organization. A revised contract with new rates is under negotiation.

B. Travel services

18. The travel market has changed dramatically in the past few years. Airlines are cutting and capping the travel agents' commissions, thereby forcing the latter to redefine their role. The events of 11 September and recent airline bankruptcies have had adverse effects on airfares. At the initiative of UNOG, Geneva-based agencies have jointly negotiated flexible discounted tickets for the most common destinations with the major airlines. A joint bidding exercise for travel agent services was launched in early 2002 for the World Health Organization, the World Meteorological Organization, the International Trade Centre, the Office of the United Nations High Commissioner for Refugees and UNOG. That exercise led to the selection of one travel agent for all five participating organizations. The contracts are based on an innovative concept of a fee-handling pricing module and provide for joint

monitoring of performance, with the Division of Administration in UNOG as focal point for policy matters.

C. Mail services

19. A Working Group was set up under the aegis of the Task Force on Common Services with technical representatives from the Office of the United Nations High Commissioner for Refugees, the World Health Organization, the International Telecommunication Union, the World Meteorological Organization, the International Trade Centre and UNOG to prepare specifications for a joint request for proposals for the provision of postal mail and courier services, analyse the results thereof and make recommendations. That exercise was completed in August 2003 and resulted in the selection of one contractor for both types of services for a five-year period. The pooling of the requirements of the various organizations involved in the process has substantially limited the impact of the general price increase in the marketplace.

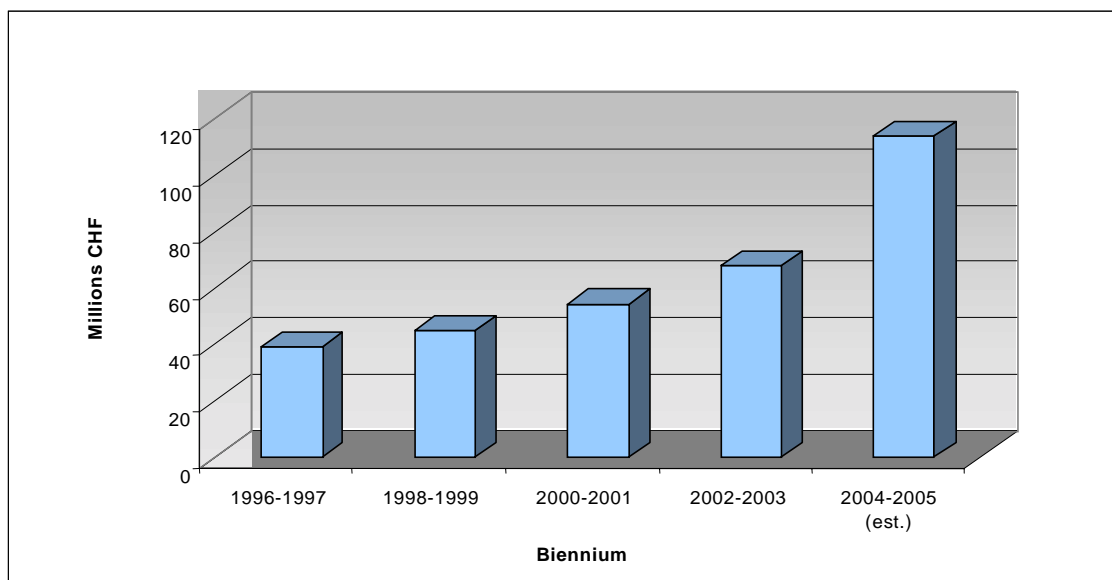
D. Banking services

20. The Task Force on Common Services set up a Working Group to review the merits of a joint approach for banking services at the beginning of 2003. Having analysed the specific needs and constraints of its members, the Working Group concluded that a joint bidding process was technically feasible and would be beneficial to all participants if it was limited to domestic banking services in Swiss francs, other aspects of banking services, such as asset management and foreign currency transactions, varying too significantly from one organization to the other. A request for proposals was sent out in September 2003 covering the requirements of the World Health Organization, the International Labour Organization, the International Telecommunication Union, the World Meteorological Organization, the Office of the United Nations High Commissioner for Refugees and UNOG and should result in the selection of a bank by the end of the year. The numerous exchanges of information among the participants have already strengthened their respective bargaining powers in their current daily negotiations with their bank.

21. Common Services meetings have been attended mostly at the level of chiefs of administration within the Task Force on Common Services. Meetings at the level of heads of agencies have been less frequent. It should be noted that, to a certain extent, the subjects addressed within that framework also fall within the remit of the United Nations System Chief Executive Board for Coordination and its High-level Committee on Management. In that context, the Joint Purchase Service in Geneva needs to be further strengthened in order to provide the procurement support required for the Task Force on Common Services to champion further initiatives. The Joint Purchase Service has a de facto monitoring role over technical working groups which should be formalized and expanded. Avenues are currently being explored in order to strengthen the Common Services mechanism in place at Geneva and increase its efficiency further. That effort may entail the expansion of the Task Force's mandate so as to include the tasks initially assigned to the Management Ownership Committee and the redefinition of the role of the Joint Purchase Service as the intermediary between the Task Force and the various ad hoc technical working groups.

Annex

A. International Computing Centre biennium budget



B. Rates of services since 1996

