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UN/CS/RAI/USAA/DB01/2003-00305

Full Item Register Number [auto]   **UN/CS/RAI/USAA/DB01/2003-00305**

ExRef: Document Series/Year/Number   **UNPO-CSTF-ver 07-dec-2000**

Record Item Title

Operational Guidelines for the implementation of Common Services, Version of 07 Dec 2000 - may be later version available

Date Created / on Item	*Date Registered*	*Date Closed/Superceeded*
12/Oct/2003	12/Oct/2003	

Primary Contact	Luis Mendez [Sr.Coordinator Common Service Task Fo
Owner Location	Common Service Task Force
Home Location	WGARM Working Group Archives & Records Management
Current Location	Common Service Task Force

Fd1: Type: IN, OUT, INTERNAL?	INTERNAL
Cross Ref or Language Orig or Dist?	
Fd3: DocTypeFormat-Weblink	

Container Record
Container Record (Title)

N1: Numb of Pages	*N2: Doc Year*	*N3: Doc Numb*
21	0	0

Full GCG Code Plan Number
Record GCG File Plan

Da1:Date Published	*Da2:Date Received*	*Date 3*	*Priority*

Record Type   A02b Item UN/CS/RAI/ Common Service eg ARM

Electronic Details   No Document

DOS File Name

Alt Bar code = RAMP-TRIM Record Number   **UN/CS/RAI/USAA/DB01/2003-00305**

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OPERATIONAL GUIDELINES FOR THE

IMPLEMENTATION OF COMMON SERVICES

Last version: December, 7th 2000

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1. __INTRODUCTION__

❖ __Background information:__

These draft operational guidelines are the result of the Workshop on Common Services, held in New York from 6 to 10 March 2000. Common Services as used in these guidelines is a generic term used to describe the implementation of common administrative functions and transactional processes between UN system organizations[1].

The UNDG survey on Common Services[2] highlighted that while Common Services have been established in a number of countries, their scope is somewhat limited. The importance of administrative management is underestimated if not neglected. Common Services, as a component of administrative management, constitutes a tremendous opportunity for the UN system to generate significant organizational benefits (financial and non-financial) for UN system Organizations.

The establishment of Common Services constitutes an important component of the Secretary-General's reform agenda. In addition, the desirability of establishing Common Services has been recognized by member states, as well as UN Agency Heads. In his programme of Reform, the Secretary-General emphasized the need to pursue harmonized or common programme and budget frameworks, services, facilities, administration and personnel practices. The call for Common Services has been reiterated in subsequent General Assembly resolutions, in which the members of the United Nations called for the United Nations system to promote the sharing of administrative systems and services. The ACC has endorsed guidelines for the Administrative Management of the Resident Coordinator system in 1998, which set the framework for establishing and managing administrative services at the country level[3].

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[1] Common Services encompass the following categories:

- Shared services, jointly financed and managed by a group of UN system organizations;
- Shared services, managed by one UN system organization and provided to other UN system organization(s);
- Out-sourced services to the private sector;
- Pooled services, i.e. individual participating agencies would contribute towards the common service in kind rather than in cash.

[2] The survey on Common Services was initiated in March 1999 by the UNDG Sub-Group on Common Premises and Services under the overall guidance of the UNDG Management Group on Services and Premises. This survey was the first significant attempt to collect system-wide information, to gather critical data on Common Services in order to determine the existing range of services between UN system organizations.

[3] Chapter IX stipulates: "The purpose of this chapter of the ACC Guidelines is to provide guidance to the Resident Coordinator and the UN country team as to how administrative services might be established, managed or streamlined at the country level. The intention is to stimulate communication and consensus building and to suggest mechanisms for accomplishing this streamlining"

❖ The Guidelines:

These draft guidelines on operations management are intended to facilitate the implementation of Common Services at the country level:

- The primary purpose of these guidelines is to offer some agreeable principles and procedural suggestions to guide the implementation of Common Services. Their dissemination to Country Teams should contribute to: (i) clarifying the concept (ii) unifying the vision vis-à-vis Common Services (iii) facilitating country-level collaboration and (iv) enabling Country Teams to undertake Common Services initiatives.

- These guidelines provide a framework with a process-centered approach to work. These guidelines build upon the aforementioned guidelines and offer more specific suggestions for implementing Common Services.

In this connection, the workshop on Common Services generated varied operational inputs ranging from very specific proposals to broad principles, which are synthesized in a clear and meaningful manner. Two types of operational guidelines were identified and structured as follows:

A. <u>Management principles:</u> They are fundamental for successful implementation of Common Services. These principles should guide the planning and implementation process.

Secure senior Management / Executive sponsorship and leadership;
Principles of good governance;
Communication and transparency;
Instill a user focus from the beginning and simultaneously manage customer/user expectations;
Train to enable change;
Implement with well-planned milestones and starting with the "easiest";
Establish an ongoing performance measurement system.

B. <u>Procedural guidelines:</u> They provide guidance on the process of implementing Common Services. They set out procedural modalities and give examples of tools to facilitate this execution.

Three main areas were clearly identified:

The Establishment of the Management Framework for Common Services

The Management and Implementation of Common Services

The Measurement of Performance and the Assessment of the established System

2. OPERATIONAL GUIDELINES

A. Management Principles

A1.   Secure senior Management / Executive sponsorship and leadership

Implementing Common Services is a challenging endeavor. To succeed this must be endorsed and supported by strong executive leadership. Active support and clear direction from Senior Management is essential to eliminate the uncertainty of the transition process and stress the added-value of Common Services. Executive sponsorship is needed both up-front to overcome inherent resistance to change and to build momentum. Recognition and support at the executive level is also critical through implementation to keep key players on board. A secondary but no less essential pre-requisite for endorsement and support at the senior management level is the need to overcome partisan issues that may occasionally arise. In this respect, it is critical to ensure that Executive Head of the respective agencies direct their representatives to fully and actively participate in this area.

A2.   Principles of good governance

Management / Leadership styles:

- Shared vision, leadership, proactive management and accountability;
- Participatory, collegial and empowering process;
- Transparency, open communication and deliberations, consensual decision-making;
- The Resident Coordinator facilitates the decision-making process and oversight;
- Transcend individual organizational and personal considerations;
- Long term/far-sighted global visionary approach which allows for country specificity.

Management systems:

- The agreed administrative and management systems require clear delegation of authority to ensure systematic and sustainable functioning (to avoid micro-management of administrative matters by the United Nations Country Team, hereafter referred to as UNCT);
- The importance of designating Agencies as task managers for specific areas of the UNCT work plan based on competence, experience and capacity, and to define clear lines of authority and accountability;
- Management systems should be predictable, transparent, equitable, flexible and accountable. It is critical to avoid constant changes to the basic arrangements agreed by participating agencies. Given the unpredictable changes of agencies requirements, Country Teams are encouraged to avoid unnecessary complications in terms of management arrangements and cost-sharing modalities;
- Governance requires competency profile and training for UNCT and Operations Management Team (hereafter referred to as OMT);

A3.   Communication and transparency

- Communication is key to the success of Common Services. Staff must be made to feel a part of the transition process with the dissemination of fair, consistent and readily available information. It is of the utmost importance that the country team adopts and maintains a consensual approach to planning and implementation based on regular communication of information. Particular emphasis should be given to process and specifically with respect to the documentation of that process. Discussions and decisions should be duly documented and shared with all stakeholders to ensure transparency, mutual confidence and consensus-building.

A4.   User focus, Customer / User expectations

- To significantly improve quality services, the established system should focus on serving the end-user. Meeting customer service expectations should be carefully considered.

- Conversely, it is crucial to convey a realistic message to users on performance expectations (Because so much time and energy has been invested in implementing Common Services, there may be a tendency to oversell the Service Manager's capabilities). Most country offices will experience a performance dip at start-up as performance gains are only realized after a period of time. Close collaboration is needed to refine processes and tackle any issues or problems that arise.

A5.   Train to enable change

- In the transition to Common Services, change is inevitable. New processes and systems are established, and organizational models are altered. Nevertheless, the key challenges in Common Services implementation revolves around people. The primary tool available to equip people with the confidence and know-how to enable change is training. Common Services involves many stakeholders. Training should extend beyond the staff involved in the change process to encompass service managers and users.

A6.   Implement with well-planned milestones and starting with the "easiest"

- Common Services require that the process be thoroughly prepared prior to any significant transition. Clearly defined and established project milestones can help to deliver small successes along the way to sustain momentum, confirm prospect and discourage detractors. Therefore, Country Teams should start with Common Services that are "more easily" applicable paving the way for broader ranging initiatives. As Common Services mature, more services may be added. It is strongly recommended that simplicity and flexibility of approach be the key consideration. Last but not least, "easiest" does not mean meaningless. Some services lend themselves more easily to Common Services economies of scale and may entail savings.

A7.   Establish an ongoing performance measurement system

- Performance measurement is critical to determine the success of Common Services. Managers can gauge the health of the established system as opposed to the initial system. The latter may provide yardstick to objectively assess the quality and success of the revised procedure and services. More importantly: Common Services must prove to other potential users and service managers that the Common Services concept actually works: Synergies may be secured, costs reduced and service levels improved. Performance measurement can serve as a powerful advocate to communicate success.

B.   Procedural guidelines

B1.   The Establishment of the Management Framework for Common Services

Successful and sustainable Common Services require the establishment of a transparent, accountable and consensual approach to its governance. Adequate inter-agency mechanisms need to be established to ensure the management and oversight of Common Services. The structure outlined below should be established at the outset.

UN COUNTRY TEAM (UNCT)

OPERATIONS MANAGEMENT TEAM

TASK FORCES
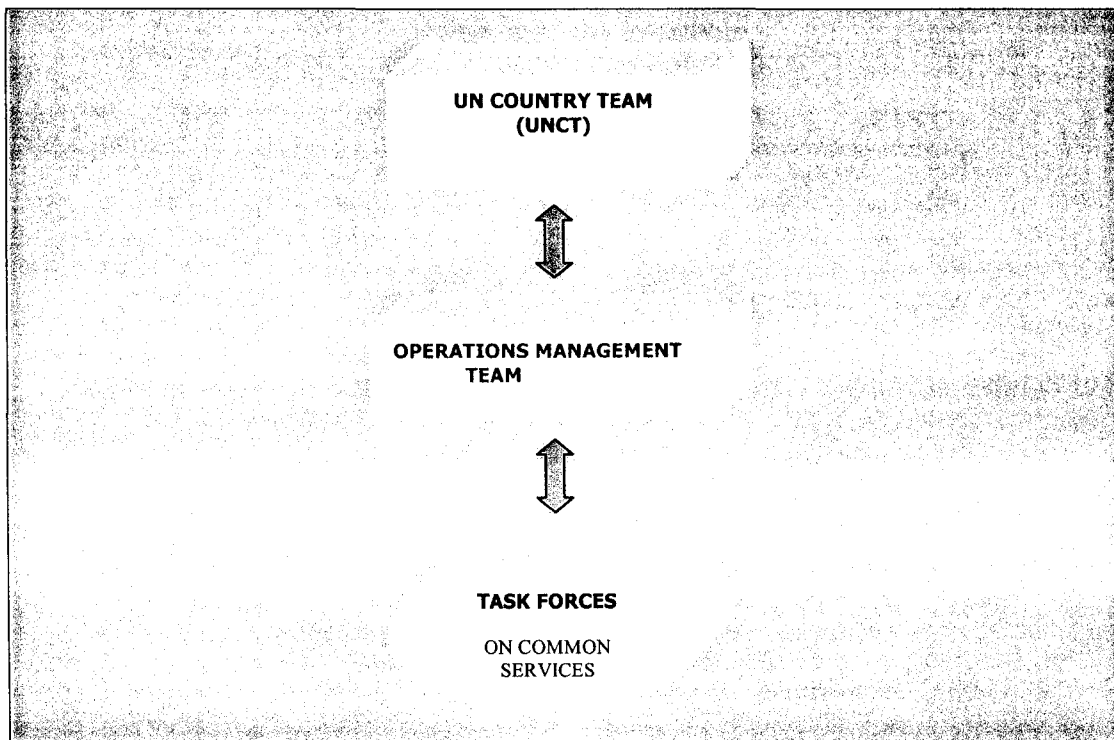
ON COMMON SERVICES

1. **UN Country Team (UNCT)**: (Head of Agencies, Funds and Programmes)

- The implementation of Common Services requires the designation of a **process-owner** responsible and accountable for the entire process, from initial inputs to final outcomes. The UNCT should be assigned as the process-owner as follows:

  Accountability of the UNCT should encompass both *process outcomes (for instance, did we achieve the delivery of travel services as planned?)* and *process performance (did the process operate within the expected parameters of time, budget and quality in producing this result?)*

  The UNCT should own the implementation process, i.e. to be involved in the original design of the process, understand the design well enough to explain it to all stakeholders and to be committed to improving it.

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- As owner of the process, the UNCT should act in accordance with the following:

> The UNCT role focuses *on enabling* process performers: As coach and mentor, the process owner shares expertise with process performers (i.e. OMT & Task Forces) for better performance. As facilitator and negotiator, the UNCT helps performers work through disagreements or unexpected obstacles, and allocates the necessary resources (Note: Sponsorship by executive management alluded to in section 2 / A.1. should also ensure the provider of initial investment which may be necessary to undertake the Common Services initiative at the country level).

> The UNCT acts as an advocate for process thinking: The UNCT as process-owner should constantly reinforce the process thinking through words and actions;

> The UNCT has responsibility for a continuous-improvement process, particularly:

>> ➢ Ideas for small improvements which are likely to occur through periodic analysis of process performance and based on performers (OMT & Task Forces) suggestions;

>> ➢ The need for more substantive changes which may surface because of a change of users requirements and/or because of unexpected external factors. Tracking such external factors is one aspect of the governance process of the UNCT, which produces strategic decisions that affect the implementation of Common Services.

2. **Operations Management Team (OMT):** *Management coordination and guidance on operational decisions* (Operations managers and other heads of operations for Agencies, Funds and Programmes - reporting to UNCT)

- Objectives and functions:

> Produces detailed proposals and options for the UNCT;
> Designs and agrees on modalities for implementation;
> Develops agreed upon performance standards for implementation;
> Coordinates implementation including resource mobilization;
> Undertakes monitoring, reporting and evaluation.

3. **Task Forces on Common Services:** *Consultation and technical work* (Membership per technical expertise and interest - Reporting to OMT)

- Objectives and functions:

> Develop and submit work schedule to OMT within their Terms of Reference;
> Task forces chaired by different UN agencies based on expertise, interest and capacity;
> Review technical and operational feasibility studies;
> Prepare technical proposals, costing;
> Prepare cost benefit analysis;
> Elaborate proposals, implementation modalities and work plans.

> **Processes and protocols between the three layers:**

The three bodies should operate on the basis of consensus decision-making;
Decision-making authority delegated from UNCT to OMT and establishment of task forces undertaken by OMT;
Reporting line and division of tasks to be clearly defined;
Collegial discussions and decisions should be duly documented and circulated through signed minutes of meetings;
Opt out modalities should be established (i.e. provisions stipulating conditions for withdrawal).

> **Criteria and standards for the selection of Common Services**

- *Prerequisites:*

Need for a clear approved work plan from OMT/UNCT in terms of country team needs and priorities;
Start with services that easily lend themselves to economies of scale and common operations;
Knowledge of procedures and constraints of other UN system organizations involved;
Agreed target dates for implementation.

- *Process:*

The selection of suitable Common Services requires an overall assessment of the following:

Thorough appraisal of the Country team operational needs and long-term priorities;
Determine how the service will be provided (Common, shared, out-sourced or pooled type) and the capabilities of the Service Manager;
A preliminary cost benefit analysis should ensure the value-added of moving towards Common Services (cost-efficiency and quality service expectations);
Secure agency's financial commitment and the availability of financial resources and/or the contribution of capital assets.

B2.   The Management and Implementation of Common Services

- The Country Teams' decision to establish Common Services is based on a comprehensive and comparative study of the present system and the planned Common Services system. Service(s) suitable for Common Services to be defined and agreed to by the UNCT.

- Therefore, the purpose of this section is to set out important generic principles of the financial management and implementation process. The specific financial arrangements and management modalities will depend upon the nature of the Common Services themselves.

1. Underlying principles:

- *Transparency* : The envisaged costs must be clearly established, broken down and shared with all stakeholders.

  Reality of cost: Service outputs must be clearly defined and translated in monetary terms for proper monitoring and expenditure reporting;

  Stakeholders: It is critical that core information be readily available to all stakeholders, i.e. service managers, services users and potential service manager/user. Regular sharing of information should contribute to highlight Common Services' interest and bring in additional participating agencies;

  Itemized expenditure: Expenditure reporting should be itemized and allows financial information to be related to planned activities, outputs and results.

- *Accountability* : A system of accountability needs to be established.

  Individual responsibilities, duties and respective reporting lines must be clearly defined;

  Internal control: Clear understanding of administrative flows and processes, including cross-check modalities;

  Oversight: Ex-ante and ex-post reviews of disbursement and regular audits per provision 4.4 in *Review mechanisms and Audit* hereunder;

  Authorities: Clear delegation of authority to enter into commitments, to process transactions and to incur expenditure.

- *Equity:* All costs should be apportioned in a fair and predictable manner.

  Fair: The agreed price must be commensurate with the service outputs and must be guided by the "user pays" principle. The price structure should allow flexibility in order to accommodate the needs and constraints of a variety of users;

  Predictable: Users need to be provided with a clear budgeting and apportionment platform in a timely manner to enable proper financial planning and commitment from all stakeholders.

2. Management criteria:

- *Efficiency:* Ability to provide cost-effective quality service.

- *Effectiveness:* Based on agreed performance benchmarks (objectives, targets and timeframe), ability to maximize service level within the agreed resource envelope.

- *Returns and economies of scale:*

  Returns: Expansion of service level resulting in value added to the system based on pooled financial and other resources;

  Economies of scale: Should lead to decreased costs for users based on larger capacity for resource mobilization. As a result, participating agencies should be able to invest in services, which otherwise quantitatively or qualitatively would not be attainable particularly for smaller agencies.

3. Financial planning process:

The financial planning process should consist of the following steps:

3.1. *Feasibility Plan*

A feasibility plan will be prepared in order to identify and secure the following parameters:

- Elements of the service
- Resources and requirements assessment:

  > Human resources: Prime resource to be assessed in terms of overall capacity, i.e. competencies, commitment and availability for Common Services support function;
  > Financial resources: Assess availability of funding and ability & willingness to invest and pay for services;
  > Physical assets: Assess whether assets are already available or should be procured;
  > Management systems: To ensure that institutional and governance arrangements for Common Services are in place and fully operational.

- Service management and user roles
- Management and implementation mechanisms
- Institutional and governance mechanisms

The feasibility plan will be reviewed by the OMT and submitted to the UNCT for concurrence.

3.2. *Quantification, budgeting and Apportionment of Cost (See* **ANNEX 1***)*

Methodologies used should, whenever possible, be uniform, predictable and transparent:

- Quantification: Clear identification of the required inputs for the provision of a service;

- Full costing of the inputs based on market prices and local conditions;

- Full analysis and computation of service cost:

  > Investment in operational assets
  > Real costs (direct and indirect staff, operating expenses)
  > Depreciation and amortization factor

- Define appropriate methodologies for cost apportionment:

  > Utilization criteria, i.e. workload factors (Time and/or quantity)
  > Number of actual users
  > Number of potential users
  > Defrayment of initial fixed-costs to initial users;
  > Protocol to defray some part of initial start-up costs to any subsequent participating users.

Result: Proposal with clear cost estimate and apportionment methodology.

3.3. *Finalization of the Proposal*

- The OMT should ensure that the methodology used for quantifying, costing and apportioning cost is correct, relevant and acceptable to all parties;

- The proposal should be submitted to UNCT for approval.

4. Implementation modalities:

4.1 *Inter-Agency Agreement*

- An inter-agency agreement specifying all arrangements, as well as stipulating rights and obligations, should be signed by participating agencies. Clarification regarding the exact meaning and purpose of the inter-agency agreement must be provided. Regardless of its terminology (Memorandum of Understanding, Letter of Understanding, Letter of Agreement etc...), the agreement simply aims at validating the negotiating process and ensuring the stability of future management as the agreement will be binding on all signatories. The inter-agency agreement's objective - as a tool - is to formalize all the background technical work and to highlight agencies' rights and obligations in a clear-cut manner.

- A sample letter of agreement is attached (See **ANNEX 2**). Since requirements significantly vary, Country Teams should modify the scope and the contents of the agreement as appropriate.

As guidance, the following provisions should however be included:

> Definition of the service manager(s) / user(s) structure;
> Selected services for Common operations;
> Governance structure and related modalities;
> Opt out / termination modalities;
> Cost calculation method;
> Apportionment method;
> Detailed budgeting and apportionment;
> Resource mobilization and financing/disbursing mechanisms including modalities of payment;
> Implementation mechanism including a work/business plan;
> Accountability standard and oversight mechanisms;
> Service benchmarks;
> Performance measurement tool/system;
> Review and audit as described below in item 4.4 *Review Mechanisms and Audit.*

4.2 *Implementation framework*

- Country Teams should design a multi-year business plan with an annual Work Plan and related budget. The annual Work Plan is the tool to be used by participating agencies for the provision of Common Services. Both work plan and budget should be prepared by the OMT and endorsed by the UNCT.

4.3 *Reporting*

- Reporting is critical to the success of Common Services management. Reporting modalities must be clearly set out, easy to implement so as to meet deadlines. Periodic reporting should cover financial aspects and service delivery. Reports should compare actual performance against pre-agreed performance benchmarks or normative standards. This information is critical as it will be used for budget liquidation purposes.

4.4 *Review mechanisms and audit*

- It is imperative that adequate review and evaluation mechanisms be instituted so that OMT can address any issue pertaining to the management of Common Services. OMT will then report to UNCT for decision making.

- The Service Manager should have the responsibility for providing accounts record as well as financial statements, which will be audited in accordance with the standards and the frequency of the service manager. Such audit will be shared with the other participating agencies.

B3. The Measurement of Performance and the Assessment of the established System

As mentioned in the above management principles, *an on-going performance measurement system is critical to the success of Common Services.* However the question remains as to how to design, implement and manage such a performance measurement system.

- Ideally, the architecture of the measurement system should address and include the following types of measures:

    1. Financial
    2. User / customer satisfaction
    3. Operational aspects (Targets dates / lead times etc...)
    4. Innovation/organizational learning and capacity-building.

- Measurement is made against performance targets which should be guided by the following characteristics:

    1. First, it is important to set performance targets early in the process of implementation. (Use of benchmarking[4] for instance). Delaying the establishment of targets to quantify the expected results is inappropriate;

    2. Performance targets can be broken down into successive levels of detail. The overall target/goal should be broken down into specific operational measures and targets along dimensions such as time, cost, quality and service levels;

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[4] Technique for comparing the performance of an organizational aspect with another identical or similar aspect in another organization. Benchmarking can be applied to processes, human performance and other organizational elements.

3. Setting performance targets is an ongoing activity. A certain amount of trial and error is to be expected before the right set of measures / targets are identified. The most important point is to decide about a measurement approach which will provide the baseline for how well the new system is working;

4. Finally, it is important to regularly revisit targets as the implementation process matures.

In view of the above, two levels need to be distinguished with respect to the architecture of the measurement system:

- UN Country Team (UNCT) level: The objective is to assess the **overall performance** of the established system at a macro level, i.e. at the country team level.

  The performance management tool should consist of key indicators allowing to track the new system and to measure the improvements made to the initial system:

  ➤ To validate in a tangible manner the added value of the newly established system;
  ➤ If indicators reveal the contrary, to address and to make adequate corrections to the system accordingly.

  At the country team level, two sets of key indicators may be used:

  ➤ *Financial indicators*: Country Teams should build-up indicators to monitor financial status (Indicators should be established against performance targets and benchmarks).

  ➤ *Non-financial indicators*: A significant of number of non-financial indicators can be designed and customized according to country specifics[5]. From the UNCT angle, capacity building is crucial: Where does the Country Team stand in its efforts to strengthen Common Services capabilities? Key indicators should be designed to appraise and to possibly measure improvements made to the governance system, robustness of the established management systems and the strengthening of human resources skills in the field of administrative management, for instance.

- Operations Management Team (OMT) level: The objective is to measure the performance of Common Services both from the point of view of the **Service Manager** and **Service delivery**. Measurement of performance is fundamentally subject to two factors:

  ➤ The nature / type of service: Indicators to measure, for example, travel services are different from indicators applied to building-maintenance, transportation or shipping/customs clearance. The matrix below illustrates this:

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[5] Such as the monitoring of time-savings, timely delivery of service, quality of service / customer satisfaction, practicality and ease of access to service, improved coordination between UN agencies in the country team.

INDICATORS	ACCURACY	TIMELINESS	COST EFFECTIVENESS AND SAVINGS	QUALITY
TRANSPORT / SHUTTLE		❖ Reduced travel time	❖ Average cost per person ❖ Total savings	❖ Number of delays
BUILDING MAINTENANCE	❖ Compliance with Terms of References	❖ Reaction time	❖ Annual competitive bidding ❖ Total savings	❖ Periodic inspection ❖ Customer satisfaction
PROCUREMENT	❖ Compliance with standards and major procurement rules	❖ Delivery of goods/services	❖ Bidding process ❖ Total savings	❖ Customer satisfaction
SECURITY	❖ Compliance with Terms of Reference	❖ Reaction time ❖ Punctuality	❖ Cost per person ❖ Total savings	❖ Customer satisfaction
TRAVEL	❖ Robustness of service provision ❖ Compliance with industry standards	❖ Performing within the agreed time frame	❖ Periodic market survey & Benchmarks ❖ Periodic bidding for basket of services	❖ Customer satisfaction

➢ The management mode used for the provision of service (i.e. Common, Shared, Out-sourced or Pooled type): An example based on two services will clarify the distinction between Service Manager and Service Delivery.

- *Travel services*: Travel services are traditionally out-sourced to a travel agency (Reservations and issuance of air tickets). On the other hand, processing of travel requests and travel claims are made by UN agencies. Therefore, the measurement of performance should address two aspects:

    Service delivery: How services provided by the out-sourced firm are rated (i.e. measuring the outsourcing performance);
    Service Manager: Despite the outsourcing of services, one agency will have to administer the processing of travel requests and claims (i.e. measuring the Service Manager's performance in administering such processing).

- *Visa services*: On the other hand, visa services are traditionally provided by one UN agency to other UN system organization(s) (Shared Services mode). As a result, the Service Manager as opposed to the above example directly provides the service to users. Performance measurement is therefore focused on both aspects (Process and outcome).

Features of the performance measurement tool:

- Given the complexity of the performance measurement process (Design of key indicators and management of the system at the Country Team level), it is important that adequate staff be assigned for the Country Team on full-time basis to manage this task;

- Design of the performance management tool/architecture is key. The system should:

  start with simple and manageable key indicators;
  enable the gradual fine-tuning of key indicators;
  limit subjectivity as much as possible;
  balance the trade-off between cost/quality, speed/flexibility;
  be clear to all involved in the process;
  support the organization's strategies.

- Importance of the management process: Modalities should be clearly established particularly:

  The responsible person in charge of the performance measurement and the assessment of the Common Services system;
  Data collection and analysis;
  Frequency of reporting;
  Assessment mechanisms to be used (questionnaires, consultations through groups & committees, suggestion boxes, surveys) and the process to be followed so as to ensure the quality of information provided;
  Findings and results reporting to Senior Management (UNCT) and staff.

ANNEX 1   QUANTIFICATION, BUDGETING AND APPORTIONMENT PROCESS

- This process requires 3 major steps as illustrated below. Please find below a sample for *Visa services* provided by a Service Manager to User(s).

1. Quantification process: The table below provides the following information:

        A description of services provided under Visa;
        Users (Agency);
        The number of services provided by Service Manager to each User and indication of Agency's share in percentage;
        The methodology for computing the number of services is mutually agreed between the Service Manager and Users; a few examples / criteria are provided in the second table. Criteria are subject to service type.

2. Budgeting Process: The purpose is to determine the actual cost inclusive of all indirect expenses (Overhead expenditure). This table should be customized both according to the service nature and other expenses such as operational assets which might be incurred as a result of this service.

3. Cost-apportionment per Agency: On the basis of 1. and 2., it is now possible to apportion and to compute the total cost per agency.

1. Quantification Process

| VISA SERVICES	Permit to stay	Renewal of UNLP	Driving Licenses	Visa	Re-entry visa	TOTAL	PERCENTAGE (%)
AGENCY							

Service Type	Criteria used:
Visa	No. of Action Requests
Personnel Management	No. of Personnel Action Requests
Travel	No. of Travel Authorizations / Purchase Orders for Air tickets
Purchasing	No. of Purchase Orders and/or Value of Purchase Orders
Finance	No. of hours earmarked for processing
Registry	No. of faxes, weight of pouches material

2. Budgeting Process

Salary of 2 Visa Clerks	$2,450.00
Office Space occupied by the 2 Visa Clerks / Rent	$320.00
Stationery supplies	$250.00
Repair / Maintenance	$500.00
➤	$0.00

3. Cost-Apportionment per Agency – Consolidated Statement

				Agency Apportioned Cost (Yearly)
VISA			24%	
			29%	
			16%	
			20%	
			13%	
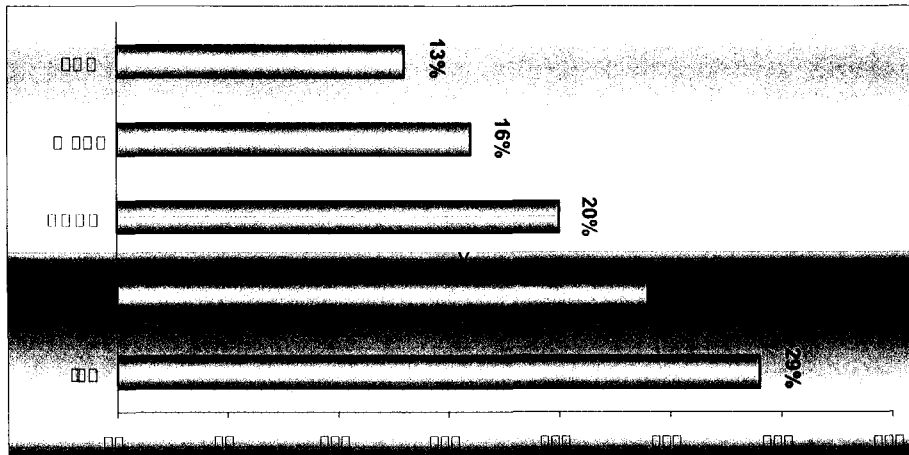
ANNEX 2   SAMPLE OF LETTER AGREEMENT BETWEEN SERVICE MANAGER(S) AND USER(S)

LETTER OF AGREEMENT BETWEEN SERVICE MANAGER
AND SERVICE USER

1.   PURPOSE

To establish the terms and conditions of an agreement between the Service Manager and the Service User for the provision of services listed in Annex ----.

Common Services Operations (CSO) are a joint UN agency initiative intended to achieve economies of scale by improving cost-effectiveness in those services which are for the mutual benefit of two or more UN Agencies. The quality of the services provided to each beneficiary should be maintained and where possible enhanced. These considerations should govern all aspects of planning and managing the implementation of CSO.

In many situations, it should be possible to achieve these economies of scale by combining job responsibilities performed by separate staff in different UN Agencies in the country.

CSO must be a collaborative exercise between the UN Agencies. It is a pre-requisite that the agencies participate in the management of the CSO. Implementation should ensure that CSO are transparent, are fully accountable and have the appropriate internal controls.

II   SCOPE

A.   The services shall be available to all Service Users that sign a letter of agreement between themselves.

B.   This document shall be the basis for all funding commitments and transactions incidental to the services provided. Subsequent arrangements and commitments may be added as a result of periodic review provided for in Paragraph IV. Such additional arrangements and/or commitments will be documented, sequentially numbered, and signed by parties to this agreement and attached to this document as an integral part.

III   EFFECTIVE DATE AND PERIOD OF AGREEMENT

This agreement is effective upon the date of signing by the participating parties and shall remain in effect indefinitely, subject to the availability of the services and funding / resources, or until the result of any periodic review (see paragraph IV) recommends termination.

IV   PERIODIC REVIEW

This agreement is subject to review at any time upon written request of any party, but shall be reviewed on an annual basis in order to:

- Determine the need for continuation, modification or termination of the agreement;

- Review performance and performance standards (see Annex ----) to evaluate the quality and timeliness of the services and to make any needed changes in performance standards;

- Make adjustments in any of the areas covered in the terms of this agreement, which includes the means of reimbursement;

- Verify present costs and provide projected costs at the beginning of the fourth quarter for the next fiscal year.

V.   **OBLIGATIONS**

A.   The Service Manager agrees that sufficient staffing, property, equipment and logistical resources are available to provide the Service Users with the specified services.

B.   The Service Users agree that funds equal to the projected costs for services will be paid in advance on a quarterly basis.

C.   The Service Manager will provide Service Users with the same quality and range of services that are provided to itself using established procedures. However, the Service Manager must be able to provide the specified services in accordance with the rules and regulations of the participating agencies.

D.   Agencies may be required to contribute to the procurement of capital assets required to establish common services. Such contribution will be apportioned to each agency as mutually agreed. Agencies that decide subsequently to participate may be requested to make a capital contribution as mutually agreed by participating agencies. Such contributions will be distributed to the other participating agencies in proportion to their original contribution.

VI   **CHANGES OR TERMINATION**

A.   Changes to this agreement resulting from reviews called by either party or at scheduled intervals will be documented as described in paragraph II.B. Additional resources, required for either party as a result of change, should be obtainable within XXXX days agreed to in the amendment. The approval authorities for the Service Manager and the Service Users concerning these changes shall be the following:

(Name, Title and Address of the Service Manager)
(Name, Title and Address of the Service User/s)

B.   This agreement may be terminated, in whole or in part, as follows :

1. By the Service Manager with adequate advance notification for the Service Users to arrange for another agency to provide the service, usually one year.

2. By the Service User/s with six months advance notice to the Service Manager. If six month's notice is not provided, a penalty (to be specified) will be charged.

3. Should either party terminate this agreement, the Service Manager will assist the Service Users in the orderly transfer of services.

VII   **ACCOUNTABILITY**

A.   The individuals responsible for the administration and coordination of the terms of this agreement within and for their respective organization, shall be those identified in Paragraph VI.A. Copies of this document, pertinent correspondence, and changes or other transactions pertaining to this agreement shall be furnished to each of those individuals.

B.   Responsible individuals identified in Paragraph VI.A. may redelegate the functions of administration and coordination of this agreement. Those functions redelegated to the Service Manager officer shall become part of his/her performance evaluation by the Service Users. Performance should be measured against the standards listed in Annex ---- of this agreement. Approval of modifications to this agreement is delegated to the principals named in Paragraph VI.A. The overall performance of the responsible officer for any given person will be evaluated collectively by the Service Users.

VIII   **ALLOCATION OF COST AGREEMENTS**

Costs shall be calculated, established, and apportioned per the cost-sharing methodology / Allocation formula as described in Annex ----

IX   **MANAGEMENT STRUCTURE**

The Operations Management Team (OMT) under the supervision and guidance of the United Nations Country Team (UNCT) will be responsible for the management of CSO. Each participating agency will nominate one representative to the OMT. The OMT will prepare an annual workplan and budget for common services for approval by the UNCT. The work plan and budget will include both operating expenses and capital improvements. The OMT will review progress made in implementing the annual workplan and expenditures as shown in financial statements on a periodic basis as determined by the OMT.

X   **DISPOSITION OF ASSETS**

Proceeds from the sale of equipment will be apportioned to agencies in proportion to their contribution for the procurement of the same equipment. Agencies that withdraw from services, even with appropriate notice, will not be reimbursed for their contribution to the purchase of equipment until that equipment is disposed of by CSO.

XI   **VERIFICATION OF RECORDS**

The Service Manager will provide any information and documentation requested by participating agencies. The Service Manager should have the responsibility for providing accounts record as well as financial statements, which will be audited in accordance with the standards and the frequency of the service manager. Such audit will be shared with the other participating agencies.

XII   **DISPUTES**

Disputes that cannot be resolved by the OMT will be referred to the UNCT. If the UNCT is not able to resolve such disputes, then the issues will be presented to the UNDG for guidance and/or recommendation.

Participating Agency   Responsible Officer

— END —

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