



Delivering Effective Services Efficiently:

Summary version of a Service Delivery Model supported
by the Global Management System (GSM)

This document provides a summary of *Delivering Effective Services Efficiently: A Service Delivery Model supported by the Global Management System (GSM)*.

© World Health Organization
Geneva, 7 June 2007

All rights reserved.

All reasonable precautions have been taken by the World Health Organization to verify the information contained in this publication. However, the published material is being distributed without warranty of any kind, either expressed or implied. The responsibility for the interpretation and use of the material lies with the reader. In no event shall the World Health Organization be liable for damages arising from its use.

gsmteam@who.int

Executive Summary

Improving WHO's ability to deliver health outcomes requires us to take a critical look at how we deliver administrative services: who delivers what, from where, and how. In addition we need to ensure that we are making the best use of modern technology.

The introduction of the Global Management System will facilitate this and we need to take full advantage of this investment.

Common managerial and administrative policies, procedures and processes across the Organization will in future be supported by the Global Management System (GSM): Guiding Principles have been agreed; future business processes have been agreed for global use; and GSM has been designed to support these.

This paper sets out the efficiencies that GSM will bring as a result of these common, streamlined policies, procedures and systems. It then describes a further, significant, re-organization of certain administrative services which would involve the creation of a single, global service centre.

A reorganization of the existing work in each of the following categories will be required:

Programme management and administration, carried out in country offices and technical units

Advisory and specialist support, carried out in regional offices and HQ by the general management staff

Administrative processing, today carried out in HQ and each Regional Office

Global policy and support services, carried out in HQ.

In future, the skills and competencies of existing staff will be used in different ways, and in new roles. HQ and regional office administrative staff will focus more on giving advisory and analytical support to technical programmes. Clerical work will be significantly reduced through automation. The processing of administrative transactions will be streamlined and carried out by staff dedicated to this work. As a result, the Organization will require fewer people to do the same amount of work and administrative processing will be less costly.

The introduction of common policies, procedures and systems will reduce the time spent on routine processing, allow more "value added" advisory work, improve management information and, it is hoped, management decision making.

A further opportunity exists for gaining efficiencies, and saving administrative costs.

Given the introduction of an integrated, global system, using standard procedures and systems, WHO has the opportunity to consolidate in one place those administrative services that do not need to be located close to programmes. Consolidation in a "low cost", developing country, duty location could produce recurring annual savings of roughly \$5 million per year, largely driven by the shift of certain headquarters staff functions to the developing country duty station.

The extent to which savings occur as a result of these opportunities depends on the speed with which concerned staff, notably in headquarters, can be either re-assigned to other functions, retire, or leave the Organization.

The financial impact of GSM of three possible scenarios are presented here:

1. If GSM is implemented without any of the staff changes referred to above, there will be a ***net increase*** in administrative costs, estimated at \$5 million per year, arising primarily from the increased IT cost involved in supporting the running of a sophisticated, global, integrated management and administration system with all offices connected to the GPN.
2. If GSM is implemented and efficiency savings are made as a result of the streamlined policies and procedures, but without the consolidation of certain processing in a single, global centre, then the long term estimated ***net increase*** in administrative cost is \$1.7 million per year.
3. The third, and recommended, scenario is to implement, progressively, the full efficiencies and service consolidation opportunities presented by GSM, with an eventual ***cost saving*** of \$5.2 million per year.

Given the pressures of adequately financing management and administrative costs, and given the constant pressure from Member States to demonstrate real efficiency savings, the third option has been chosen.

Making the planned changes will mean moving and training some staff, redistributing work and eventually perhaps separating some staff from the Organization. Every effort will be made to redeploy fixed-term staff who wish to continue to serve WHO.

In order to manage this transition a systematic approach is required. The transition will be supported by sustained change measures: HR support to the managers and staff concerned; measures to support staff in transition; training of all affected staff, communications to all involved, and finally, co-ordinated staff planning, to maximize opportunities for re-deployment, either to other offices, or as vacancies arise in other functions, through retirement and attrition.

Not least, it will require a sustained effort over the next 24 months on the part of General Management in HQ and the regional offices that will only be achievable if a re-prioritization occurs.

If this can be done, a sustainable future for the coming decade will be created, enabling the Organization to manage and administer an increasing budget and ever more demanding goals.

The discussions about the Service Delivery Model began in mid-2006, and many people in the Organization, particularly but not exclusively in General Management, were involved in these discussions.

At the Executive Officers' Retreat, 22 March, 2007, it was concluded that that:

- The service delivery model should be adopted;
- It should be implemented concurrently with the deployment of GSM in January 2008 or as soon as possible thereafter;
- Consultations should begin as soon as possible with the authorities of the short-listed countries that could potentially host a global service centre with a view to locating it in the best value country.

I. Managerial reforms: more efficient delivery of effective services

1. Improving WHO's ability to deliver health outcomes requires us to take a critical look at the ways in which we work: the division of tasks, how they are carried out, and where the work is done. We also need to assess whether we are making the best use of technology and modern business practices in order to continuously improve the managerial and administrative services that support the technical work. And, not least, WHO must strive to find the most efficient cost effective ways to deliver administrative services, so that resources can be channelled to the results which matter most : better health in countries.
2. This paper describes changes to the way we are organized to deliver management and administrative functions.
3. Common managerial and administrative policies, procedures and processes across the Organization will be supported by the Global Management System (GSM). A number of key steps and agreements across the Organization have been reached:
 - Guiding Principles have been agreed.
 - Future business processes have been agreed for global use.
 - GSM is being designed to support these.
4. GSM will be shared by offices worldwide over the internet. Staff responsibilities will determine their access to information and the actions they can take using the system. Electronic workflows will route transactions in compliance with the table of authority that is based on the WHO accountability framework. This allows the Organization to reconsider where various services are performed since there will be as much insight into the transactions, wherever in the world they occur, as when they happen in the office next door. In other words, administrative transaction processing can remain under local control but be carried out remotely.
5. Today, Headquarters and each regional office perform the full range of administrative services such as payroll, personnel administration, accounting, and procurement. A recent worldwide analysis of the roles and responsibilities of administrative staff revealed that much of their time is taken up with routine transaction processing, e.g. renewing staff contracts or ordering goods from suppliers, which the Global Management system will make less time consuming but cannot remove, leaving too little time to be provide advice and specialist support to technical programmes.
6. The segregation and consolidation of routine processing of administrative transactions into a global service centre would have several advantages: an economy of scale could be achieved, since the total number of staff required would be less than are currently engaged in such work, while the quality of service delivery would be managed to an agreed level, equal to or better than the best WHO has today. By locating the service centre where salary levels are below those of Geneva, where a large portion of transaction processing occurs today, there could be significant savings in salary costs.

II. Service Delivery Model - Management and administration functions by category of service

7. Based on the standard procedures, management and administration functions have been grouped into four categories of service: technical programme management and administration; advisory and specialist support; global administrative processing; and global policy and corporate services.

Table 1 below sets out the location and detailed service types / functions included in each category:

Location	Service Categories and Functions
Country Office and Technical Unit	Programme management and administration: <ul style="list-style-type: none"> • Programme management including: strategic planning, programme budget development, operational planning, budget allocations, workplan funding, implementation monitoring, human resources and staff management, award management; and • Programme administration including: goods and services purchase requisition and receipt; human resource and staff action initiation; meeting management, travel requests and claims; workplan creation and revision requests, and budget allocation and revision requests.
Regional Office and HQ - Management & Administration	Advisory and specialist support: <ul style="list-style-type: none"> • Award administration including: donor liaison, award distribution, monitoring and reporting, and closure of agreements; • Financial management including: monthly reporting, consolidation, checking of balances, reconciliation, imprest accounting, journal entry, inter office accounting, cost allocation, monitoring of budget and expenditure, overall accounting management, recording of receipts, sending payment instructions to banks, bank signatory panels, payment clearance. • Human resources management including: HR planning advice and support, guidance and monitoring, classification, staff learning and development, recruitment, health medical services and staff and contract oversight. • GSM application analysis • Programme management and resource co-ordination including oversight of: strategic planning, programme budget development, operational planning, budget allocations, workplan funding and implementation monitoring. • Procurement management including: procurement planning and forecasting, supplier negotiation and management, sourcing and procurement, long-term supplier agreement management, goods and services catalogue management, fixed asset and inventory management. • Travel and meeting management including: meeting support, travel planning oversight and travel administration.
Global Service Centre	Global administrative processing: <ul style="list-style-type: none"> • Global payments processing including: invoice matching and clearance, supplier payments, staff claims payment. • Global payroll processing (fixed-term and temporary) including: entitlement calculation and administration, payroll processing and payroll payments. • Global human resources processing including: contract administration, staff action administration, absences administrations, organization and position hierarchy administration, HR setup data

Location	Service Categories and Functions
	<p>administration.</p> <ul style="list-style-type: none"> • Global procurement processing including: goods and services order processing, shipping and logistics administration and tracking. • Global application support including: GSM database administration and GSM application maintenance. • Global service desk support including: first and second level GSM functional and technical support and tracking, and GSM system administration.
HQ - Global Policy and Corporate Services	<p>Global policy and corporate services:</p> <ul style="list-style-type: none"> • Global financial policy and management including global treasury management, donor agreement recording and accounts receivable administration. • Global IT policy and management including GSM support contract management. • Global planning and resource co-ordination policy and management including global award administration, global allocations administration, global strategic planning, programme budget and operational planning co-ordination. • Global human resources policy and management • Global procurement policy and management • Global pension and staff health insurance administration

Analysis of services delivered

8. Based on the split of functions outlined above, an analysis was conducted to validate the feasibility of the proposals and to quantify the associated benefits and costs. The analytical approach was as follows:

Baseline mapping

- Collect existing staff resources
- Map existing staff resources to future functions, as determined by the agreed future business processes and the way that GSM will support them, based on each person's existing job profile. (Annex 1 provides further detail.)

Efficiency gains and cost savings

- Estimate efficiency gains due to GSM and future process model implementation
- Estimate efficiency gains due to consolidating administrative processing in a global Service Centre
- Estimate cost savings due to administrative processing being moved to a global Service Centre in a low cost location

Investment and recurring cost estimation

- Estimate investment costs of setting up the global Service Centre, restructuring organization and training staff
- Estimate incremental recurring costs from implementing GSM and global Service Centre

Timing and rollout assumptions

- Model timing and rollout of investment and recurring costs and realization cost savings

Cost / benefit analysis

- Create cost / benefit investment models based various scenarios of service delivery implementation

Global Management System - efficiencies it will bring

9. Introducing GSM will bring efficiency gains by eliminating much clerical work. For example, GSM will automatically check if funds are available when a purchase requisition is created, today this is done manually. In GSM, Human Resource actions will be initiated from the HR action plan that will be an integral part of operational planning, and the various forms to take the planned action will no longer need to be filled out and sent manually for approval. The manual re-entry of HR data into the payroll system in order to pay newly recruited staff will disappear: the data will be entered during the recruitment process and remain on file to be used for the duration of the staff member's career. When the staff member moves house, he or she will correct his or her home address on-line rather than sending a written communication to the HR department where someone manually enters the data. The gains that result from such efficiencies will be realized gradually, as GSM is introduced between the first quarter 2008 and mid 2009.

Service Delivery Model - efficiencies it will bring

10. The Service Delivery Model clearly delineates the types of service and the service providers with a view to improving service at all levels of the Organization. The efficiencies that GSM will bring to administrative processing will increase if the services are provided from a single, global centre.
11. The introduction of a global management system will allow users more insight into the status of their transactions when they are being processed electronically half way around the world, than when they are being handled manually in the office next door. Today, for country offices, processing usually takes place in regional offices, and even some regional office transactions are processed in HQ, so the notion of remote transaction processing is not new, but with GSM the time lags involved are removed. The change to the way that we deliver administrative services today is to consolidate administrative processing in a global Service Centre. GSM is a pre-requisite for this.
12. Activities that are today fragmented and staffed by a small number of people, sometimes only one, in each office, leave the office vulnerable during holiday times or in case of illness and can limit the opportunities for the staff concerned. Bringing the services together in a single location, enables a smaller number of people to accomplish the work and can bring a greater degree of specialist knowledge to the management of the services.
13. A global service centre would provide equitable access and service provision for all offices: country, regional and headquarters. The administrative processing duties would be clearly separated from policy formation, and the likely result would be a more consistent approach to policy implementation.
14. A higher degree of service would be provided. The staff would be trained in the new processes and the use of GSM. The service delivery would be managed to an agreed level, as per best practice, so, for example, a hiring manager could be certain that within a given number of days, a vacancy notice would be posted. Coverage would be improved, so that all offices would have access to the centre during more core office hours.
15. Another benefit of segregating administrative duties into the four categories proposed, would be to relieve the advisory and specialist support staff of routine administrative processing by transferring this to the service centre. This would enable the advisory and support staff to concentrate on providing a higher level of service to technical programmes. From the point

of view of the staff, the future advisory and special support positions are likely to demand higher skills that will be used to analyse operations and advise on the most effective and efficient ways to manage and administer programme planning and implementation. This could eventually lead to higher grading of positions.

16. Concentrating administrative processing in a single location would reduce the complexity of implementing the Global Management System (GSM). The back-office administrative processing in Oracle uses a technology which generates heavy traffic over the communications network and there has always been a risk that this would result in slow response rates for users in offices connected to the network via telecommunication satellites. If the global service centre were located somewhere that had good terrestrial communication links, this risk could be eliminated. The training needs of staff using the Global Management System in other locations would be reduced in complexity and duration, while in no way diminishing their ability to retain full control over the work for which they are responsible.

Service Centre Design and Location

17. The principles, requirements and criteria for deciding the design and location of the global Service Centre, were agreed at the Meeting of Directors - Administration and Finance and GMG, Washington DC, 25-27 October, 2006. Subsequent meetings with DPMs, DAFS and GMG directors have led to refinement of the initial criteria.
18. The following functions would be carried out in the centre.
 - **Global payments processing** including: invoice matching and clearance, supplier payments, staff claims payment.
 - **Global payroll processing** (fixed-term and temporary) including: entitlement calculation and administration, payroll processing and payroll payments.
 - **Global human resources processing** including: contract administration, staff action administration, absences administrations, organization and position hierarchy administration, HR setup data administration.
 - **Global procurement processing** including: goods and services order processing, shipping and logistics administration and tracking.
 - **Global application support** including: GSM database administration and GSM application maintenance.
 - **Global service desk support** including: first and second level GSM functional and technical support and tracking, and GSM system administration.

Guiding Principles

19. Agreement has been reached that the design and location of the Service Centre is based on the following principles:
 - Combined ownership between regions, countries and headquarters for the global Service Centre;
 - Operational independence and accountability
 - Management of centre to clearly defined service level agreements;
 - Full transparency in costs, resources and performance of the global service centre; and
 - Objective business cost benefit analysis to drive location decision in order to meet requirements at lowest cost.
 - Clear service levels will be established to manage the quality and timeliness of service provision between the Service Centre and the units and offices requesting services.

Requirements

The high-level requirements set out below have been agreed and used to create a framework for designing and determining the location of the Service Centre.

- Accountability - the centre would be accountable to all offices served;
- Reporting - the centre would be operationally independent;
- Business continuity: appropriate business continuity risks mitigated and appropriate business continuity measures in place;
- Lowest cost - while meeting the high level requirement
- Availability: opening hours that overlap with those of all offices served;
- Languages: provision of French and English support
- Skills and competencies to provide service orientation, business process specialization, high computer literacy and flexibility;
- Communications: served well by telecommunications and travel connections.

Service Centre location

20. The first level of decision for the location of a Service Centre is whether to outsource (i.e. contract a third party to provide services directly) or off-shore (i.e. employ staff in a remote location to provide services) the provision of services.
21. Following discussions with GMG Directors and DAF's, it has been decided to only use the outsourcing option for services that are well defined and standard. Currently it is agreed that only the GSM application maintenance and support should be considered for outsourcing and responses to RFPs are currently being evaluated. For the time being, all other administrative processing services are to be provided by staff employed directly by the organization.
22. Based on the off-shoring model, three options of locating the Service Centre have been proposed:
 - Co-locating in an existing WHO Office; (practically this would mean a WHO regional office given that a centre would be considerably larger than the largest WHO country office);
 - Co-locating in another UN family facility; or
 - Establishing a new location in a country where there is an existing host agreement and either: a) a proven track record of providing facilities for business process outsourcing; or b) the country is currently investing in developing such a capacity.

The table 8 below provides a summary of the pros and cons of each model:

Configuration	Pros	Cons
1. Co-locating in an existing WHO Regional Office	Leverage support, e.g. infrastructure services. Minor if any modification to the existing host agreement. Knowledge of local conditions and markets. Locating within the same city, rather than the same office, could bring the same advantages.	No capacity for over 200 new staff. Risk of blurred division of responsibility and accountability between centre and regional office. Risk of sapping time and energy of regional office in setting up the centre and on an ongoing basis.
2. Co-locating in another UN family facility	Leverage support services, knowledge of local conditions and markets, and possible leverage of existing host agreements. Two possibilities have emerged and might be explored: sharing with the existing WB facility in Chennai, India or sharing facilities that WFP and FAO are setting up in Delhi.	May not correspond to WHO strategy. Only the very largest facilities could accommodate 200 staff. Terms and conditions, costs would have to be negotiated. Host agreement may need to be created or adjusted.
3. Establishing a new location	Establish centre in optimal location. Base of similar business process outsourced operations facilitates business continuity arrangements, recruitment, and service contracting.	Less knowledge of local conditions and markets, greater setup risk, need to provide full support services from the service centre (or contract).

23. Essential criteria, which any location must meet to be considered, were agreed by DAFs in October 2006. The criteria are:

Applicable to co-locating in an existing WHO office:

- The location is an existing WHO host country and the existing host country agreement with WHO provides comprehensive and acceptable privileges and immunities

Applicable to co-locating in a UN facility:

- The location a UN hub? Host agreement of similar standing offered to other UN agency hubs and likely to be applicable to WHO

Generally applicable:

- Host country:
 - has record of satisfactory application of host country agreements
 - is willing to commit to its formal obligations
 - has a record of acceptable / excellent service levels to WHO or if WHO not present, then to other UN agencies
- UN Security level is low and stable.
- Proven language capabilities to support global needs
- High speed access to voice and data telecommunication hubs
- Centre can provide adequate service coverage for WHO offices during their normal working hours

24. The interpretation of what constitutes a low and stable UN security level has been discussed and it is acknowledged that the security situation in any part of the world can change from

one day to another. All factors being equal, a location that meets the requirements and does not have a declared security phase is preferred. Establishing a service centre in a location in a security phase could expose the Organization to criticism in the event that the security situation were to deteriorate. This is a risk that ought to be avoided.

25. The requirements set out earlier serve both to guide the design of a service centre and, in certain cases can be used to rate potential locations. The requirements used to rate are primarily related to cost and the availability of suitable staff.

Table 9: DAFs agreed that the following weighted criteria would be used to evaluate and rank the potential locations:

Incremental Costs Category	Weighting
Financial structure <ul style="list-style-type: none"> • Compensation costs/salary levels • Infrastructure costs • Costs of corruption 	40%
People skills and availability <ul style="list-style-type: none"> • Experience and functional skills • Labour force availability • Education • Languages • Provision of important quality of life services 	40%
Environment <ul style="list-style-type: none"> • Country environment including political stability • Country infrastructure/ connectivity • Accessibility/flight availabilities 	20%

It was agreed that the data for the assessment of the above criteria should be provided by independent sources.

Relevance of criteria

26. In the first instance a range of data sources used by AT Kearney¹ in their outsourcing studies was used to provide the information on the selected criteria.
27. After the initial application of the criteria, some questions were raised about the relevance of certain criteria. For example, the "cost of corruption" was seen as irrelevant because the centre would be operated by WHO staff under WHO supervision. It was asked if the level of education in a country was relevant to WHO's ability to hire and retain local staff. It was suggested that salary level was a static measure and the rate of salary increases needed to be taken into account.
28. Following discussions with GMG, DPMs and DAFs in January 2007, alternative sources of independent data have been applied to certain criteria: cost of corruption; salary levels; and the UN hardship index and salary inflation have been taken into account. These have been factored into the second iteration of the analysis. Details can be found in Annex 2.

¹ AT Kearney is a consulting firm that has had a specialist practice in outsourcing for many years. They publish annual reports that rank locations for outsourcing different types of operations, including business processing, and advise countries interested in attracting such business.

Locations considered

29. In considering the possibility of establishing a service centre, a number of potential countries and cities that had a base of business process outsourcing operations were considered. Business process operations are more complex than call centre operations, and while many countries have the latter, relatively few have developed business processing operations. Business process operations call for staff with a higher education, require a greater investment in training and more sophisticated management. Countries such as the USA, Canada and Ireland have a large outsourced business processing sector (with revenues of billions of dollars per year) but their higher salary costs led us to exclude them. Other countries that have some experience with call centres are now keen to attract business process outsourced operations, e.g. China, Egypt, Vietnam, but there are more risks associated with being a pioneer. Given that WHO has no experience in this field, it would be prudent to go to a location with a mature business processing sector.
30. A number of other UN agencies have moved or are moving their business processing off-shore (e.g. UNDP, WB, FAO, IMO, WFP). UNDP chose Copenhagen for their global payroll centre but Asia is generally preferred for cost reasons.
31. Many countries would be prepared to subsidize the creation of WHO's Service Centre. The highest value subsidies are likely to be found in Europe (Bonn, Copenhagen, Rome) which could lower the initial investment costs. However, the salary levels in such places are high and this impacts the ongoing operational costs.
32. Locations considered viable on the basis of their provision of business process outsourcing services were retained for further consideration.

Preferred locations and recommendation

33. Summary finding of applying criteria. See Annex 2 for further details.

LOCATION	OVERALL SCORE	OVERALL RANK
Egypt (Cairo)	4.24	5
Philippines (Manila)	4.68	4
India (New Delhi/Chennai)	6.74	1
Denmark (Copenhagen)	5.33	2
Slovakia (Bratislava)	3.95	8
Thailand (Bangkok)	4.08	6
Tunisia (Tunis)	3.99	7
Malaysia (Kuala Lumpur)	4.72	3
South Africa (Johannesburg)	3.10	10
Senegal (Dakar)	2.80	12
Chile (Santiago)	3.72	9
Panama (Panama City)	2.94	11

Out of 10

34. The outcome ranks India (Chennai) as the preferred location. Although it is followed by Copenhagen, the high salary costs would pose a burden on the ongoing operational costs. In the GMG/DPM/DAF meeting on 24 January 2007, it was agreed that Copenhagen was unaffordable. Given the high wage inflation in India the second and third choices: Malaysia and Philippines both of which have low wage inflation, are equally strong candidates. The results reflect the relative strength of these countries in the world market for business process outsourcing services, valued at over \$20 Bn annually.

35. It is therefore recommended that WHO consults with the authorities of the three countries (India, Malaysia and the Philippines) with a view to obtaining the best conditions for establishing a service centre. This would provide a measure of competition and a basis for comparison, in the knowledge that the outcome would be satisfactory. A final decision on the location could then be taken.
36. The object of the consultations would be to:
- Modify the host agreement, as required, to obtain the best possible protection, privileges and immunities for WHO;
 - To secure suitable premises, adequately equipped, at minimal cost to WHO over the next fifteen years;
 - To gain the support of the local authorities in facilitating the establishment of the Service Centre with the timelines set to its ongoing operation.
37. The Director-General has convened an independent review panel (members do not include representatives from the two short-listed regions or from General Management) which includes executives from the regions, headquarters and another UN agency, which is tasked with assessing the proposals that the short-listed countries have put forward. External consultants have been engaged to normalize the proposals so that the panel can compare them. The review panel will meet in June and make a recommendation to the Director General.

III. Managing the staff impact of the transition

38. A series of measures are planned to manage the impact of the implementation of the changes that will come with the introduction of GSM. The same measures are applicable to the introduction of a global service centre. The difference lies in the numbers of people involved. In both cases it requires co-ordinated organizational change that involves HR professionals, the managers and staff affected by the changes, and the GMG and GSM teams responsible for training. In order to manage such a transition, a plan has been developed.

GSM

39. With the introduction of GSM the daily work of administrative staff across headquarters and the regional offices will change. This includes the work of almost all administrative staff across the Organization. New procedures will go into effect and GSM will support them.
40. The streamlining of work and the elimination of some administrative tasks will require a re-organization of the remaining work and revision of job profiles and competencies. This is not only required to bring about greater efficiency but is essential to the well being of the staff concerned. If someone's main task will become redundant in the foreseeable future, plans will be made to re-deploy the staff member.
41. GSM will also change the way staff with managerial and administrative responsibilities in technical units work.
42. The future roles and responsibilities of each staff member are being defined in GSM. Staff will be trained to perform their roles using the new procedures supported by GSM. This requires looking at the profiles of all staff involved.

Service Centre

43. The full implementation of the service centre will take about 12 to 15 months with some activities being performed in each region with the implementation of GSM. Some activities have already begun in connection with GSM:
- Work has begun to define future administrative job profiles and competencies.
 - Resources have been retained to create generic job descriptions for future profiles. Having these job descriptions available soon means that they can be used to ensure that any vacancies can be critically examined and, if filled, will result in staff that fit the future needs.
 - The contractual arrangements of the staff potentially affected are being examined to determine the extent to which retirement and expiration of short term contracts could minimize separations of fixed term staff. To date the figures suggest that more than a third of the reductions could be achieved in this way.

Career transition measures have been reviewed by GMG/HRD and the Staff Association and are being finalized.

44. The cost of implementing this plan has been foreseen. Nonetheless, it will require a concerted and determined effort on the part of HQ and Regional Offices to implement it in 2007, in parallel with GSM. Some re-prioritization and, in HQ some restructuring needs to occur to make enough people available.
45. In order to adequately prepare the organization for both GSM and the service delivery changes, staff will need to be trained not only on GSM but also on the new roles and competencies they will be assuming. Training has been identified in three categories:
- Administrative processing training for Service Centre staff;
 - Advisory and specialist services training for management and administration staff in Headquarters and Regional Offices; and
 - Technical programme management and administration training for staff in the Country Offices and Technical Units.
46. A detailed training strategy and plan have been formulated on the basis of GSM and the future service delivery model. The training material development is beginning and the first train-the-trainers workshops took place in April 2007.
47. A communications strategy has been developed to ensure consistent and relevant communications to staff worldwide.

Annex 1 - Baseline data mapping

Extensive data on all employees was collected, including but not limited to: office, type, post number, official station, office type, division, units, full name, occupational title, grade, staff-cost, emolument, contract type, allotment, and fund type.

Extract of information collected on each staff member and their role.

Office	Official Station	Division	Unit	Full Name	Occupational Title	Service Location	FTE	Count
AFRO	Brazzaville	DAF	BFU	Axxxxx, Mr. Jxxxx	Finance Officer (FOH)	Regional - HQ	0.2	1
AFRO	Brazzaville	DAF	BFU	Axxxxx, Mr. Jxxxx	Finance Officer (FOH)	Service Centre	0.8	1
AFRO	Brazzaville	DAF	BFU	Bxxxxx, Mrs. A.....	Finance Officer	Regional - HQ	0.8	1
AFRO	Brazzaville	DAF	BFU	Cxx, Mr Bxx	Finance Officer	Service Centre	0.8	1
AFRO	Brazzaville	DAF	BFU	Dx, Ms Yxxxx	Finance Clerk	Technical Unit	1	1
AFRO	Brazzaville	DAF	BFU	Exxxxxx, Mr. Vxxx.	Finance Clerk	Technical Unit	1	1

Using the defined future business processes approved for global use), it was determined whether each staff performed management and administration functions that fell within the scope of the service delivery review. If so, then their current job profile was mapped to the future functions, and the location in which it is proposed to carry it out.

Staff members could be mapped to more than one role depending on the nature of their existing job profile, e.g. in the example above Mr. Axxxxx spends 20% of his time clearing payments, which would remain in the regional office, and 80% of his time paying staff claims which would take place in the service centre in future. Mrs. Bxxxxx works only four days a week and is counted at 80% FTE. Ms Dx is a finance clerk who specializes in workplan funding which the model envisages will take place in the technical units or country offices.

Annex 2 Service Centre location - Analysis of potential locations on the basis of the requirements

1. Requirement: Location in a WHO office, a UN facility or a new site

The list below illustrates choices available if a centre were located in the same city as a WHO office or a UN hub.

City/country	Notes
Manila (Philippines)	Existing WHO regional office location
New Delhi (India)	Existing WHO regional office location
Copenhagen (Denmark)	Existing WHO regional office location
Cairo (Egypt)	Existing WHO regional office location
Harare (Zimbabwe)	Satellite WHO regional office location
Brazzaville (Congo)	Existing WHO regional office location
Bratislava	UNDP (Bratislava Regional Centre); UNFPA (One of nine Country Service Technical teams)
Bangkok	ESCAP; UN Information Services; ITU regional office; UNDP regional office; UNESCO cluster office/regional bureau; OCHA regional office; WFP regional bureau; UNICEF regional office; ILO regional office; FAO regional bureau
Chennai	World Bank global service centre
Dakar	UNDP SURF; UNESCO cluster office/regional bureau; UNODC field office; WFP regional bureau; UNICEF regional office; OCHA regional office; UNFPA CST
Johannesburg / Pretoria	UNDP regional centre; UNODC field office; OCHA regional office; WFP regional bureau.
Kuala Lumpur	UNDP regional service centre
Panama City	UNDP SURF; UNICEF regional office; OCHA regional office
Santiago	ECLAC; FAO regional bureau; ILO sub regional office
Tunis	FAO - Sub regional office; African Development Bank (until safe to return to Côte d'Ivoire)
Nairobi	UNEP.

2. Requirement: Security level is low and stable

The table below shows the current security phase in each of the potential locations.

City/country	Security Phase
Manila (Philippines)	
New Delhi (India)	
Copenhagen (Denmark)	
Cairo (Egypt)	1
Harare (Zimbabwe)	1
Brazzaville (Congo)	1
Bratislava	
Bangkok	
Chennai	
Dakar	
Johannesburg / Pretoria	
Kuala Lumpur	
Panama City	
Santiago	
Tunis	
Nairobi	1

While acknowledging that the security situation can change from one day to another in any location, the UN security phase rating determines the measures that WHO would be required to take. All things being equal, a location with no declared security phase is preferable.

3. Requirement: Lowest cost (on basis of GS salary costs, \$ per biennium)

The relative GS salary costs for each of the potential locations is shown below. These are the average costs for a G5 post in each duty station in 2006-7 based on post cost averages provided by regional offices. The basis for comparison is G5 on the assumption that the ratios will be similar for other GS grades. While there will be P and NPO staff, most of the personnel will be General Service staff.

The table shows New Delhi and Chennai to be the lowest cost locations, with Copenhagen being 5.1 times as expensive at a biennial cost of \$152,000 for a G5 staff member. Geneva, where more than half of the administrative processing personnel are located today, is included only to provide a point of comparison.

Low salary costs need to be seen in the context of the ability of staff to perform effectively. This is factored into the final table by taking account of the availability of qualified staff on the local labour market.

Duty station	Cost relative to lowest cost duty station	Average cost G5 2006-7
New Delhi/Chennai	1.0	\$ 30,000
Manila	1.1	\$ 33,400
Tunis	1.3	\$ 37,900
Cairo	1.3	\$ 39,500
Kuala Lumpur	1.6	\$ 47,900
Dakar	1.8	\$ 54,500
Bangkok	1.8	\$ 55,000
Bratislava	2.1	\$ 62,000
Panama	2.5	\$ 74,900
Johannesburg	3.0	\$ 89,000
Santiago	3.7	\$110,000
Copenhagen	5.1	\$152,000
<i>Geneva</i>	<i>7.4</i>	<i>\$222,000</i>

Following regional office feedback, the table below was compiled to see how much salaries had risen in recent years following the feedback on the initial results. It focuses on the prime potential locations which are those cities that have salaries in the range of those prevailing in WPRO/SEARO.

Inflation in the G5 salaries 2002-2006 in duty stations with highest overall ranking

Duty station	Average cost G5 2006-7	Increase 2002-2006 USD	Increase 2002-06 Local Currency
New Delhi/Chennai	\$ 30,000	38%	33%
Manila	\$ 33,400	15%	12%
Kuala Lumpur	\$ 47,900	13%	9%
Bangkok	\$ 55,000	51%	33%

It should be recognized that while the G salary costs make up a large proportion of the service centre costs, compensation for contracting services will be at local market rates that are better represented by the independent data. The table below uses the AT Kearney data on compensation.

Duty station	Compensation 10= lowest
New Delhi/Chennai	7.6
Manila	7.7
Tunis	6.3
Cairo	7.5
Kuala Lumpur	6.1
Dakar	8.0
Bangkok	7.0
Bratislava	5.9
Panama	6.3
Johannesburg	5.9
Santiago	5.7
Copenhagen	0.1

Cost of corruption

The cost of corruption is a measure of the margin of inefficiency that results from corruption. It is not solely about the risk that individual staff members might be tempted to engage in corrupt practices, something that is not a major concern in the service centre work. Following discussion, the data from Transparency International has been used in the consolidated table.

4. Requirement: Communications: ease of access by international air travel

Experience from other organizations, public and private, is that the cost of travel - both the time spent and the air fares, is one of the commonest causes of under-estimating the costs of establishing and sustaining a global service centre that will perform to expectations.

During the early phase, quarterly visits from senior GMG managers may be foreseen. After this the frequency of visits may drop to six-monthly. Staff from the centre will need to visit HQ for periodic briefing and training, typically once a year or once a biennium depending on the rate of business change. Weekly video-conferences will be needed in the beginning but these are a complement to and not a substitute for face-to-face meetings.

The access by senior staff from the regional offices and HQ to the centre, and by centre management to the regional offices and HQ was measured based on the availability of non-stop flights. A scale of 1-5 was used, with 5 being the highest rating. The data was drawn from Travelocity, national carriers and verified by WHO TAT.

5. Requirement: Availability of service coverage to WHO offices during normal working hours

The Global Service Centre would be required to provide service desk access during eight hours and access to other service personnel during four hours that the WHO offices it serves are open. The requirement for 18 hour a day service desk coverage, Monday to Friday, with nine hours of coverage on Sunday for EMRO, means that the service desk personnel would work extended working hours: shift, staggered hours or some similar arrangement. Other services are assumed to be open twelve hours a day, with staff working staggered hours. This represents a substantial improvement over the coverage that HQ and Regional Offices provide today, to the country offices that are several time zones removed.

The table below shows the coverage available to each region during the normal hours worked in each WHO office if service desk personnel are employed from 07.00 to 23.00 local time at their duty station.. Dakar, for example, would only be able to provide service to WPRO during two hours or 25% of the day, so it fails to meet the requirement. Similarly, Copenhagen and Johannesburg, also close to Greenwich Mean Time (GMT) cannot adequately cover the East. Bangkok, India (New Delhi and Chennai), Kuala Lumpur and Manila would be the locations able to provide the best coverage.

At this stage AMRO/PAHO has not committed to implementing the Service Delivery Model at the outset and should they decide later to use the Global Service Centre the Organization would need to assess whether the working hours of a single centre should be extended or a second centre created. The two potential locations in the region: Santiago and Panama, are not represented on this chart since both are many hours behind GMT, they are even less well positioned than Dakar to provide adequate coverage to South East Asia or the Western Pacific.

A key factor in service coverage is the cost in any duty station of providing coverage outside the core working hours. Cities with an established base of global service centres generally provide a lower cost of "out of hours" coverage because a higher proportion of work in those places requires extended hours and flexibility with regard to holidays.

Hours and percentage of overlap given extended opening hours (two shifts), 7am-11pm

Potential locations	CO furthers West - Africa GMT + 0	HQ/EURO / AFRO GMT + 1	EMRO GMT + 2	SEARO GMT + 5.5	WPRO GMT + 8	CO furthers East - Pacific GMT + 12
Dakar GMT + 0	8h / ~100%	8h / ~100%	8h / ~100%	4.5h / ~56%	2h / ~25%	2h / ~25%
Copenhagen (Tunis) GMT + 1	8h / ~100%	8h / ~100%	8h / ~100%	5.5h / ~69%	3h / ~38%	1h / ~13%
Johannesburg , Cairo GMT + 2	8h / ~100%	8h / ~100%	8h / ~100%	6.5h / ~82%	4h / ~50%	0h / ~0%
New Delhi (Chennai) GMT + 5.5	8h / ~100%	8h / ~100%	8h / ~100%	8h / ~100%	7.5h / ~94%	3.5h / ~44%
Bangkok GMT + 7	7h / ~88%	8h / ~100%	8h / ~100%	8h / ~100%	8h / ~100%	5h / ~63%
Manila (Kuala Lumpur) GMT + 8	6h / ~75%	7h / ~88%	8h / ~100%	8h / ~100%	8h / ~100%	6h / ~75%

Summer/winter time not accounted for.

6. Requirement: Languages

This is the most difficult criterion to fulfill. Given the declining use of French in the Organization (80% of calls to HQ and regional office service desks are in English and even French speakers are increasingly calling in English), the cost of supporting the French language is high. The design includes French speaking staff in each functional area: finance, HR, payroll etc.

AT Kearney's ranking of countries for languages rate Malaysia highest on the grounds that it can provide speakers of other Asian languages. Copenhagen and Bratislava come next, and indeed a number of organizations in the private sector have chosen to put centres into Bratislava (and Poland) in order to meet the requirement for a range of European languages. A French speaking workforce was one reason for considering Tunis and Dakar as potential locations. If the centre were to be located in Asia, WHO might wish to follow the advice of established Asian business processing operators to hire graduates in French and provide them with the training in business processes.

7. Requirement: Skills and competencies, education

Standardized education tests are used in the independent data to assess educational levels. It is recognized that even in developing and middle-income countries where there are a large number of university graduates, only a small minority are considered suitable candidates for the kind of positions we are looking to fill locally. The recruitment process for the Service Centre would include testing of candidates and it is foreseen that a local recruitment agency would be used to screen and test candidates using criteria and test materials created by WHO.

Quality of life

It was suggested that rather than use the independent data (from Mercer) to rate the quality of life, hence attractiveness, of different locations, the UN hardship scale be used. However, all of the duty stations under consideration are category A except Delhi, which is B. Therefore it is not sufficiently discriminating. Independent data have been used in the model.

8. Result of applying weighted criteria to potential locations using independent data sources:

The table is the outcome of a model, shown on subsequent pages, that draws on the following data sources:

WHO for compensation
 AT Kearney: infrastructure, labour force availability and experience; education and outcome on standardized language tests; political stability and infrastructure;
 Global Service Location Index, Mercer Consulting: Annual World-wide Quality of Living Survey 2005 for quality of life;
 World Economic Forum The Global Competitiveness Report 2005-2006;
 Transparency International for cost of corruption;
 Travelocity & WHO TAT for Travel connections.

The summary table below is the outcome of applying the independent data to the criteria previously agreed. The agreed weighting was 40% to each of financial structure and people skills and availability and 20% to environment. The detailed tables follow.

LOCATION	OVERALL SCORE	OVERALL RANK
Egypt (Cairo)	4.24	5
Philippines (Manila)	4.68	4
India (New Delhi/Chennai)	6.74	1
Denmark (Copenhagen)	5.33	2
Slovakia (Bratislava)	3.95	8
Thailand (Bangkok)	4.08	6
Tunisia (Tunis)	3.99	7
Malaysia (Kuala Lumpur)	4.72	3
South Africa (Johannesburg)	3.10	10
Senegal (Dakar)	2.80	12
Chile (Santiago)	3.72	9
Panama (Panama City)	2.94	11

Out of 10

Application of the agreed criteria led to a shortlist of India, Malaysia, and the Philippines.

Consultations with the national and local authorities in these countries to obtain favourable terms and conditions, should ultimately determine the location.

Detailed tables on application of weighted criteria: financial structure, people skills and availability, and environment

Location	Financial structure				
	Compensation	Infrastructure	Corruption	TOTAL	Share
Egypt (Cairo)	4.5	0.6	0.33	5.43	2.17
Philippines(Manila)	5.2	0.8	0.25	6.23	2.49
India(New Delhi/Chennai)	5.9	0.6	0.33	6.85	2.74
Denmark (Copenhagen)	1.2	0.6	0.95	2.72	1.09
Slovakia (Bratislava)	2.9	0.6	0.47	3.93	1.57
Thailand (Bangkok)	3.2	0.7	0.36	4.29	1.72
Tunisia (Tunis)	4.7	0.7	0.46	5.85	2.34
Malaysia (Kuala Lumpur)	3.7	0.7	0.50	4.91	1.96
South Africa (Johannesburg)	2.0	0.7	0.46	3.16	1.26
Senegal (Dakar)	3.3	0.5	0.33	4.09	1.64
Chile (Santiago)	1.6	0.7	0.73	3.04	1.22
Panama (Panama City)	2.4	0.5	0.31	3.18	1.27

Source:

WHO

ATK

Transparency intl

Weighting	32%	4%	4%		
Main categories	40%				
Sub categories	80%	10%	10%		

Location	People skills and availability					
	Experience	Labor force	Education	Languages	Quality of life	TOTAL
Egypt (Cairo)	0.3	0.75	1.3	0.5	0.56	3.44
Philippines(Manila)	0.675	0.875	1.2	0.7	0.45	3.90
India(New Delhi/Chennai)	2.1	2.5	1.6	0.9	0.72	7.82
Denmark (Copenhagen)	2.4	0.625	1.7	1.5	0.95	7.21
Slovakia (Bratislava)	0.375	0	1.7	0.8	0.53	3.44
Thailand (Bangkok)	0.675	0.625	1.2	0.3	0.50	3.30
Tunisia (Tunis)	0.3	0.125	0.8	0.6	0.56	2.39
Malaysia (Kuala Lumpur)	0.6	0.25	2.0	0.6	0.65	4.10
South Africa (Johannesburg)	0.45	0.375	0.1	0.9	0.60	2.46
Senegal (Dakar)	0.225	0.125	0.1	0.7	0.33	1.51
Chile (Santiago)	0.75	0.125	1.2	0.7	0.62	3.40
Panama (Panama City)	0.225	0	1.1	0.5	0.58	2.37

Source:

ATK

ATK

ATK

ATK

Mercer

Weighting	12%	10%	8%	6%	4%	
Main categories	40%					
Sub categories	30%	25%	20%	15%	10%	

Location	Environment			
	Political stability	Infrastructure	Travel connections	TOTAL
Egypt (Cairo)	1.4	1.10	1.01	3.48
Philippines(Manila)	1.5	0.70	0.91	3.16
India(New Delhi/Chennai)	2.1	0.90	1.31	4.36
Denmark (Copenhagen)	3.6	1.80	1.37	6.77
Slovakia (Bratislava)	2.7	1.20	1.09	5.03
Thailand (Bangkok)	2.8	1.30	1.09	5.21
Tunisia (Tunis)	1.5	1.30	0.63	3.47
Malaysia (Kuala Lumpur)	3.5	1.40	0.69	5.60
South Africa (Johannesburg)	1.9	1.30	1.09	4.27
Senegal (Dakar)	1.9	0.40	0.51	2.80
Chile (Santiago)	3.5	1.50	0.69	5.70
Panama (Panama City)	1.7	1.10	0.80	3.62

Source:

ATK

ATK

DAL

Weighting	12%	4%	4%	
Main categories	20%			
Sub categories	60%	20%	20%	

