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Evaluation of UNHCR's Global Fleet Management

EVALUATION REPORT

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Executive Summary

Background

UNHCR's Global Fleet Management (GFM) project was introduced in 2014 to address shortcomings in the organization's decentralized fleet management practices (from procurement to operation and asset disposal) which were underdeveloped in comparison with other humanitarian organizations such as the World Food Programme (WFP), the International Federation of Red Cross and Red Crescent Societies (IFRC), and the International Committee of the Red Cross (ICRC).

GFM's fleet management function is now centralized at headquarters in Budapest, Hungary. The GFM team has 31 staff who are responsible for functions related to vehicle procurement and rental, insurance, disposal, and data management. Seven GFM staff are located in regional offices in Dakar, Amman and Nairobi and manage the vehicle disposal process in countries where UNHCR operates.

GFM adopted a five-year Fleet Strategy (2014-2018), which has three main goals:

- 1) To improve the efficiency of the UNHCR light vehicle fleet
- 2) To improve the road safety of the UNHCR fleet
- 3) To minimize the environmental impacts of UNHCR vehicle operations

GFM has eight components: 1) **A mandatory internal rental programme** under which country operations and Headquarters (HQ) can order from a catalogue of standard vehicles; 2) **A centralized procurement service** that facilitates economies of scale through direct bulk purchases of light vehicles from Toyota and Nissan; 3)

Logistics Hubs where vehicles are fitted with accessories and shipped to country operations; 4) **A disposal policy and related processes** to ensure the periodic renewal of the fleet (i.e., every five years or 150,000 kilometres); 5) **A self-insurance scheme** that is mandatory for all UNHCR vehicles, including vehicles operated by partners under a rights-of-use agreement; 6) **FleetWave, a fleet management software** for managing the rental programme and insurance scheme at the HQ level, and to track costs related to fuel, maintenance and repair; 7) **A Vehicle Tracking System (VTS)**, installed on all GFM vehicles, which monitors movements, location and behaviors of a vehicle; 8) standardized **GFM training** for staff in country operations as part of a larger effort to build UNHCR fleet management capacities.

Purpose, Scope and Methodology

As GFM's Fleet Strategy is coming to the end of its first implementation cycle in 2018, this evaluation takes stock of progress to date and identifies areas for improvement to provide input for the next strategic cycle. Therefore, the main purpose of this evaluation is learning. The evaluation also serves an accountability purpose, assessing to the extent possible the degree to which a centralized GFM has improved the cost-effectiveness of UNHCR's fleet management compared with the previous decentralized system.

The evaluation covers UNHCR light vehicles, including those used by UNHCR personnel and by partners, and these aspects of the GFM policy and strategy: 1) the Global Fleet Management Project, including the rental scheme and fleet management; 2) insurance, including self-insurance and third-party insurance; and 3) the VTS.

The evaluation used the following methods of data collection and analysis: document and literature reviews, visits to five country operations and two UNHCR HQ offices, review of

two comparator organizations (ICRC and IFRC), and key informant interviews.

Data collection entailed field visits to five countries (Algeria, Chad, Colombia, Kenya, Lebanon) and to UNHCR HQ offices in Geneva and Budapest. Overall, 183 stakeholders were consulted, including: GFM staff, UNHCR fleet managers, country programme and administration staff, representatives and deputy representatives, UNHCR drivers and NGO partners.

Findings

Costs and cost comparison of the GFM scheme

To evaluate the gains from GFM, the evaluation team compared the present situation to what it would be if GFM had not been implemented.

The main takeaways of the comparison of the GFM scheme to buying locally are clear. GFM benefits clearly outweigh its costs, considering procurement costs, revenues from disposal, insurance costs, and the effort of staff time involved. Savings from procurement and insurance and revenues from disposal have led to an overall GFM gain of USD 17,500,000. The evaluation estimated that GFM procurement of light vehicles saved UNHCR approximately USD 8.8 million in 2017 and approximately USD 9.5 million in 2018.

While information on the revenues from disposal of vehicles before GFM is limited, the auction process used by GFM brought in revenues of approximately USD 6.3 million in 2017 alone.

Regarding insurance costs, the cost of all-risk insurance bought locally is higher than insurance provided through GFM. The cost is estimated to be USD 4,635,626 for insurance bought locally, compared to USD 2,178,500 for insurance provided through GFM. This represents savings of USD 2,457,126.

Other benefits accrued through the GFM Scheme

In addition to providing monetary benefits, GFM has contributed to improving and streamlining the ordering, management, and disposal of light vehicles. Self-insurance and standardization of processes are also identified as important benefits accrued through the GFM Scheme.

The UNHCR vehicle self-insurance scheme provides low cost, comprehensive insurance coverage for damage and loss. It is a value added for country operations, many of which only had access to local third-party liability insurance. There have been notable increases in the number of incidents reported, from 132 in 2014 to 463 in 2017. Additionally, the total amount of insurance claim reimbursements increased by a hundredfold during that same timeframe, from USD 23,365.72 in 2014 to 2,301,850.20 in 2017. The number of claims closed without payment also significantly decreased, from 64 percent in 2014 to 37 percent in 2017. Overall, progress since 2014 suggests the GFM global insurance is working well and that continuous improvements are being made to ensure adequate accident reporting and efficient claims and reimbursement processes. There remain a few areas for improvement. Notably, of the claims closed without payment 73 percent were due to lack of proper documentation. Gathering documentation is especially difficult for country operations located in conflicted zones or secluded areas.

Another important benefit of the GFM is vehicle standardization which increases efficiency and reduces costs related to management, training, maintenance and repairs because vehicles are fitted with the same components and equipment. Overall, GFM offers 10 models (Toyota and Nissan) with 49 different specifications (e.g., left or right driving, engine configuration). While consulted stakeholders generally agreed that the types of vehicles offered by GFM meet most operational needs of UNHCR staff and partners, some models were not suited to conditions in all

countries. Drivers and partners asked to be consulted more during the vehicle ordering process.

Initially set at 33.84 percent of the total procurement cost, the yearly rental fee decreased to 19 percent in 2018. Staff consulted in country operations consider the rental amount to be a fair. Over the five-year leasing period, rental fees cover 95 percent of the total procurement cost and, when combined with revenue generated by vehicle disposal, this total exceeds the original vehicle acquisition cost. In theory, this makes GFM self-sustaining.

In addition to monetary benefits accrued through the internal rental scheme, the centralization of the fleet management function resulted in a more simplified and standardized procurement process for light vehicles. This process appears to work well overall: in general, country operations note that the time they spend procuring vehicles has decreased in comparison with the pre-GFM period and that communication with GFM during the ordering process is clear and efficient. Country operations reported some confusion about a few aspects of the process. For example, some country staff were confused about when in the supply chain process country operations have to start paying rental fees.

Before the introduction of GFM, country operations sometimes made arbitrary vehicle disposal decisions and many vehicles were given to government or NGO partners through a Transfer of Ownership (ToO), or were sold at a low price through direct sales. The centralization of light vehicle disposal has led to standardized disposal processes across country operations and to a reduction in ToO and direct sales. Despite this, country operations and UNCHR partners resist returning retired vehicles and there is a gap of approximately 50 percent between the number of vehicles identified for disposal and the number turned in. Considering GFM brings in about 1,000 new vehicles each year, and that GFM will start disposal of GFM rental vehicles as of 2019, closing this gap is essential.

Centralized disposal has had two positive, unexpected results. First, auctions are used to dispose of other items such as vehicle spare parts and office furniture and equipment. Between 2015 and 2017, revenues generated from this new practice totalled USD 3.1 million. Second, since 2016, three UN agencies (WFP, FAO, UNON) and international non-governmental organizations (INGOs) have used GFM's services to dispose of vehicles and other assets. Through these joint auctions, GFM generated net revenue of USD 3.4 million for its partners. Considering the strong desire of the UN System to work as one and avoid duplication among UN agencies, UNCHR's well-defined niche in conducting public auctions may represent an unprecedented opportunity for UNCHR to become the go-to agency for the disposal of vehicles across the UN and humanitarian NGOs.

Another benefit of GFM is a decrease in the average age of UNHCR's fleet of light vehicles. Thanks to the implementation of the disposal policy, the average fleet age decreased from 5.22 years in 2013 to 3.86 years in 2017. However, in 2017, there was a sharp increase in the average vehicle fleet age in Europe and Asia Pacific (AP) because, as noted above, country operations are not disposing of vehicles according to the disposal policy. The evaluation attempted to verify the hypothesis that reduced fleet age leads to a decrease in operating costs. Data from the Colombia operation seem to suggest that there is a correlation, but the evaluation team lacks data to fully confirm this hypothesis.

GFM provides valuable support to country operations and communication is generally fluid during all steps of the vehicle procurement and disposal processes. However, country operation staff did note some delays in GFM responses to their questions and communication about insurance claims. The evaluation found that many country operations staff do not fully understand the GFM rental scheme, despite information having been disseminated and being available on the UNHCR intranet.

Finally, an important GFM objective was to improve the road safety awareness of UNHCR staff and partners. The evaluation found that drivers know they are now being monitored by the VTS and therefore have adopted safer behaviors. The VTS is also useful for emergency alerts or to monitor partner vehicles. Country operations have not yet put in place all the processes to effectively use the tracking system and its data.

Areas where GFM needs to improve

While GFM has led to many positive changes in the way UNHCR manages its fleet of light vehicles, the evaluation noted concerns about limited fleet management skills in-country and vehicle lead time (total time between the moment the vehicle is ordered from the manufacturer until it is delivered to UNHCR facilities). Some of the challenges noted below are not fully in the hands of GFM – such as the way it was initially set up, which hinders its ability to access credited revenues.

Although the light vehicle disposal process generates revenues, GFM must follow a complex process whereby it must seek approval from UNHCR's Programme Budget Service (PBS) to transfer the revenues it generates to its annual Operating Plan budget. GFM staff feel that this process is complex and time consuming and that not all revenues have been credited GFM budgets. Between 2015 and 2017, the difference between revenues collected by GFM and those credited to its account represented a loss of USD 9,883,785.

Generally, the lead time required to procure vehicles by GFM is shorter than in the pre-GFM period, especially in countries where local dealerships are not available and where vehicles had to be imported. On average, lead time is about six months. Country operations have expressed concern about excessive lead time and double charges for vehicle rental. Considering that country operations start paying rental fees

when the Budget Transfer Form (BTF) is signed, a country operation would need to pay rental charges for incoming vehicles while also paying rent for vehicles that will be disposed of when the new vehicles arrive.

Another issue hampering the full functioning of GFM is that light vehicle management does not appear to be an operational priority for country operations. Although some administrators at the HQ level are advocating for better fleet management, the benefits and potential cost savings are not yet clear to staff at all organizational levels. This was evident in the limited resources invested in managing the fleet and little ownership, especially at senior management level, of the importance of fleet management. As a result, there is no consistent staffing structure in place and not enough capacity to manage the fleet in-country. Although GFM processes simplified the ordering and disposal of vehicles, time-consuming fleet management tasks, such as data management, have been added to the workloads of administrative and supply officers in country operations.

In general, UNHCR fleet data management is weak. FleetWave, which is meant to capture operating costs on fuel, maintenance and repairs, has been rolled out to 45 country operations. In the six weeks preceding 25 June 2018, only 1,110 (19 percent) of the 5,694 vehicles in participating country operations had fuel entries, and 120 field offices located in the operations where FleetWave had been rolled out did not make any fuel entries. Data mileage and vehicle utilization is also not analyzed, in part because of lack of capacities in country operations, and as result are not used for planning and right-sizing the fleet.

Overall, 302 staff participated in 19 countries offered by GFM from January 2018 to October 2018. Between January 2015 and October 2018, 1,178 staff completed the GFM training in 45 countries. However, given personnel rotations in country operations, it is difficult to ensure all relevant staff members are trained at any given time, and many staff consulted for this evaluation

said they had not been trained and no one had transferred capacities.

GFM has not achieved the Fleet Strategy 2014-2018 objective of reducing its environmental footprint, largely because the objective was overly ambitious. Indeed, while the majority of UNHCR vehicles meet either the Euro 1 or 3 standard (i.e., polluting between 3 and 15 times more than the Euro 6 standard), greener vehicles manufactured for African and Asian markets are simply not available. However, the evaluation found that GFM and country operations could do more to ensure the use of simple eco-driving techniques and better trip planning.

Conclusions

Overall, the evaluation concludes that the benefits of GFM clearly outweigh its costs. Centralizing UNHCR's fleet management function at headquarters has helped address important shortcomings in the management of UNHCR's light vehicles. Although there remain some areas for improvement, going back to a decentralized model would not be a viable option.

Other humanitarian organizations such as the ICRC and IFRC have shown that a centralized fleet management model is economical and sustainable. Instituting such a model take time and requires strong commitments at the highest level of the organization, as well as significant investments to ensure the institutionalization of strong processes and staff capacity building. However, once fully in place, the GFM model has the potential to save UNHCR millions of dollars through more effective and efficient management of one of UNHCR's most valuable asset: its light vehicles.

Recommendations

- 1) UNHCR and GFM should develop a clear strategy to enhance recording and analysis. This includes data from country operations on operating costs and data on revenues from disposal of light vehicles and other items.
- 2) UNHCR HQ should explore options and make a stronger commitment to set up a fleet management structure in countries and regions. This may include outpost Fleet and Asset Management Positions to the different regions in order to ensure compliance and consistency with regards to rules and procedures.
- 3) UNHCR should re-examine the way GFM is set up. GFM should function as a business within UNHCR that brings revenues to the organization, while also using these revenues to be self-sustaining.
- 4) GFM should communicate more clearly the benefits of good fleet management and how fleet management is continuously being improved based on customer feedback. This communication should on the one hand focus on the benefits of GFM for the whole organization, not only for country operations, and on the other hand, on how GFM services can be further improved.

- 5) Training provided by GFM in country operations should focus on training of trainers to ensure that information is available in operations in a more sustainable manner.
- 6) In a context where the UN system is promoting the 'Delivery as One' approach, GFM should explore the possibility of becoming the 'go to' UN agency for public auctions of vehicles and other items.
- 7) GFM should do more in-depth analysis and UNHCR as a whole should take more decision actions to ensure that its fleet is gradually becoming more environmentally friendly.

Persistent Perceptions on GFM

The following quotes describe the most common criticisms about GFM heard by the evaluation team during the country visits. The findings of this evaluation contradict these criticisms as shown below.

“GFM is more expensive for country operations”

Evidence shows:

- With GFM, country operations pay 95% of the total vehicle procurement costs. GFM vehicles come fully equipped.
- GFM gets price reductions from manufacturers, vehicles are less expensive than similar models available on local markets.
- GFM saved UNHCR 11 million USD in 2017.

“Country operations do not need insurance for their vehicles”

Evidence shows:

- With GFM, country operations do not need to use their own budgets to cover vehicle loss or damage.
- The cost of all-risk insurance is consistently

“It is cheaper to keep old cars and better to keep cars with low mileage”

Evidence shows:

- Keeping vehicles longer than 5 years reduces resale value. Revenues from resale can be used to reduce GFM rental fees.
- A younger fleet could potentially lower operating costs for country operations (e.g., lower cost of fuel, preventive and corrective maintenance).

“Country operations must always prioritize transportation in their budgets with yearly payment of the GFM rent”

“It takes too long to get GFM vehicles”

Evidence shows:

- Compared to vehicles bought locally, lead time is shorter for vehicles procured through GFM (i.e., 6 weeks shorter).

Evidence shows:

- Country operations do not need to make large one-off payments to cover the cost of a new vehicle.
- GFM vehicles can be sold or returned before the end of the lease as needed.

Acronyms

| | |
|------|---|
| AFMS | Asset and Fleet Management Section |
| AMU | Asset Management Unit |
| AP | Asia Pacific |
| APR | Annual Programme Review |
| BTF | Budget Transfer Form |
| DAC | Development Assistance Committee |
| DESS | Division of Emergency, Security, and Supply |
| DFAM | Division of Financial and Administrative Management |
| ERP | Enterprise Resource Planning |
| EU | European Union |
| FAO | Food and Agriculture Organization |
| GFM | Global Fleet Management |
| HQ | Headquarters |
| ICRC | International Committee of the Red Cross |
| IFRC | International Federation of Red Cross and Red Crescent Societies |
| INGO | International non-governmental organization |
| km | Kilometre |
| LAC | Latin America and the Caribbean |
| MENA | Middle East and North Africa |
| MSRP | Managing Systems, Resources and People (United Nations High Commissioner for Refugees financial system) |
| NGO | Non-governmental organization |
| NOx | Nitrogen oxides |
| OECD | Organisation for Economic Co-operation and Development |
| OIOS | United Nations Office of Internal Oversight Services |

| | |
|-------|---|
| PBS | Programme Budget Service |
| SMLS | Supply Management and Logistics Service |
| SOP | Standard operating procedure |
| ToC | Theory of Change |
| ToO | Transfer of Ownership |
| TOR | Terms of Reference |
| UN | United Nations |
| UNEG | United Nations Evaluation Group |
| UNHCR | United Nations High Commissioner for Refugees |
| UNON | United Nations Office at Nairobi |
| UNV | United Nations Volunteer |
| USD | United States dollars |
| VTS | Vehicle Tracking System |
| WFP | World Food Programme |

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1 Introduction

In 2018, the United Nations High Commissioner for Refugees (UNHCR) commissioned an evaluation of its Global Fleet Management (GFM), a project introduced in 2014 that centralizes UNHCR's fleet management function at headquarters. GFM's first strategic cycle (2014-2018) is coming to an end in December 2018. This evaluation examines the overall costs and benefits of the GFM, as well as the overall efficiency with which its different components have been implemented, and provides recommendations for GFM's upcoming strategic cycle.

International humanitarian organizations such as UNHCR rely on vehicles to carry out their missions. UNHCR's fleet vehicles are used to deliver programmes and transport humanitarian field staff, beneficiaries, and others, and are therefore essential for the fulfilment of UNHCR's mandate. In 2017, UNHCR's fleet was composed of approximately 5,530 light vehicles and represents one of the organization's most valuable assets. Approximately 60 percent of vehicles are operated by UNHCR implementing partners through a rights-of-use agreement while 40 percent are used by UNHCR staff. Although the exact costs of operating the fleet cannot be accurately measured due to lack of data, these are in the range of millions of US dollars per year. Therefore, it is essential that the fleet is managed effectively and efficiently. However, managing a humanitarian fleet is no easy task, and entails a number of challenges that are not typically found in managing a commercial fleet.

Fleet management is a major concern for the international humanitarian organizations because of the magnitude of transportation-related costs in humanitarian operations which are second only to personnel costs [...]. Yet because of the conditions in which humanitarians work (e.g., poor infrastructures, extreme operating conditions, security problems in conflict zones, and budget limitations), most existing models derived from commercial supply chains are inapplicable to humanitarian operations.¹

The GFM was introduced to address shortcomings that were identified in UNHCR's previous decentralized fleet management model. Under this new structure, GFM centralizes the procurement process for light vehicles, which it leases to country operations through an internal rental scheme. To ensure periodic renewal of the fleet (every five years or 150,000 km) and to maximize revenues from disposal of older vehicles, the vehicle disposal function is also centralized within GFM. GFM also offers a global insurance scheme that provides comprehensive coverage for all UNHCR vehicles. All GFM vehicles are fitted with a Vehicle Tracking System which allows for real-time vehicle tracking and the generation of data on vehicle use. To ensure better data management, especially regarding operating costs, GFM also rolled out a data management software: FleetWave. The evaluation assesses the extent to which these GFM components have allowed for a more effective and efficient management of UNHCR's light vehicles.

Organization of Report

Following this introduction, the report is organized as follows:

- Section 2 provides background on GFM and the context
- Section 3 presents evaluation objectives
- Section 4 describes the methodology used to collect and analyze data
- Section 5 presents evaluation findings
- Section 6 and 7 present the conclusions and recommendations.

¹ Eftekhari, M. (2015). Fleet Management in Humanitarian Sector. *Decision Sciences*, 46(2), 447.

Volume II includes the following appendices: (I) the Terms of Reference (TOR); (II) a detailed methodology; (III) a reconstructed Theory of Change (ToC) for the GFM; (IV) the evaluation matrix; (V) list of consulted documents; (VI) country briefs for the five countries visited by the evaluation team; (VII) interview protocols; (VIII) list of consulted stakeholders; (IX) observations on GFM vehicles for all five countries visited; (X) evidence on carbon emissions for GFM vehicles; (XI) highlights on fleet management practices for comparator organizations (i.e., ICRC, IFRC); (XII) list of evaluation findings; (XIII) list of recommendations

2 Background and Programme Context

In January 2014, UNHCR introduced Global Fleet Management (GFM) project, centralizing the fleet management function at headquarters. Before 2014, this function was highly decentralized and in individual country operations.

Background

GFM was introduced in response to the 2011 Review of the UNHCR Vehicle Fleet Management, which identified poor fleet management practices – from procurement, to operation and asset disposal. At that time UNHCR had a fleet of more than 6,500 light vehicles and estimated annual operating costs of USD 130 million and the fleet was believed to be largely oversized. Although UNHCR had a policy requiring the disposal and replacement of vehicles after five years or 150,000 km, this was seldom respected and resulted in an aging fleet and related road safety concerns for UNHCR staff and partners. A benchmark exercise conducted for the 2011 Review revealed that UNHCR's fleet management practices were underdeveloped in comparison with other humanitarian organizations, including the World Food Programme (WFP), the International Federation of Red Cross and Red Crescent Societies (IFRC), and the International Committee of the Red Cross (ICRC).²

GFM Strategy

GFM's Fleet Strategy (2014-2018) has three goals (see sidebar), each of which has several objectives. With regard to efficiency, the aim is to have a right-sized and fit-for-purpose fleet that is reliable, well maintained, and well managed, while being effective and economical to operate. In relation to road safety, the strategy aspires to reduce the number and severity of incidents and occupational health hazards to drivers and passengers. In terms of environmental impact, the strategy aims to reduce emissions, encourage the purchase of fuel-efficient vehicles and improve journey management with a view to reducing unnecessary trips.

Goals of the Fleet Strategy (2014-2018)

- To improve the efficiency of the UNHCR light vehicle fleet
- To improve the road safety of the UNHCR fleet
- To minimize the environmental impacts of UNHCR vehicle operations

GFM Structure

Headquartered in Budapest, Hungary, GFM is part of the Asset and Fleet Management Section (AFMS) of the Supply Management and Logistics Service (SMLS), which is part of the Division of Emergency, Security and Supply (DESS). GFM comprises three units: 1) the Fleet Supply Management Unit, which takes care of, *inter alia*, matters related to vehicle procurement, the internal rental scheme, FleetWave, and the VTS; 2) the Insurance and Finance Unit, which handles matters related to the insurance scheme; 3) the Asset Management Unit (AMU) which is responsible for the disposal of all UNHCR vehicles. To ensure adequate disposal of vehicles in countries where UNHCR operates, in 2016 the AMU adopted a decentralized structure with AMU staff posted in Nairobi, Dakar, and Amman. GFM has 31 staff (24 at headquarters and 7 in regional offices).

GFM Components

The GFM consists of the following components:

² McConnell, R. (2011). UNHCR Vehicle Fleet Management – A review of policy, procedure and practice.

- **A mandatory internal rental programme** under which country operations and Headquarters (HQ) can order from a catalogue of standard vehicles. Country operations pay a yearly rental fee, rather than the full vehicle acquisition cost, with rental terms varying from six months to five years. Vehicles are equipped with accessories as per country requirements and with the obligatory Vehicle Tracking System (VTS).
- **A centralized procurement service** that facilitates economies of scale through direct bulk purchases of light vehicles from Toyota and Nissan. Most vehicles are produced in Japan, except for the Hilux and Corolla, which are fabricated in South Africa. GFM permits **local vehicle purchases** only in cases where it is impossible to import and register vehicles due to higher local emission control standards or for emergencies. Vehicles procured locally are paid for using GFM funds following relevant procurement procedures and are then rented to country operations under the GFM rental scheme.
- **Logistics Hubs:** After production, vehicles are transported to GFM logistics hubs to be fitted with accessories and reshipped to country operations. GFM has three logistics hubs: Laem Chabang, Thailand; Brussels, Belgium; and Dubai, United Arab Emirates. Hub responsibilities include: light vehicle intake, storage, monthly maintenance, fuel, pre-delivery inspection, installation of mandatory equipment (e.g., VTS, panic button, radio) and optional accessories ordered by country operations (e.g., winch, snorkel, bull bars, etc.), and preparation for shipping to countries. The Dubai hub functions primarily as an emergency stockpile and holds a limited number of fully equipped, ready-to-go vehicles. The hubs allow UNHCR to provide vehicles to more than 100 countries, with fleet sizes changing depending on emergency reallocations.
- **A disposal policy and related processes** (introduced in 2016) for disposal of used light vehicles at the end of their useful lives (i.e., five years or 150,000 kilometres [km]). Revenues from auctioned vehicles are reinvested to decrease leasing charges. This policy is intended to significantly lower average fleet age, which should improve road safety, reduce maintenance and repairs expenditures, and optimize sales proceeds.
- **A self-insurance scheme** that is mandatory for all UNHCR vehicles, including vehicles operated by partners under a rights-of-use agreement. The insurance is composed of three components; the first is managed by country operations and the latter two by GFM:
 - **Minimum Local Third-party liability Insurance:** Covers bodily injury and property damage to third parties. It is a legal requirement in most countries and is procured locally by the country operations.
 - **Global Third-Party Excess Liability Insurance:** Pays claims related to third party bodily injury and property damage that are not covered, or only partially covered, by the third-party liability insurance available in countries, or in countries where such insurance is not available (e.g., Somalia).
 - **UNHCR Vehicle Self-Insurance Fund:** A GFM-managed fund that provides all risk insurance for loss and damage. It reimburses the cost of accident repairs and offers vehicle replacement for total loss.

- **FleetWave, a fleet management software** for managing the rental programme, VTS, and the insurance scheme at the HQ level. It is highly customized and used to track the entire supply chain (e.g., creation of asset, orders, hub work orders, stock of accessories, incidents). Country operations are also expected to use FleetWave to track fuel cost data as well as mileage and maintenance/repair.
- **The Vehicle Tracking System**, installed on all GFM vehicles, monitors movements, location and behaviors of a vehicle or fleet of vehicles. It combines electronic tracking devices, telecommunication channels, and a centralized web-based application that allows users to analyze fleet management data and use it for planning purposes.³ The VTS is also expected to improve driver and passenger safety as vehicles can be located at any time, and especially when a panic button has been activated.
 - As of March 2018, 62 percent of all UNHCR vehicles were equipped with VTS technology. The highest proportion was in Europe (77 percent), followed by Africa (65 percent), MENA (60 percent), LAC (51 percent), and AP (43 percent). Africa had the greatest number of VTS-equipped vehicles (3,041).
 - The VTS has two components: the hardware installed in the car and the data transmitted by the hardware. Novacom is a system integrator that offers the hardware and data processing. When a vehicle leaves the hub, the VTS is activated. Access to VTS data is made available to the country operation through a Novacom platform when the VTS is activated.
- **Standardized GFM training** for senior managers, transport managers, dispatchers, and drivers in UNHCR country operations as part of a larger effort to build UNHCR fleet management capacities.

GFM's business model is based on a sustainable concept resembling private-sector operations, in that revenues generated from the rental and disposal of GFM vehicles are expected to contribute to its sustainability over time. Overall these elements should increase UNHCR's ability to serve its beneficiaries through the implementation of a cost-effective fleet management programme that reduces environmental impact, while also reducing deaths and injuries by ensuring the safe operation of UNHCR vehicles.

While the fleet management function has been centralized at headquarters, some responsibilities are still assumed by the country operations:

- managing local registration, permits, and customs
- managing vehicle operation, including fuel, maintenance and repair, and assuming any related operating costs
- acquiring and paying for minimum local third-party liability insurance.

³ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (p. 92, Publication No. UNHCR/OG/2015/X). (2018).

3 Purpose, Objectives, and Scope of the Evaluation

3.1 Purpose

As GFM's Fleet Strategy is coming to the end of its implementation cycle in 2018, this evaluation takes stock of progress to date and identifies areas for improvement to provide input for the next strategic cycle. Therefore, the main purpose of this evaluation is learning. The evaluation provides findings and recommendations that can be used by UNHCR staff at HQ and in country operations to improve the overall efficiency and effectiveness of fleet management.

Additionally, the 2017 UNHCR Annual Programme Review (APR) called for an evidence-based cost-benefit analysis of renting versus ownership (Recommendation 15). Therefore, this evaluation also serves an accountability purpose, assessing to the extent possible the degree to which a centralized GFM has improved the cost-effectiveness of UNHCR's fleet management compared with the previous decentralized system.

3.2 Objectives

As stated in the TOR, the evaluation objectives are:

- To assess the extent to which the proposed benefits of the GFM strategy have provided UNHCR country operations with "... appropriate, cost-effective, and safe vehicles and professional fleet management services to support optimum programme delivery."
- To identify bottlenecks in the supply chain, from procurement to operations and disposal, and to identify ways to make the process more efficient and reduce lead time.

3.3 Scope

The scope of this evaluation encompasses UNHCR light vehicles, including those used by UNHCR personnel and by partners under the Right of Use agreement. It covers these aspects of the GFM policy and strategy: 1) the Global Fleet Management Project, including the rental scheme and fleet management; 2) insurance, including self-insurance and third-party insurance; and 3) the VTS. As agreed during the inception phase, the evaluation does not examine power generating equipment, maintenance, or fuel management, as it was deemed too early to evaluate these aspects of the strategy.

The evaluation focuses on the first four years of implementation of the five-year Fleet Management Strategy (2014-2018). It was initially planned to compare data and information relating to three years before the introduction of the policy (January 2011–December 2013) with four years after the introduction of the policy (January 2014–December 2017), but essential information about the pre-GFM period was not available. The following section, Evaluation Approach and Methodology, describes changes and adaptations made to the original data collection and analysis methods.

In geographical terms, the evaluation is global in scope, and field visits were conducted to five country operations.

The evaluation includes the criterion of efficiency. Other Organisation for Economic Co-operation and Development (OECD)/Development Assistance Committee (DAC) evaluation criteria were deemed to be not applicable, given the focus on understanding GFM's costs and benefits.

4 Evaluation Approach and Methodology

4.1 Overview

The methodology for the evaluation builds on the UNHCR Terms of Reference (TOR) in Appendix I. This section is an abridged description of the methodology. See Appendix II for a full description.

The evaluation approach was based on a light evaluability assessment conducted during the inception phase. This assessment addressed key questions about project design, institutional context, and the availability of data and information. The evaluability assessment led to the conclusion that there was insufficient and non-comparable data in the 2011-2013 period to allow for a complete cost effectiveness analysis, as requested in the TOR. As such, the cost-benefit component had to be redesigned. To maintain the original evaluation purpose, the methodology was adjusted twice: once in the inception report and again in the data collection phase.

The evaluation is theory-based. A theory of change (ToC) presented in Appendix III illustrates the assumptions underlying the GFM's design and implementation, as well as how and why specific GFM interventions were meant to contribute to expected results. Evaluation questions and sub-questions in the evaluation matrix were formulated to test these assumptions (see Appendix IV). Many evaluation questions shown in the matrix are not entirely aligned with the information presented in this report, as the methodology was changed due to the impossibility of conducting a before-and-after GFM comparison.

4.2 Data Collection Methods

The evaluation used the following methods of data collection and analysis: document and literature reviews, visits to five country operations and two UNHCR HQ offices, review of two comparator organizations (ICRC and IFRC), and key informant interviews.

Document and Literature Reviews

A preliminary review of relevant literature and documents was conducted in the inception phase. These reviews complemented the detailed work performed during country field visits. Additional corporate documents were systematically analyzed to address the questions and sub-questions in the evaluation matrix. A full bibliography is included in Appendix V.

Visits to Five Countries and UNHCR HQ Offices

During country visits, the evaluation team collected data from UNHCR staff and NGO partners related to GFM. The evaluation team collected data in five countries (Algeria, Chad, Colombia, Kenya, Lebanon) and two UNHCR HQ locations (Geneva and Budapest). Country briefs may be found in Appendix VI.

Key Informant Interviews

The evaluation team conducted in-country data collection through individual and small group interviews. Stakeholders from these groups were consulted: UNHCR fleet managers, other programme and administration staff, representatives and deputy representatives, and NGO partners. Interview protocols for different stakeholder groups are presented in Appendix VII. In total, 183 stakeholders were consulted during the evaluation. See Appendix VIII for a full list of consulted stakeholders.

4.3 Analysis

To analyze the various data sets, the evaluation employed qualitative (i.e., descriptive, content, comparative) and quantitative techniques.

- **Descriptive analysis** was used first to understand the contexts in which UNHCR exists and operates.
- **Quantitative analysis** was then used to capture relevant information and trends related to adequacy of GFM vehicles, insurance schemes, processes, and other considerations.
- **Qualitative analysis**, which followed, included these two approaches:
 - **Content analysis**, which was used across the different lines of inquiry, including the review of documents and interview data to analyze and identify common trends, themes, and patterns in relation to the evaluation matrix questions. Content analysis was further used to flag diverging views and evidence on certain issues.
 - **Comparative analysis** was used to examine findings across different regions and countries, themes, organizations, and other criteria.

4.4 Quality Assurance and Ethical Considerations

The internal quality assurance system presented in the inception report specifies that the Evaluation Team Leader has overall responsibility for quality assurance, ensuring rigorous data collection, and analysis and synthesis based on triangulation and verification of data. An external review was also conducted so as to provide outside expert quality assurance to the draft report. The evaluators strictly adhered to United Nations Evaluation Group (UNEG) standards for ethical considerations and did not have any conflicts of interest.

5 Findings

5.1 Overview

The findings of the evaluation are presented in three sections, as follows: GFM Costs and Cost Comparisons (section 5.2), other Benefits of GFM (section 5.3), and Areas for improvement (section 5.4).

5.2 Costs and cost comparisons of the GFM scheme

Overview/Summary

To evaluate the gains from GFM, the evaluation team compared the present situation to what it would be if GFM had not been implemented. Hypotheses, methodology, and limitations of the calculations are described in each section below.⁴ Unless otherwise noted, all figures were provided by GFM.

The following is a summary of the gains from GFM, and each of these elements is discussed separately in Findings 1-4 below. The main takeaways of the comparison of the GFM scheme to buying locally are clear. GFM benefits clearly outweigh its costs, considering procurement costs (Finding 1), revenues from disposal (Finding 2), insurance costs (Finding 3), and the cost of staff time involved (Finding 4). Table 5.1 summarizes the principal aspects of GFM that could be quantified with associated estimated cost savings.

Table 5.1 Main GFM Cost Savings for 2017 (USD)⁵

| AREAS WHERE COSTS SAVINGS ARE NOTABLE | LOCAL COSTS | GFM COSTS | ROUGH ESTIMATE OF GFM COST SAVINGS | COMMENTS |
|---------------------------------------|-------------|------------|------------------------------------|---|
| Procurement of light vehicles | 36,800,000 | 28,000,000 | 8,800,000 | Globally and locally purchased vehicles are not exactly the same (different options and specifications) |
| All-Risk Insurance | 4,600,000 | 2,200,000 | 2,400,000 | Estimates for Africa and MENA. Covers 80% of the fleet. |
| Total | | | 11,200,000 | |

Revenue from vehicle disposal (see Finding 2) also increased with the implementation of GFM because most direct sales of vehicles have been replaced by public and sealed bid auctions. According to data provided by GFM, compared to direct sales, the gains from the public and sealed bid auctions that took

⁴ The evaluation team assessed cost savings from GFM procurement and other services by constructing cost estimates from GFM local purchase data and comparing them to actual global costs under GFM. Due to data limitations, it was not possible to do a before/after comparison, as had initially been planned. To keep estimated GFM gains conservative, the team used figures that favoured local buying. Data on vehicle operating costs (e.g., fuel, repairs) and equipment costs for local purchases were unavailable. Depreciation was excluded because it reflects procurement cost more than long-term vehicle value.

⁵ All figures are for 2017 except the insurance quotation for local costs which is from 2018.

place in 2017 are USD 5,000,000 and USD 600,000 respectively. In addition, other items (e.g., office equipment) of total value USD 700,000 were sold through auctions. Combining these figures, the gain from disposal is approximately USD 6,300,000. Combined with the savings from procurement and insurance described above, the total GFM gain is USD 17,500,000.

GFM staff salary costs are noted here for information. GFM staff salary costs are estimated at USD 2,300,000 for 2018, including all positions in Budapest and in platforms. It is to be noted that most staff also perform non-GFM functions, hence these costs are an over-estimation of the actual staff costs associated with GFM. Calculating the staffing costs associated with vehicle procurement in the absence of GFM is outside of the scope of this evaluation, due to the challenges with constructing such a counterfactual. Given the financial and non-financial benefits of GFM noted in previous sections, the estimated gains from GFM are to be weighed in favor of these expenditures on staffing.

Due to a lack of data the counterfactual exercise about vehicle procurement and disposal relies on many assumptions, these figures must be considered carefully. However, given the magnitude of these estimated savings (which the evaluation team based on conservative estimates), the total gains from GFM are likely to be significant.

The cost of the GFM staff in charge of procurement is also taken into account (see Finding 4). This analysis also considered other aspects of GFM for which quantitative evaluation was impossible due to data limitations.

The GFM project is assessed to be cost efficient and a source of many non-pecuniary benefits (e.g., increased staff safety (Finding 13), newer and more reliable vehicles, standardized vehicles and processes (Findings 6 and 10), better quality control). Although there is room for improvement, there is now some level of fleet planning within UNHCR, while before GFM there had been almost none. Another GFM benefit is the ability to spread vehicle payments over several months. This has less impact on annual budgets and leads to better cash flow management. Stakeholders commented that the rental fee is an incentive to use vehicles more optimally.

Finding 1: The evaluation estimated that GFM procurement of light vehicles saved UNHCR approximately USD 8.8 million in 2017 and approximately USD 9.5 million in 2018.

Cost of GFM procurement

The total estimated costs of procuring light vehicles through the GFM scheme in 2017 and 2018 were USD 28,013,428 and USD 23,592,841 respectively. The total costs included in the GFM scheme for the purposes of this calculation include: a) purchase price of the vehicles; b) shipment costs to the hub and from the hub to country operations; and c) costs of the hub. Purchase prices of vehicles were provided to the evaluation team by GFM. The evaluation team calculated shipment costs and hub costs as described below.

Shipment of vehicles purchased globally includes two legs:⁶

- **First leg:** Vehicle shipment costs from Japan to the hubs in Laem Chabang (USD 600) and Brussels (USD 1,800). Of the 1,041 vehicles purchased globally in 2017, 684 were shipped to Laem Chabang and 357 to Brussels. In 2018, 813 vehicles were shipped to Laem Chabang and 40 to Brussels. In 2017 the average cost was USD 1,011 and in 2018 it was USD 656.

⁶ For local purchases, shipping is included and there are no hub costs.

- **Second leg:** Conservative estimates of the average shipment cost from a hub to a UNHCR country operation were USD 3,587 for 2017 and USD 3,890 for 2018.⁷

Hub costs were calculated as follows:

- Total cost paid by GFM for the hubs is estimated at USD 1,800,000 per year.⁸
- For 2017, the hub cost per vehicle was USD 1,833. Based on six months of data, 2018 hub costs are likely to be the same.

The costs of procuring vehicles through GFM (including shipping and hub costs⁹) are shown in the table below, and are based on actual expenditures incurred in 2017 and 2018.

Table 5.2 Average Costs of Procuring a Vehicle Globally through GFM (USD)¹⁰

| TYPE OF CAR | GLOBAL | | | | | |
|-------------------------------|---------------|------------------------|--------------------|---------------|------------------------|--------------------|
| | 2017 | | | 2018 | | |
| | AVERAGE PRICE | ADJUSTED AVERAGE PRICE | NUMBER OF VEHICLES | AVERAGE PRICE | ADJUSTED AVERAGE PRICE | NUMBER OF VEHICLES |
| Nissan Patrol | 21,661 | 28,099 | 33 | 20,271 | 26,757 | 15 |
| Other Models | 31,359 | 37,797 | 12 | 22,955 | 29,441 | 25 |
| Toyota Camry | 25,635 | 32,073 | 7 | | | |
| Toyota Corolla | 16,332 | 22,770 | 22 | 17,831 | 24,317 | 11 |
| Toyota HiAce | 19,492 | 25,930 | 18 | 20,196 | 26,682 | 29 |
| Toyota Hilux Pickup DC | 20,387 | 26,825 | 35 | 22,608 | 29,094 | 7 |
| Toyota Land Cruiser 76 | 22,254 | 28,692 | 422 | 22,388 | 28,874 | 318 |
| Toyota Land Cruiser 78 | 21,999 | 28,437 | 100 | 21,509 | 27,995 | 144 |
| Toyota LC Pickup DC 79 | 21,489 | 27,927 | 85 | 21,375 | 27,861 | 96 |
| Toyota LC Pickup SC 79 | 20,381 | 26,819 | 55 | 20,047 | 26,533 | 42 |
| Toyota Prado | 23,136 | 29,574 | 193 | 24,206 | 30,692 | 140 |

The total estimated costs of procuring light vehicles through the GFM scheme were obtained by multiplying the adjusted average price by the number of vehicles for each type of vehicle.

Other Global Costs

Other costs are also incurred by GFM to function effectively. These include the development of tools for the management of the rental programme, as well as training and dissemination of information on fleet management.

⁷ Data for the year 2018 are incomplete.

⁸ Hub costs include intake, vehicle preparation, storage, monthly maintenance, pre-delivery inspection and installation of equipment

⁹ The average shipment and hub cost per light vehicle was USD 6,431 in 2017 and USD 6,379 in 2018. These amounts were added to the prices of vehicles bought globally.

¹⁰ The evaluation had access to figures on shipping and hub costs for 2017 and 2018 only.

FleetWave is used to manage the rental program, VTS devices, insurance scheme, and part of the supply chain. The purpose of FleetWave is not to reduce costs. FleetWave was rolled out as part of a more comprehensive GFM training programme. The costs associated with this training programme can only be estimated, and are shown in Table 5.3.

Table 5.3 FleetWave and training costs (USD)

| | YEARS | COST |
|---|---------------------|---------|
| Start-up costs and one-off software license | 2013 | 102,000 |
| Software customization/development | 2013-2018 (ongoing) | 414,600 |
| Training materials | 2015-2016 | 122,738 |
| Training delivery | 2015-2018 (ongoing) | 185,800 |

Approximately half of the GFM training budget (around 55 percent) can be attributed to the FleetWave roll-out effort. Considering start-up and software costs as a one-time expense spread over six years (2013-2018), the estimated yearly cost is USD 145,400. This represents less than one percent of the annual procurement cost, or about USD 30 per vehicle per year (for a fleet size of approximately 5000 vehicles), which is fairly small.

VTS devices are installed at the hub for all GFM purchased vehicles. When vehicles are purchased locally, GFM provides VTS devices and coordinates local installation. Experience has shown that it is less expensive and more reliable to install VTS in the hub rather than locally. Local VTS installers must be trained for proper installation. Despite that, issues can occur with local installation (e.g., battery drainage). In those cases, a technician from Novacom, a French company, has to be sent to countries to fix the problem, and this is costly. There is no data on the exact costs of local installation. The equipment installed in the hub versus purchased and installed locally also appears to be less costly.

Cost of local procurement

Estimated comparable costs of procuring light vehicles locally for a similar fleet of light vehicles were USD 36,831,916 and USD 33,077,448 for 2017 and 2018 respectively.

The following table shows average local prices for vehicles bought locally in 2014, 2017 and 2018. (When purchased locally, vehicles do not go through the GFM hubs for the installation of standardized equipment.) The evaluation team worked under the assumption that shipping costs were included in these prices.

Table 5.4 Average Costs of Vehicles Procured Locally (USD)¹¹

| TYPE OF LIGHT VEHICLE | 2014 | 2017 | 2018 |
|----------------------------|--------|--------|--------|
| Other Models ¹² | 33,057 | 30,116 | 32,847 |
| Toyota Camry | 29,527 | 34,698 | n/a |
| Toyota Corolla | 20,815 | 18,259 | n/a |
| Toyota HiAce | 33,070 | 23,642 | 22,328 |

¹¹ The evaluation had access to figures on shipping and hub costs for 2017 and 2018 only.

¹² Other models include vehicles that are not available in the GFM catalogue.

| TYPE OF LIGHT VEHICLE | 2014 | 2017 | 2018 |
|-------------------------------|--------|--------|--------|
| Toyota Hilux Pickup DC | 25,780 | 26,787 | 33,710 |
| Toyota Land Cruiser 76 | 38,595 | n/a | n/a |
| Toyota LC Pickup SC 79 | 37,884 | n/a | n/a |
| Toyota Prado | 46,162 | 41,249 | n/a |

Comparing procurement costs between local and global purchases, some vehicles are less expensive when procured globally while others are less expensive when purchased locally. To meaningfully compare all car types procured locally and globally, the evaluation team had to estimate the prices of the most common vehicles procured through GFM. The Land Cruiser was not purchased locally in 2017 and 2018. The evaluation team estimated its price based on 2014 local purchases. Similarly, there is no data on local prices for Toyota Corolla and Toyota Prado in 2018, but their prices can be estimated using 2017 prices (no Toyota Camrys were bought globally in 2018).

To estimate prices for the years 2017 and 2018, the evaluation team calculated inflation rates using three periods in accordance with the prices available for locally procured vehicles.¹³ The objective was to estimate 2018 prices for the Toyota Corolla and Prado using the prices in 2017 (and the inflation rate for 2017-2018). In the same way, the 2017-2018 prices of Toyota Land Cruiser 79 and Toyota LC Pickup DC 7 were estimated using inflation rates for 2014-2017 and 2014-2018. Finally, the price was adjusted to account for the extra cost of VTS and its installation, USD 1500 in total. Adjusted prices for locally procured vehicles are shown in Table 5.5.

Table 5.5 *Adjusted prices of locally procured vehicles (USD)*

| TYPE OF CAR | LOCAL | | | |
|-------------------------------|---------------|------------------------|---------------|------------------------|
| | 2017 | | 2018 | 2018 |
| | AVERAGE PRICE | ADJUSTED AVERAGE PRICE | AVERAGE PRICE | ADJUSTED AVERAGE PRICE |
| Other Models | 30,116 | 31,616 | 32,847 | 34,347 |
| Toyota Camry | 34,698 | 36,198 | | |
| Toyota Corolla | 18,259 | 19,759 | 20,046 | 21,546 |
| Toyota HiAce | 23,642 | 25,142 | 22,328 | 23,828 |
| Toyota Hilux Pickup DC | 26,787 | 28,287 | 33,710 | 35,210 |
| Toyota Land Cruiser 76 | 36,092 | 37,592 | 38,291 | 39,791 |
| Toyota LC Pickup SC 79 | 35,427 | 36,927 | 37,586 | 39,086 |
| Toyota Prado | 41,249 | 42,749 | 45,285 | 46,785 |

Once the team had estimated prices for most vehicles, it was possible to estimate the procurement cost of the GFM fleet if it had been procured locally. To do this, the evaluation team used the number of vehicles GFM purchased in 2017 and 2018 (Table 5.2) and estimated total cost as follows:

¹³ Inflation indices were calculated by taking an average price increase of all vehicles bought locally in the two years considered. Inflation rates used were 6.49% for 2014 to 2017, 0.79% for 2014 to 2018, and 9.8% for the years 2017 and 2018.

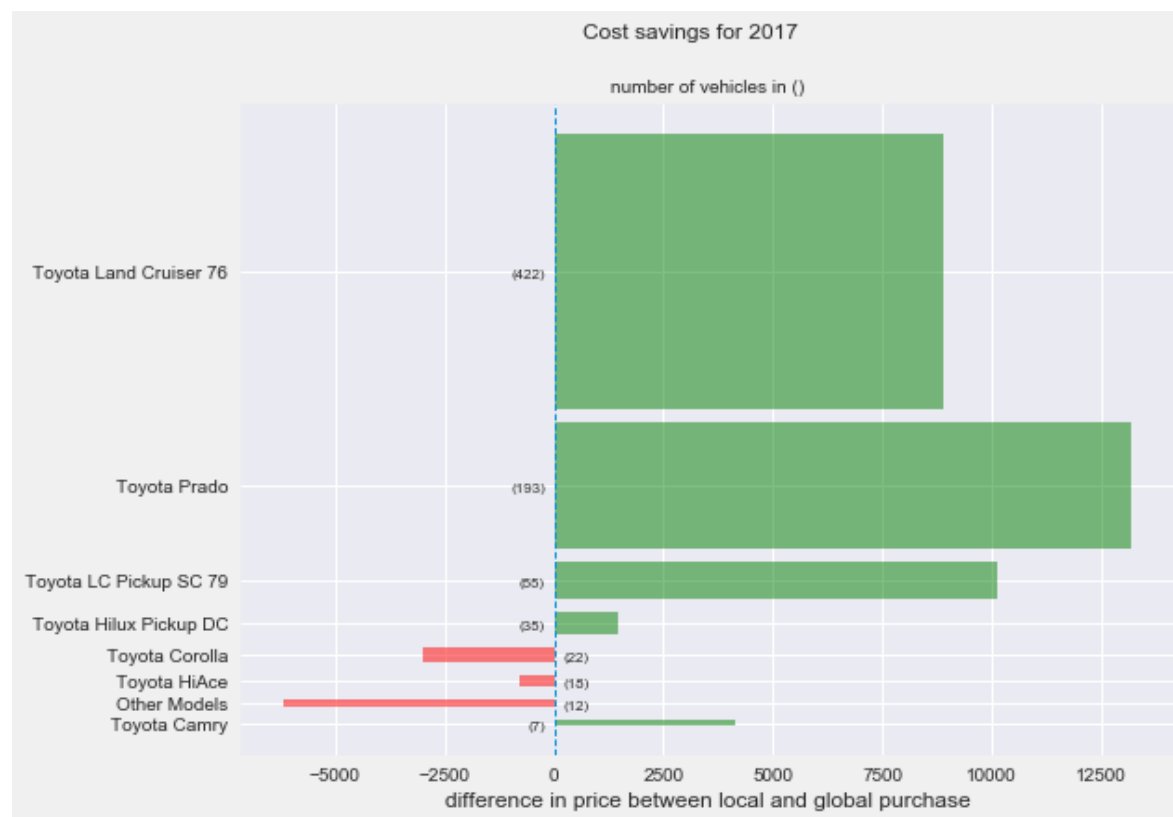
- First, the evaluation team calculated the cost of the vehicles for which there were local prices. (In 2017, this would be 12 Other Models, 7 Toyota Camry, 22 Toyota Camry, etc.) Total costs were USD 28,655,381 for 2017 and USD 22,878,235 for 2018.
- Second, the team extrapolated the costs for the models for which there were no local prices (i.e., Nissan Patrol, Toyota Land Cruiser and Toyota LC Pickup DC 79).¹⁴ Total costs were USD 36,831,916 for 2017 and USD 33,077,448 for 2018.
- Adjustments were based on the hypothesis that the average price of vehicles for which there are no data are similar to the average price of the vehicles in Table 5.5.¹⁵

Comparing global and local procurement

Comparing global and local total estimated procurement costs, including shipping, hub costs and VTS, we obtain USD 28,013,428 versus USD 36,831,916 for 2017 and USD 23,592,841 versus USD 33,077,448 for 2018. Thus, it would have cost about an extra USD 8,818,488 in 2017 and USD 9,484,607 in 2018 if all vehicles procured through GFM had been bought locally.

Figure 5.1 below breaks down the vehicle procurement cost savings for 2017.

Figure 5.1 Breakdown of cost savings in procurement by model for 2017



¹⁴ The calculation was done as follows: The evaluation team had price estimates for 764 out of 982 vehicles (78%) in 2017 and for 572 out of 827 (69%) vehicles in 2018 (see Table 5.2). Thus, the evaluation team adjusted the total cost for 2017 and 2018 by 982/764 and 827/572, respectively, and obtained total costs.

¹⁵ For globally procured vehicles, the cost for vehicles that have local prices (in Table 5.5) represent 78% and 69% of the total cost, which leads us to believe that the adjustment is reasonable.

In the figure above, the vehicle models are ranked according to the number of units procured in 2017. The horizontal axis gives the cost difference per unit between local and global procurement for each model. On the vertical axis, the height of each rectangle represents the number of cars procured in 2017 for each model. The area of each rectangle represents the total cost difference (number of units times cost difference per unit) for each model. The latter is green when global procurement is cheaper and red otherwise. The sum of the green rectangles minus the sum of the red rectangles accounts for the difference in procurement cost for all vehicles for which we have data. Some models are less expensive when procured locally (Toyota Corolla, Toyota HiAce, Other Models), but what matters is the most commonly bought vehicles (Toyota Land Cruiser 76, Toyota Prado).

Additional factors to consider in comparing local and global procurement costs:

- A warranty is included in the price of vehicles bought locally. It is impossible to estimate its actual value, as there is no data to support it. It is likely to be small, however, given that the conditions under which the warranty applies are rarely met in countries where UNHCR operates. Globally, this warranty is not available. At global level, warranty cases are covered by the UNHCR insurance within one year from the in-service date.
- The analysis does not consider the time elapsed between vehicle purchase and delivery, which could be different for global and local procurement. This time frame could represent funds that could have been invested elsewhere. Globally procured vehicles take, on average, between 26 and 32 weeks for delivery, while delivery time for locally bought vehicles is estimated to be approximately 36 weeks (when not in stock). Considering locally bought vehicles can take four weeks longer to arrive, this would represent an opportunity cost of only USD 100 at a 5 percent interest rate for a USD 25,000 vehicle—a small number compared to the per-vehicle cost difference above. Thus, even though these two factors cannot be evaluated precisely, it is unlikely they would have much effect.
- A vehicle model purchased locally and one purchased globally are likely to differ in grading and options. Differences in specifications likely contribute to a higher cost for locally purchased vehicles. However, it is not clear that more expensive options should be taken into account in the analysis if a car with lower specifications purchased globally could fulfill the same function. Differences in grading and options between cars purchased globally and locally are one of the main limitations of this analysis.
- When purchased globally, vehicles are prepared with standard and optional equipment in the hubs. Optional equipment is installed by request from country operations and may include winches, bull bars, and other accessories. When purchased locally, equipment must be procured from different providers and installation arranged with other providers. Thus, equipment installed in GFM hubs is likely less costly than that purchased and installed locally, and quality is superior according to GFM stakeholders.

Finding 2: Prior to GFM, light vehicles were not disposed of through auctions on a regular basis. The sale of light vehicles through public auction brings in more revenue for the organization than direct/private sales.

UNHCR has disposed of light vehicles through direct sales, public auctions, and sealed bids auctions. Before GFM, disposal was almost exclusively through direct sales. See also section 5.3.4.

According to GFM estimates, UNHCR recovered approximately USD 1 million per year from vehicle disposal before GFM, less than what is possible through auctions (see Table 5.6).¹⁶ The 2014 auction

¹⁶ Based on GFM estimates

reports were incomplete as GFM was establishing data monitoring systems and were therefore excluded, but interviewed AMU staff said that 2014 light vehicle disposal revenues were substantial since old, unusable vehicles were being disposed of. Data on revenues by disposal type were available as of 2016. Revenues increased substantially in 2017, explained in part by the AMU's increased capacity and new structure.

Table 5.6 Revenues Generated Through Light Vehicle Disposal (2015-2017)¹⁷ in USD

| TYPE | 2015 | 2016 | 2017 | TOTAL 2015-2017 |
|---------------------------|------------------|------------------|------------------|-------------------|
| Direct Sale | | 107,553 | 42,343 | 149,896 |
| Online | | | 8,950 | 8,950 |
| Public Auction | | 4,784,815 | 7,616,859 | 12,401,674 |
| Sealed Bid Auction | | 602,977 | 1,387,857 | 1,990,834 |
| Unknown | 5,054,549 | 146,874 | | 5,201,423 |
| Sum of Net Revenue | 5,054,549 | 5,642,219 | 9,056,009 | 19,752,777 |

Data indicate that revenues generated from direct sales represented only 1.9 percent of light vehicle disposal revenues in 2016 and further declined to 0.5 percent in 2017. GFM public auctions accounted for 84.8 percent of revenues generated through light vehicle disposal in 2016 and 84.1 percent in 2017 (while the number of vehicles auctioned increased from 466 in 2016 to 522 in 2017). The proportion of light vehicle disposal revenues generated through sealed bids increased from 10.7 percent in 2016 to 15.3 percent in 2017.

AMU data from 2016 and 2017 and Table 5.7 show public auctions are by far the most profitable method of disposal, having generated average revenues of USD 10,268 and USD 14,592 per light vehicle in 2016 and 2017, respectively. In comparison, sealed bid auctions generated an average of USD 7,353 in 2016 and USD 9,506 in 2017. Data shows direct sales are two to three times less profitable than public auctions, having generated an average of only USD 5,661 in 2016 and USD 5,293 in 2017. Only one light vehicle was sold via online auctioning (in 2017), for USD 8,590, so it is not yet possible to determine the profitability of online auctioning.

Table 5.7 Average Revenues Generated Through Disposal of Light Vehicles (by Auction Type) in USD

| TYPE | 2016 | | 2017 | |
|--------------------|------------------------|------------|------------------------|------------|
| | AVERAGE OF NET REVENUE | # VEHICLES | AVERAGE OF NET REVENUE | # VEHICLES |
| Direct Sale | 5,661 | 19 | 5,293 | 8 |
| Online | | | 8,950 | 1 |
| Public Auction | 10,268 | 466 | 14,592 | 522 |
| Sealed Bid Auction | 7,353 | 82 | 9,506 | 146 |
| Unknown | 16,319 | 9 | | |

¹⁷ This amount was calculated based on the yearly action reports GFM shared with the evaluation team.

Given the large number of Land Cruisers that were sold in 2016 and 2017 through GFM auctions and through direct sales, it was possible to compare net revenues per vehicle, as shown in Table 5.8. From this table, it can be concluded that net revenue is lower from direct sales than it is from auctions. In addition, direct sales are less transparent and more prone to collusion according to GFM stakeholders.

Table 5.8 Average Net Revenue for Land Cruisers Disposal (USD)

| | DIRECT SALES | SEALED BID AUCTIONS | PUBLIC AUCTIONS | DIRECT VS SEALED BID | DIRECT VS PUBLIC |
|------|--------------|---------------------|-----------------|----------------------|------------------|
| 2016 | 7,875 | 8,079 | 11,903 | -3% | -34% |
| 2017 | 5,586 | 9,922 | 16,495 | -44% | -66% |

Direct sales are associated with decreases in price. Since Land Cruisers represent a large majority of the fleet, the evaluation team extrapolated these numbers to the total revenues of auctions in 2016 and 2017 to obtain the loss in USD if auctions were replaced by direct sales, shown in Table 5.9. The losses in revenue, especially for public auctions, are sizeable and support the push towards more disposal through public auction.

Table 5.9 Comparison of Revenue from Disposal (USD)

| | SEALED BID AUCTIONS | LOSS OF REVENUE IF DIRECT SALES | PUBLIC AUCTIONS | LOSS OF REVENUE IF DIRECT SALES |
|------|---------------------|---------------------------------|-----------------|---------------------------------|
| 2016 | 602,977 | -18,089 | 4,784,815 | -1,626,837 |
| 2017 | 1,387,857 | -610,657 | 7,616,859 | -5,027,127 |

Apart from light and heavy vehicles, other items (such as office equipment, motorcycles, generators, etc.) are also sold through the GFM auctions. The sale of other items raised USD 730,720 in 2016 and USD 703,508 in 2017.¹⁸ Without GFM, these items would likely have been given away and no revenues would have been generated.

UNHCR generated USD 3.1 million from the sale of scrap vehicles, heavy vehicles, and other items between 2015 and 2017, as shown in Tables 5.10 and 5.11 (there was no data for 2014). Surprisingly, more than half (61 percent) of this revenue came from the sale of miscellaneous items, including: spare parts, tyres, generators, refrigerators, and office furniture and equipment such as desks, chairs, tables, computers, keyboards, printers, and scanners. UNCHR staff notes that they have cleaned their offices and generated money from items they never believed could be sold.

Table 5.10 Revenues Generated from Scrap and Heavy Vehicles Disposal (in USD)

| TYPE | 2015 | 2016 | 2017 | TOTAL |
|---------------------------|----------------|----------------|----------------|------------------|
| Online | | | 51,879 | 51,879 |
| Public Auction | | 196,944 | 354,161 | 551,106 |
| Sealed Bid Auction | | 44,541 | 83,181 | 127,722 |
| Unknown | 476,857 | | | 476,857 |
| Sum of Net Revenue | 476,857 | 241,485 | 489,221 | 1,207,563 |

¹⁸ No data is available for 2018.

Table 5.11 Revenues Generated from the Disposal of Other Items (in USD)

| TYPE | 2015 | 2016 | 2017 | TOTAL |
|---------------------------|----------------|----------------|----------------|------------------|
| Direct Sale | | 4,096 | | 4,096 |
| Online | | | 2,320 | 2,320 |
| Public Auction | | 599,054 | 452,253 | 1,051,306 |
| Sealed Bid Auction | | 42,904 | 267,181 | 210,085 |
| Unknown | 615,920 | 3,497 | | 619,417 |
| Sum of Net Revenue | 615,920 | 649,551 | 621,754 | 1,887,225 |

Finding 3: The cost of all-risk insurance bought locally is higher than insurance provided through GFM.

GFM offers all-risk insurance to cover damage and loss at the same price (USD 500) for all vehicle types and it is paid once per year.¹⁹ The evaluation team compared the GFM price with local insurance market quotations in the five countries visited. The lowest quotes are shown in Table 5.12.

Table 5.12 Cost of Local All-Risk Insurance

| COUNTRY AND VEHICLE ²⁰ | COST PER YEAR IN USD |
|-----------------------------------|----------------------|
| Algeria, Nissan Patrol | 900 |
| Lebanon, Toyota Prado | 1,415 |
| Colombia, Toyota Prado | 1,810 |
| Kenya, Toyota Land Cruiser 76 | 1,050 |

Clearly, for these four countries, it is less expensive to be insured through GFM. Local insurance policies had different specifications in terms of risk coverage. It was not possible to get a quote in Chad because of its limited insurance market. To estimate the cost difference between GFM and local insurance, the analysis used the average local insurance prices for Algeria and Lebanon as proxy for the prices in all countries in Middle East and North Africa (MENA) and the local insurance prices for Kenya as proxy for Africa. Examining these two regions, as shown in Table 5.13, gives a reasonable overall picture because 80 percent of the UNHCR fleet was located in these regions in 2017.

Table 5.13 Estimated Cost of Locally Purchased Insurance and fleet size in 2017

| REGION | PRICE IN USD | NUMBER OF VEHICLES |
|--------|--------------|--------------------|
| MENA | 1,157 | 568 |
| Africa | 1,050 | 3,789 |

¹⁹ As noted in section 2, country operations are required to buy third-party liability insurance for all vehicles, a standard requirement in most countries. The UNHCR insurance includes global excess 3rd party liability insurance in the USD 500 annual fee.

²⁰ Vehicles that are most common in countries visited.

Using the numbers above, the cost is estimated to be USD 4,635,626 for insurance bought locally, compared to USD 2,178,500 for insurance provided through GFM. This represents savings of USD 2,457,126,²¹ which is conservative because the fleet in Africa represents 75 percent of the total UNHCR fleet, and because insurance prices are likely lower in Kenya than in the rest of Africa as more options are available.

Finding 4: The staff effort required to procure vehicles locally is higher than the effort required to procure them globally through GFM.

In this section, the evaluation team compares the time required for UNHCR staff to purchase vehicles through GFM with the time required to purchase them locally. The evaluation team had to work with rough estimates of the staff time required for every step of the purchasing process, but these estimates are sufficient to reach a conclusion.

The table below provides details on the purchasing process and estimates of the staff time required for purchases from a local seller or through GFM. In the table, staff time is shown for three categories:

- P indicates professional staff, who are usually recruited internationally. This category includes professional staff at all levels (which are distributed according to years of experience and education).
- G indicates general service staff and includes administrative, secretariat and clerical support as well as technical functions. Staff in this category are usually recruited locally.
- F indicates staff subcontracted in the hubs, known as experienced fitters, who install equipment on light vehicles.

This analysis shows that the total level of effort for professional and general service staff is clearly lower for global purchase. The total number of days for experienced fitters is higher through GFM than through local purchases, but this is only because more cars are fitted. On a per car basis, it takes about 8 hours through GFM versus 30 hours for local purchases. Thus, the purchasing process takes less time overall through GFM.

²¹ These numbers have been obtained by multiplying the price of insurance by the number of vehicles using prices in the table if insurance is bought locally and USD 500 if they are provided through GFM.

Table 5.14 Comparison of Staff Time Required for Local and Global Purchases of Vehicles

| STEPS | | LOCAL PURCHASE ²² | GLOBAL PURCHASE | COMMENTS |
|---|----------------|----------------------------------|---|---|
| 1. Analysis of needs of operation and market research | Per order | P: 2 days G: 0-7 days | P: 1-2 days | Global purchase requires less staff effort to analyze needs and do the market research. The work at the global level is only required once every 2-3 years to renew the frame agreements with Toyota. At the local level, this research work is needed every time a new car is ordered. |
| | Frequency | 15-25 orders/year | Every 2-3 years | |
| | Total per year | P: 30-50 days G: 0-175 days | P: less than 1 day | |
| 2. Issue and analysis of tenders | Per order | P: 3-11 days G: 5-15 days | P: 4-12 days | The range shown for local purchases is due to variations in levels of approval (Local Contracts Committee or Headquarter Contracts Committee) and methods of solicitation (Waiver of Competitive Bidding, Request for Quotation, Invitation to Bid). For global purchases, the approval is always based on Headquarter Contracts Committee. For global purchase, procurement service includes both P and G level staff but quality control is mainly done by P level staff. From this perspective, the effort needed at global level is clearly less than at the local level. |
| | Frequency | 15-25 orders/year | Every 2-3 years | |
| | Total per year | P: 45-275 days G: 75-375 days | P: 2-6 days | |
| 3. Issue of purchase order | Per order | P: 1 hour G: 2-5 hours | Monthly vehicle orders: P: 2-4 hours G: 1-2 days Accessories: G: 2 days per month | This step consists in creating the purchase order and issuing the requisition. The issue of purchase orders requires less staff effort when done locally. The time required to purchase a vehicle locally can however vary |

²² For local purchases, the total time needed per year was calculated for all 15 countries which purchase vehicles locally. It is realistic to assume that each country that purchases vehicles locally have about two purchase orders each year.

| STEPS | | LOCAL PURCHASE ²² | GLOBAL PURCHASE | COMMENTS |
|---|-----------|--|---|--|
| | Frequency | 15-25 orders | Vehicles: 3 purchase orders per month (24 per year) Accessories: 2-3 times a year per supplier. GFM has about 9 different suppliers. | enormously depending on the order. For one car, the process will be quick and straightforward, however for more unconventional orders (e.g., ambulances), it could take several days/weeks. Time required to purchase accessories locally is not included here. It is assumed that accessories are included with the vehicle or installed later by other service providers. About 30-40% of vehicles bought locally get accessories installed. |
| | Per year | P: 2-3 days (15-25h) G: 4-16 days (30-125h) | Vehicles: P: 3-6 days G: 12-24 days Accessories: G: 24 days | |
| 4. Purchase and installation of equipment | Per order | F: 30 hours/car P: 1-2 days G: 6-40 days | F: 8 hours/car Contract with accessory suppliers are renewed every 5 years: P: 16-31 days G: 2 days | The installation of equipment is optimized and standardized in the GFM hubs, which explains why it requires less staff time overall. Technicians in the hub are trained and are used to working with the UNHCR vehicles and equipment. Each car that goes through the hubs gets equipment installed (e.g., VTS, first aid kits, etc.). The cars are also inspected and cleaned. At the local level, service providers need to be hired to install special equipment. They also need specific training for the VTS installation. |
| | Frequency | 5-8 operations/year for 10-15 vehicles (50 -120 vehicles) | 1,000 vehicles per year | |
| | Per year | F: 188-450 days (1,500-3,600h) P: 5-16 days G: 30-320 days | F: 1,000 days (8,000 hours) P: 3-6 days G: 0.4 days | |

| STEPS | | LOCAL PURCHASE ²² | GLOBAL PURCHASE | COMMENTS |
|---|----------|---|--|---|
| 5. Vendor registration and item ID creation | | <p>Every locally purchased vehicle requires a new item ID in the Enterprise Resource Planning (ERP) system. Request is sent to the Global Service Desk (GSD) and is reviewed and approved by GFM. After that the request is processed by a support unit in Supply Management System (SMS). There are various stakeholders involved, including AFSM.</p> | <p>Highly standardised processes: new item IDs for vehicles and vendor registrations only need to be created a few times per year.</p> | <p>Although no specific figure was available on staff time required for vendor registration and ID creation, the process is clearly simpler for global purchases.</p> <p>For local and global purchases, item IDs are created by GFM.</p> |
| Total | Per year | <p>P: 82-344 days G: 109-886 days F: 188-450 days</p> | <p>P: 9-19 days G: 36-48 days F: 1,000 days</p> | <p>Global purchase requires less staff time than local purchase of light vehicles.</p> |

5.3 Other benefits accrued through the GFM Scheme

In addition to providing monetary benefits, GFM has contributed to improving and streamlining the ordering, management, and disposal of light vehicles. Self-insurance and standardization of processes are also noted as benefits. For the most part, the changes noted below are positive, but a few adjustments are still required.

5.3.1 UNHCR Vehicle Self-Insurance

Finding 5: The UNHCR vehicle self-insurance scheme provides low cost, comprehensive insurance coverage for damage and loss. It is a value added for country operations, many of which only had access to local third-party liability insurance or no insurance at all. While the self-insurance fund is not yet being fully utilized, there have been notable increases in the number of incidents reported and claims reimbursed since 2014.

Since the introduction of its self-insurance scheme in 2014, GFM has introduced several global insurance practices, including practices to increase accident reporting and to enhance efficiencies in claim processing, approval and reimbursement. A small GFM team is responsible for insurance-related communications with country operations and the global provider. Claims processing and low claim value approval was outsourced to an external service provider that was selected through competitive tender. At the time of writing, the contract of the global service provider had come to an end; a second tender had recently been completed and the contract of a new service provider was in place.

Insurance costs have decreased consistently since the start of GFM, from USD 900 per vehicle per year in 2014 to USD 500, as shown in Table 5.15. Insurance premiums were initially set higher in order to fund the USD 4.5 million reserve set by the Steering Committee. GFM subsequently adjusted yearly insurance premiums based on the actual number of claims received.²³

Table 5.15 GFM Insurance Charged to Country Operations, 2014-2018

| YEAR | VEHICLE INSURANCE CHARGES/YEAR |
|-----------|--------------------------------|
| 2014 | USD 900 |
| 2015 | USD 700 |
| 2016-2018 | USD 500 |

One benefit of the GFM insurance is that operations are charged the same amount regardless of whether the insured vehicle is light, heavy, or armoured. Indeed, insuring heavy, and especially armoured, vehicles can be costly and most insurance providers do not even provide coverage for them.

In the five countries visited, UNCHR staff agreed that overall the GFM insurance scheme has been beneficial. Staff in four of five country operations acknowledged that before the introduction of the scheme in 2014, operations purchased only mandatory third-party liability insurance without loss or damage coverage. The Colombia operation did have full coverage local insurance, but local providers have cumbersome procedures, are slow to disburse funds, and reject claims based on “hidden clauses.” In less

²³ UNHCR. (2014). Memorandum 054-2014.

developed countries (e.g., Chad), such comprehensive insurance does not exist.²⁴ This meant that many operations had to repair or replace damaged or stolen vehicles using funds from their annual budgets. Country staff acknowledged GFM does not profit from the insurance and tries to reimburse all properly justified claims.

Operations staff also appreciated that: the GFM self-insurance fund reimburses any type of repair²⁵, the number of allowed claims is unlimited, and accidents do not increase premiums. Some consulted UNHCR country staff incorrectly believed there was an overlap, however, between the minimum local third-party liability insurance and the GRM self-insurance and that they were paying twice. GFM should ensure that country staff understand the two insurance types.

Progress and Areas for Improvement in the Insurance Claim Process

As shown in Table 5.16, the total amount of insurance claim reimbursements increased by a hundredfold from 2014 to 2017, with the most notable increase in 2017. The number of claims closed without payment decreased from 64 percent in 2014 to 37 percent in 2017.

Table 5.16 Insurance Claims and Reimbursements, 2014-2017

| YEAR | TOTAL AMOUNT PAID | NUMBER OF CLAIMS |
|------|-------------------|------------------|
| 2014 | 23,365.72 | 7 |
| 2015 | 254,674.54 | 31 |
| 2016 | 355,254.39 | 132 |
| 2017 | 2,301,850.20 | 273 |

An important factor contributing to increases in claim reimbursements is adequate incident reporting. The number of incidents reported to GFM more than tripled between 2014 and 2017, as shown in Table 5.17. This is explained, in part, by the removal of the accident-free bonus which was a disincentive for drivers to report accidents. This bonus was replaced by a

safe-driving bonus that is awarded to drivers with no speeding incidents, as per VTS data. In Chad, however, some drivers were still under the impression the no-accident bonus applied and preferred to pay out-of-pocket for minor incidents. Further education on the removal of the no-accident bonus may be needed, especially in hardship duty stations with high staff turnover.

Table 5.17 Incidents Reported to GFM Insurance, 2014-2017

| YEAR | NUMBER OF INCIDENTS REPORTED |
|------|------------------------------|
| 2014 | 132 |
| 2015 | 342 |
| 2016 | 425 |
| 2017 | 463 |

²⁴ The evaluation team was unable to find a provider offering local all-risk insurance.

²⁵ Except maintenance related repairs and normal wear and tear.

Overall, staff in visited country operations said they clearly understood the processes and deadlines associated with insurance claims (see sidebar) but noted that some of the documents requested by GFM can be difficult to obtain (e.g., police reports), especially in conflicted zones and secluded areas. Difficulties such as this are a significant cause of delays in the insurance claim process. In some countries (e.g., Chad), UNHCR staff noted that UNCHR partners are not always clear about the documents they need to submit in the case of an accident. While claims may be closed without payment for a variety of reasons, the main reason is lack of documentation. As shown in Table 5.18, of the claims that were closed without payment in 2017, lack of proper documentation was the reason in 73 percent of cases. The percentage is slightly higher for vehicles operated by UNHCR partners, suggesting a need to better communicate insurance claim requirements to this group.

Procedures for Incident Reporting and Insurance Claims

Incidents must be reported to the country operation within 24 hours and to the GFM within 48 hours after that. Full documentation is not required at that time. A simple email suffices for the date of incident, type of incident, vehicle details, location, and country of incident.

Accidents are then documented in FleetWave and the insurance provider determines the types of documentation to submit. Countries have 60 days to submit these documents. GFM sends a total of three reminders to country operations. If a document is not available, GFM will ask for an explanation. If the country operations do not respond to GFM's emails, the claims are closed after 60 days without payment.

Table 5.18 *Percentage of Claims Closed without Payment Due to Lack of Proper Documentation, 2014-2017*

| TYPE OF VEHICLE USER | 2014 | 2015 | 2016 | 2017 |
|-------------------------------|------|------|------|------|
| Admin vehicles (UNHCR) | 73% | 51% | 62% | 70% |
| Programme vehicles (Partners) | 78% | 55% | 70% | 74% |
| User not specified | 86% | 56% | 79% | 91% |
| All types of users | 78% | 53% | 67% | 73% |

All country operations visited noted delays in receiving GFM approval to proceed to repair, especially in GFM's first years. Some operations (e.g., Chad) stated that, in some cases, GFM has taken up to two months to issue approval, leaving damaged vehicles unusable. GFM staff noted that these delays were mainly due to the insurance provider committing errors in the claims process and this necessitated UNHCR audits. GFM has worked to establish an efficient working relationship with the insurance provider and GFM reviews all claims before sending them to the provider. UNCHR staff consulted during the field visits acknowledged that the process for obtaining GFM repair approval has improved during the past year.

While some improvements are still needed, progress since 2014 suggests the GFM global insurance is working well and that continuous improvements are being made to ensure adequate accident reporting and efficient claims and reimbursement processes.

5.3.2 Standardization of Vehicles and Ordering Process

Finding 6: GFM has contributed to vehicle standardization, and Toyota Land Cruisers meet most operational needs of UNHCR staff and partners in country operations. In a few countries visited, models were not fully adapted to country conditions.

Vehicle standardization implies that a vehicle fleet is composed of one or more models that are fitted with the same components and equipment in order to increase efficiency and reduce costs related to management, training, maintenance and repair.

UNHCR country operations differ in their light vehicle needs. In urban contexts, small sedans are appropriate, while larger, more robust vehicles are required in camps. In Europe, vehicles must meet environmental standards, while elsewhere, vehicles must sustain poor road conditions. GFM's light vehicle catalogue allows for 10 primary options, customizable with 49 different specifications (e.g., left or right driving, engine configuration).

Interviewed stakeholders generally appreciated GMC standardization and noted, for example, that it has led to more equity in vehicle types. In a 2006 evaluation, partners complained about receiving lower-quality vehicles and having to use them longer than UNHCR country operations. This discrepancy has been resolved.²⁶

Benefits of Standardization

The GFM operational guidelines highlight the benefits of standardizing the types of vehicles, including: increased buying power, more effective supply chain, simplified ordering, increased operational efficiency and safety, maintenance and repairs.²⁷ An order for a standard vehicle can be transferred from one UNHCR office to another if necessary, allowing for swift reallocation during emergencies. Fewer types of spare parts are needed for field maintenance and repairs, making operations simpler and less expensive.²⁸

GFM's vehicle standardization has reduced the number of models by 34 percent. The procurement process now requires 25 suppliers instead of 44, a 43 percent decrease.²⁹ In 2016, 83 percent of light vehicles were purchased directly from Japan, a significant increase from 43 percent in 2012.³⁰ The hubs make standardization possible. In certain cases, UNHCR still allows local purchases, such as in Europe where emissions controls are stricter. These few locally purchased cars are still rented to country operations through the centralized scheme.

²⁶ Herrmann, R. (2016). *Evaluation of the utilization and management of UNHCR's light vehicle fleet* (Rep. No. EPAU/2006/02).

²⁷ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (pp. 16-17, Publication No. UNHCR/OG/2015/X). (2018).

²⁸ Delagarde, C., Mikalsen, J., & Van Wassenhove, L. (2017). *UNHCR Global Fleet Management: 2015-2016 Report*. (Rep.). INSEAD Humanitarian Research Group.

²⁹ *UNHCR Global Fleet Management: Year One Baseline Report*. (Rep.). (n.d.). INSEAD Humanitarian Research Group.

³⁰ Delagarde, C., Mikalsen, J., & Van Wassenhove, L. (2017). *UNHCR Global Fleet Management: 2015-2016 Report*. (p. 1, Rep.). INSEAD Humanitarian Research Group.

Toyota Land Cruisers

As shown in Table 5.19, most of the light vehicles purchased by GFM are Toyota Land Cruiser models (Land Cruiser 76, Land Cruiser 78, Land Cruiser Pickup DC 79, and Land Cruiser Pickup SC 79). Land Cruiser use has also increased slightly, from approximately 65 percent in 2014 to over 71 percent in 2018. UNHCR staff members and partners mentioned preferences for Land Cruisers in interviews, particularly in Chad. The increase in the number of Toyota Prados is also worth noting. Since 2014, a few other models were purchased locally by country operations under the GFM rental scheme – most notably: Nissan Pathfinder, Toyota Auris, Toyota Fortuner, Toyota RAV4, Nissan Sentra, Peugeot 508, and Dacia Duster. The ‘other models’ category also includes a few hybrid vehicles purchased by GFM.

Table 5.19 Number of Vehicles purchased by UNHCR by Models, 2014-2017

| | 2014 | 2015 | 2016 | 2017 |
|-----------------------------------|------------|------------|------------|-------------|
| Nissan Patrol | 43 | 4 | 20 | 33 |
| Toyota Camry | 9 | 9 | 1 | 9 |
| Toyota Corolla | 12 | 24 | 33 | 26 |
| Toyota Hiace | 29 | 40 | 61 | 21 |
| Toyota Hilux Pickup DC | 20 | 5 | 7 | 40 |
| Toyota Land Cruiser 76 | 316 | 377 | 268 | 422 |
| Toyota Land Cruiser 78 | 92 | 66 | 152 | 100 |
| Toyota Land Cruiser Pick Up DC 79 | 53 | 37 | 75 | 85 |
| Toyota Land Cruiser Pick Up SC 79 | 52 | 50 | 12 | 55 |
| Toyota Prado | 119 | 136 | 142 | 201 |
| Other Models | 43 | 45 | 68 | 34 |
| Total | 788 | 793 | 839 | 1026 |

Country-Specific Vehicle Adaptations

Visits in-country allowed the evaluation team to identify the extent to which GFM standard vehicles were adapted to country operation needs. This is described in greater detail in Appendix IX. It is the responsibility of country operations staff to select vehicles and optional accessories from the GFM catalogue, based on their specific needs, and GFM does not interfere with choices made by operations.

Within the country operation, the Budget Holder of each division³¹ is responsible for ordering vehicles, but does not necessarily have intimate knowledge of the fleet and related needs. Based on information collected in country operations, drivers and mechanics are often not consulted in the ordering process, which has led to some dissatisfaction with the vehicles chosen. For example, stakeholders in Colombia and Lebanon confirmed that the Toyota Prado is well suited to the road conditions in Colombia and Lebanon, but not in Kenya where difficult road conditions require sturdier models such as the Land Cruiser. When country operations are dissatisfied, they see a high opportunity cost in returning or requesting new vehicles, so they tend to keep inappropriate vehicles, often not utilizing them to the extent that they should.

Consulted UNHCR drivers and partners described a number of valuable vehicle accessories that were often missing, and also requested some adaptations that are not currently available.

³¹ Within country operations there are two units or divisions: Programme and Admin. Each has its own budget and the budget holder (the head of the unit) is responsible for the budget.

- Some partners wanted options found on administrative vehicles, such as winch cables (to pull a vehicle out of the mud). In Chad, mud tires were desirable, and in some parts of Colombia, snorkels would be useful. In some cases, these accessories were deemed important to ensure the safety of drivers and passengers.
- Country operations should replace expired items in vehicle kits (e.g., first aid kits, fire extinguishers).
- In Chad, Toyota hardtops do not have rear air conditioning. Toyota builds the vehicle that way.
- In Kenya, stakeholders believed automatic transmissions in sedans would be easier because of traffic in Nairobi and would eliminate the need to keep shifting gears. Automatic transmission is not currently part of GFM's contract with Toyota. Stakeholders also would like console boxes to store documents.

Finding 7: The vehicle rental paid by country operations, considered to be a fair value by consulted staff, covers nearly all vehicle procurement costs over a five-year period. When combined with revenue generated by vehicle disposal, the total exceeds the original vehicle acquisition cost. In theory, this makes GFM self-sustaining.

GFM uses a formula to calculate the yearly rental amount charged to country operations. Country operations currently pay 95 percent of the vehicle procurement costs over the period of the rental agreement. This percentage is called the rental factor. The remaining 5 percent is intended to be recovered by the disposal of vehicles after five years or 150,000 km. As shown in Table 5.20, the rental factor has declined since GFM's start, from 34 percent to 19 percent per year. In the early years, GFM had to charge slightly more to fund itself after initial setup, so rental charges were higher in 2014 and 2015. They later decreased as revenue from rental and disposal increased.³² The annual VTS airtime fee has also decreased.

Table 5.20 Yearly GFM Rental Factor and VTS Fee, 2014-2018

| YEAR | RENTAL FACTOR | VTS AIRTIME FEE/YEAR | GFM START-UP CONTRIBUTION/YEAR |
|------|---------------|---|--------------------------------|
| 2014 | 33.84% | USD 720 | 600 USD ³³ |
| 2015 | 33.84% | USD 720 | n/a |
| 2016 | 25% | 720 USD (until 03/08/16) 480 USD (as of 04/08/2018) | n/a |
| 2017 | 20% | USD 480 | n/a |
| 2018 | 19% | USD 480 | n/a |

The yearly rental fee calculation includes the following components:

- Cost of the light vehicle (the Toyota discount is passed on to the operations)
- USD 1,500 lump sum for transport from the manufacturer to the hub
- USD 1,500 lump sum for storage and handling in the hub

³² UNHCR. (2014). Memorandum 054-2013.

³³ In the first year of GFM, country operations paid a start-up contribution to assist with GFM establishment, train field staff, and assist with disposal.

- USD 1,500 for VTS and installation.

These components are included in the rental base amount, which comprises the cost of the vehicle before shipping and any additional accessories. The rental factor is then applied to the rental base amount, which stays at the same level throughout the five-year leasing period. However, adjustments can be made to the rental factor. If GFM can afford it, GFM senior management can decide to lower the rental factor. As a result, the rental rates would go down for the entire UNHCR fleet, not only for new vehicles coming into the rental scheme.

Insurance (USD 500) and VTS airtime (USD 480) are paid by country operations on an annual basis and are not part of the rental charges.

Rental charges commence with the preparation of the vehicle for shipping from the vehicle logistics hub, i.e., before a vehicle arrives at a country operation. “The rental charges are applied on a pro rata basis by full months.”³⁴ Consulted country operations staff described these amounts as fair.

Finding 8: The GFM procurement process for light vehicles has been simplified and standardized and appears to work well overall. Country operations reported some confusion about a few aspects of the process.

Although data on the average time country operations spent ordering a vehicle before and after GFM was not available, consulted country operations clearly perceive decreased time and effort. Communication with GFM during the ordering process was described as efficient and clear. UNHCR budget owners from administration and programme divisions (who are responsible for ordering vehicles for their divisions/units) consider the ordering process to be simpler.

In some cases, vehicles must still be purchased locally. In Colombia, the only country visited by the evaluation team where GFM allows local purchases mainly because of complex importation requirements, the process of ordering vehicles falls entirely on the country operations and therefore, more staff time is required than in operations where vehicles are ordered by GFM from the global manufacturer. However, staff from the Colombia operation noted that this process is simplified compared to pre-GFM in that GFM has clearly outlined the steps and procedures to be followed and provides support to the operation in this process (see sidebar).

Process for purchasing vehicles locally

In Colombia, the country operation staff chooses vehicles from the GFM catalogue (since models proposed in the catalogue are available locally, in the case the Prado) and then contacts the GFM focal point to obtain approval for the selected vehicles.

After GFM approval, the country operation obtains local quotes through a tendering process. GFM is notified of the local contract committee outcome. The country operation then issues a purchase order and GFM pays for it. GFM sends the VTS equipment, which is installed locally.

UNHCR stakeholders in Colombia were satisfied with how effectively GFM supported the process.

Country operations most often cited the following issues with the procurement process:

- They do not understand at what point in the procurement process they start paying GFM rental (e.g., Lebanon). In Algeria and Chad, staff believed it is when the vehicle leaves the hub. However,

³⁴ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (p. 48, Publication No. UNHCR/OG/2015/X). (2018).

GFM documentation clearly states that rental payment starts when the hub begins vehicle customization.³⁵

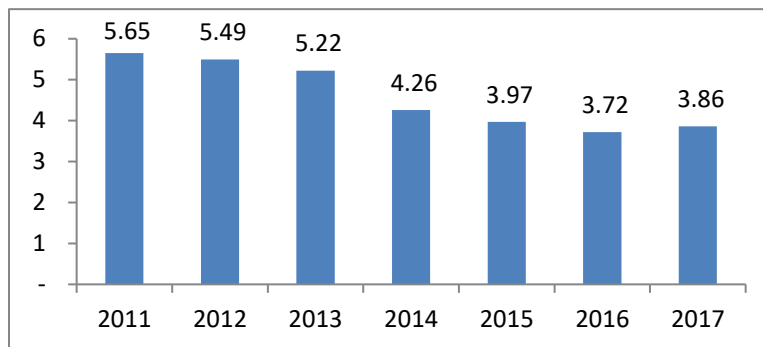
- They feel it is unfair to pay for a vehicle they cannot use while it is still in the hub.

5.3.3 Fleet Age

Finding 9: Overall, the average fleet age decreased following GFM's introduction, although there was a sharp increase in 2017 in Europe and Asia Pacific (AP). The evaluation lacked data to confirm a positive correlation between reduced fleet age and lower operating costs.

According to data extracted from FleetWave, UNHCR's fleet age decreased from 2011 to 2016 as many old, non-roadworthy vehicles were disposed of in the early years of GFM. Four of the five country operations³⁶ visited noted they had replaced several old vehicles during that time. The average age of the global fleet increased slightly in 2017, as shown in Figure 5.2.

Figure 5.2 Average Fleet Age (in Years)

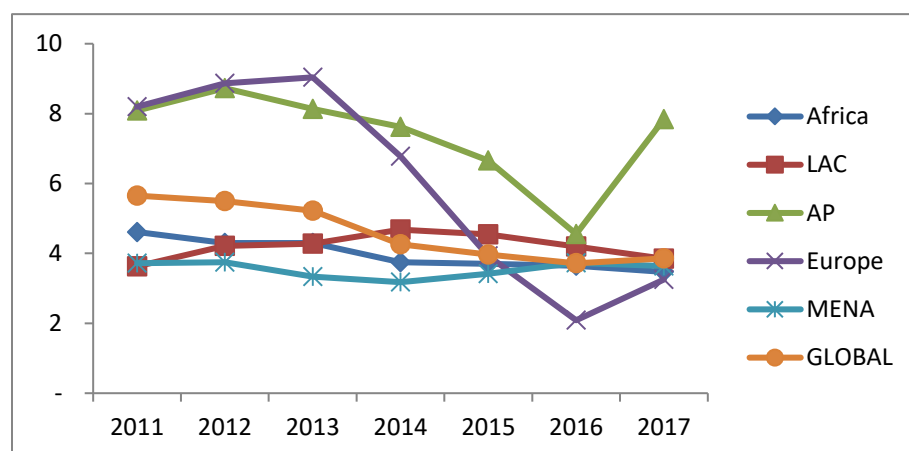


The slight increase in 2017 is due to the increased average for the AP and Europe regions. In fact, three countries in these regions (i.e., Bosnia and Herzegovina, Serbia, Pakistan) have not renewed their fleet since GFM's introduction. In other regions, including Africa, LAC, and MENA, the average fleet age has continued to decrease, as shown in Figure 5.3. The

average fleet age in AP, currently estimated at 7.84 years, is high and is a source of concern, especially since this region has the third-largest fleet (i.e., 467 light vehicles in 2017), after Africa and MENA.

³⁵ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (Publication No. UNHCR/OG/2015/X). (2018).

³⁶ In Lebanon, all of UNHCR's fleet was bought in 2013 and 2014, prior to GFM's introduction. The vehicles were new.

Figure 5.3 Average Fleet Age (by Region)

The evaluation team aimed to verify the hypothesis that reduced fleet age leads to a decrease in operating costs. It did so by analyzing the cost per kilometer for three per-year variables (i.e., fuel, corrective maintenance, preventive maintenance) and cross-referencing results with the fleet age in each country. However, the

evaluation team was not able to fully validate the hypothesis as UNHCR does not yet systematically monitor and report these costs, and the evaluation team could only obtain data from Colombia. The data seem to suggest a positive correlation between a younger fleet and reduced operating costs, but other variables such as inflation could also explain cost fluctuations. A larger sample of vehicles, as well as a larger control group, would be necessary for full confirmation.

For Colombia, there appears to be a direct correlation between the decrease in fleet age and operating costs, as shown in Tables 5.21 and 5.22.

Table 5.21 Average Fleet Age in Colombia (in Years)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------|------|------|------|------|------|
| Colombia | 5.24 | 5.43 | 6.43 | 4.27 | 2.82 |

Colombia's average fleet age began decreasing in 2016 and operating costs decreased by 23 percent in 2016 and another 2 percent in 2017. This could be due in part to the fact Colombia's old fleet of Prados ran on petrol, while the new Prado fleet uses diesel—a more efficient and economical fuel.

Table 5.22 Operating Costs for Light Vehicle Fleet in Colombia (in Colombian Pesos)³⁷

| YEAR | FUEL IN PESOS | PREVENTIVE MAINTENANCE IN PESOS | CORRECTIVE MAINTENANCE IN PESOS | TOTAL IN PESOS | NUMBER OF KM | PESOS / KM | PERCENT REDUCTION |
|------|----------------|---------------------------------|---------------------------------|----------------|--------------|------------|-------------------|
| 2015 | 151,505,909.87 | 173,549,593.12 | 17,782,888.08 | 342,838,391.07 | 341,086 | 1,005.14 | |
| 2016 | 97,951,401.80 | 107,187,034.72 | 22,577,069.00 | 227,715,505.52 | 295,630 | 770.27 | -23% |
| 2017 | 93,769,052.00 | 94,802,625.13 | 19,422,385.00 | 207,994,062.13 | 275,484 | 755.01 | -2% |

³⁷ In Colombia, data on operating costs were not recorded before 2015.

5.3.4 Improved Disposal

Finding 10: Centralized light vehicle disposal within the AMU has led to standardized disposal processes across country operations. The implementation of the disposal policy has led to a significant decrease in unprofitable disposal practices such as Transfer of Ownership and direct sales. Despite this, country operations and UNCHR partners resist returning retired vehicles.

In 2014, GFM centralized disposal under the AMU, located within the AFMS in Budapest. During GFM's first years, all AMU staff were located at GFM HQ, but in 2016, AMU adopted a decentralized structure with staff in the field to provide support to country operations for ongoing auction process.

UNHCR's disposal policy (i.e., five years or 150,000 km of use, whichever comes first) was in place before GFM but was seldom respected. Before 2014, country operations sometimes made arbitrary disposal decisions. Many vehicles were given to government or NGO partners through a Transfer of Ownership (ToO) to strengthen UNHCR's government relationships or to allow continued field activities, or were sold at a low price through direct sales.

The AMU established processes and has supported country operations in light vehicle disposal, even notifying operations when a vehicle is about to reach the five-year mark. At the moment, vehicle age is the only disposal factor, as vehicle mileage data is not yet available, but GFM is working with country operations to change this so that the 150,000 km rule may be applied. AMU also works with country operations to identify the most appropriate disposal option. For example, when public auctions are impossible due to legal restrictions or lack of public auctioneers, or because a country operation has too few cars, GFM utilizes sealed bids. Online auctioning could be an alternative in countries where public auctions are prohibited. According to interviews, the ICRC has been online auctioning for several years and it is their most profitable auction method.

GFM has substantially reduced many old practices, such as ToO and direct sales. Data shows the disposal of light vehicles through ToO decreased from 751 in 2014 to 183 in 2017. While there is no hard data on pre-GFM direct sales, interviews suggest it was a common practice. GFM has carved a niche in public auctions (see sidebar).

Ongoing Challenges Related to the Disposal of Light Vehicles

Although significant progress has been made in UNHCR vehicle disposal, ongoing challenges hinder full compliance with the disposal policy. GFM has still not disposed of all of UNHCR's legacy fleet, currently estimated at 1,700 vehicles. The primary challenge is the reluctance of country operations and partners to hand over vehicles five or more years old. While there is no hard data on the number of vehicles identified for disposal 2014-2017, qualitative data gathered during GFM staff interviews indicate there is about a 50 percent gap

AMU's Increased Public Auction Capacities

In 2016, AMU conducted 63 public auctions in 34 countries—mostly in Africa and Asia—disposing of 466 light vehicles. In 2017, 522 light vehicles were disposed of through public auctions in 48 countries

Through a tendering process, the AMU has recently established long-term agreements with over 30 auctioneers with extensive public auction experience in over 60 countries where UNHCR has fleets.

For instance, a Sudanese auctioneer recently entered a long-term agreement and will manage public auctions in several countries in that region. The evaluation team was told this auctioneer would soon hold a public auction in Lebanon to dispose of Prados and Fortuners bought in 2013 and 2014.

In Lebanon, the services of an international auctioneer are essential, considering that no such auctioneer is available in country.

between the number of vehicles identified for disposal and the number turned in. Considering GFM brings in about 1,000 new vehicles each year, removing old vehicles is essential, yet GFM does not have the authority to seize vehicles from country operations. During country visits, the evaluation team identified three main reasons for the reluctance to release older vehicles:

- 1) Revenues from the sale of vehicles procured using country operations' own budgets go to GFM, rather than refunding to the operations' cost center (e.g., Chad).
- 2) Operations consider some vehicles to still be in good condition. While some vehicles used for less time or mileage in difficult road conditions may be in bad condition, administrative vehicles in capital cities are sometimes still in good condition. Despite this, the disposal rule of five years or 150,000 km is common in the international industry and is respected by IFRC and ICRC.
- 3) Although fewer vehicles are now released via ToO, country operations often transfer ownership to governments in order to maintain good host relationships or because the partner is reluctant to surrender the vehicle. GFM staff acknowledged that in these cases, it would be better to transfer ownership immediately following vehicle acquisition instead of entering into a rights-of-use agreement under GFM's internal rental scheme. The vehicle would then become the property of the partner, thereby reducing UNHCR's fleet and associated operating costs. Most importantly, this would contribute to reducing the gap between the number of vehicles identified for disposal and the number turned in.

Another disposal challenge is government-imposed legal restrictions. In several Asian countries, public auctions are prohibited and disposal must occur through sealed bids. Bangladesh allows auctions but seizes revenues. In Algeria, public auctions are not allowed and the government imposes taxes and custom fees on vehicles sold via both direct sales and sealed bids, unless the buyer is a tax-exempt international organization. Similar restrictions are imposed in Turkey. In these cases, a ToO may ensure country operations are not 'stuck' with vehicles that could significantly increase operating costs.

Consulted country operations staff did note that the GFM auction process is relatively simple because GFM notifies country operations when a vehicle is up for disposal and organizes the public auctions. However, the division of responsibility between GFM and country operations remains unclear. For example, GFM should, in theory, cover all disposal-related expenses, yet the evaluation team discovered the Chad and Colombia country operations were unaware of this and had paid these expenses. This confusion may stem from expenses for heavy and armored vehicles still being the responsibility of country operations. GFM informed the evaluation team that a new, clearer Administrative Instruction on disposal is forthcoming. As GFM plans to start disposal of GFM rental vehicles in 2019, these issues should be addressed immediately.

Finding 11: Centralized disposal within the AMU has had two positive, unexpected results: 1) auctions are used to dispose of other items, and 2) other UN agencies and international non-governmental organizations (INGOs) have utilized GFM's expertise in conducting public auctions. GFM is becoming the expert agency for the disposal of vehicles and other items.

As discussed in Finding 2, an important unexpected result of centralizing UNHCR's disposal function is the revenues generated from the disposal of other items such as vehicle scrap and office furniture and equipment.

The second unexpected result is the revenues generated for UNHCR partners through joint public auctions. Since 2014, the WFP, Food and Agriculture Organization (FAO), Plan International, and UN Office at Nairobi (UNON) have used the services of GFM's AMU to dispose of vehicles and other assets. In 2014,

AMU conducted the first joint auction in Burundi and in 2017, 22 joint auctions were conducted (in Burundi, Chad, the Democratic Republic of Congo, Ethiopia, Iran, Kenya, Malaysia, Mali, and Uganda). Through these auctions, GFM generated net revenue of USD 3.4 million for its partners. When conducting joint auctions, GFM charges a net agency fee of between 8 percent and 22 percent of the sale value, depending on the country in which the auction takes place. In 2017 alone, UNHCR generated approximately USD 500,000 in agency fees³⁸.

UNHCR is the first UN agency to conduct such joint public auctions and is also one of the few – if the only agency – that has such strong processes in place for public auctioning. Considering the strong desire of the UN System to work as one and avoid duplication among UN agencies, UNHCR's well-defined niche in conducting public auctions may represent an unprecedented opportunity for UNHCR to become the go-to agency for the disposal of vehicles across the UN and humanitarian NGOs. Considering the important revenues that can be generated through public auctions, this could also represent an important new income stream for the UN as a whole.

Although, agency fees do not represent a major line of income, GFM could use these fees to cover auction-related expenses, including AMU staff travel costs. Conducting joint auctions also increases the number of vehicles offered to the public, and would thereby allow UNHCR to conduct public auctions in countries where its fleet is too small to normally conduct these auctions.

5.3.5 Communication and Dissemination of Information

Finding 12: GFM provides valuable support to country operations and communication is generally fluid during all steps of the vehicle procurement and disposal processes. Operations staff describe areas of uncertainty about GFM processes.

Overall, consulted country operations staff are satisfied with GFM communications but had a few complaints about delays in GFM responses to their questions and communication about insurance claims. On the other hand, GFM staff noted that country operations staff do not always respond to requests for supporting documentation and GFM must follow up many times before being able to process insurance claims.

The evaluation found that many country operations staff do not fully understand the functioning of the GFM rental scheme, despite information having been disseminated and being available on the UNHCR intranet. Some staff responsible for managing the fleet did not know the basic elements of the rental scheme, as described below:

- In many countries, operations staff believe the GFM rental is more expensive than buying vehicles locally and paying for them in full. Country operations staff often look only at a new vehicle's list price and do not consider other GFM factors/benefits (e.g., insurance, VTS).
- A few countries facing budget cuts described difficulties in keeping up with rental fees. They seem unaware that vehicles may be sold or returned at any time after six months.
- In Chad and Kenya, there were misunderstandings about GFM reimbursing the rental amount to operations when vehicles are sold before the end of the year.

³⁸ The agency fee is directly generated by GFM disposal activities. The fee goes directly to UNHCR's Account and Financial Service and is not credited back to GFM. PBS is currently only granting claims to AFSM that are directly related to light vehicle sales.

Most importantly, the evaluation noted a strong concern for balancing country operations budgets without a clear understanding of how GFM benefits the entire organization. Country operations see the impact of the rental scheme on their budgets and believe the cost of ownership would be less. The benefits of GFM could be better communicated, in particular with senior management and with drivers. Although this could be done by wider dissemination of existing documents, certain operations (e.g., Chad, Colombia) would like the documents to be translated from English. In countries visited, stakeholders said they received information about GFM, but have not taken the time to read it all.

5.3.6 Road Safety

Finding 13: Drivers know they are being monitored by the VTS and have adopted safer behaviors. The VTS is also useful for emergency alerts or to monitor partner vehicles, but country operations have not yet put in place all the processes to effectively use the tracking system and its data.

An important GFM objective was to improve the road safety awareness of UNHCR staff and partners. To evaluate this, the evaluation team examined how the VTS was being used for security risk management. It also considered VTS performance in monitoring and responding to VTS-induced emergency alerts.

Based on the perception of drivers interviewed by the evaluation team, VTS installation impacted behaviors as drivers were aware they are being monitored. In Lebanon, the acting fleet manager and an administrative assistant believed the VTS had improved road safety as it reduced the amount of speeding.³⁹ However, interviewed drivers also noted concerns about pressure to adopt unsafe behaviors. They described instances of being ordered by passengers to drive for long periods (e.g., 800 km in one day) or to go faster. In convoys, drivers often cannot respect the speed limit without falling behind, even though this is a violation of the local law.

VTS Emergency Alerts

Comments about the VTS were generally positive. It seems useful for locating vehicles and preventing thefts and kidnappings. In Chad, one partner said a driver got lost twice but was found using the VTS. Country staff in Chad also noted that burglars are now aware that UNHCR vehicles are equipped with a VTS, which provides a disincentive for stealing a UNHCR vehicle. An interviewee in Kenya said he was forced out of a car by burglars, but the VTS helped recover the vehicle.

The VTS emergency alert (SOS button) seems effective but many drivers are unaware of it (e.g., in Algeria, Kenya). In Lebanon, interviewed stakeholders noted a few UNHCR drivers accidentally pressed the SOS button and the response was timely as someone monitors alerts at all hours. In Chad, the SOS button experience was less positive, as a driver mentioned that he used it when he had tire issues but there was no response.

Independent of GFM, country operations must establish response protocols for the alerts, create safety procedures, and rehearse standard operating procedures (SOPs).

- Country operations can track partner use of vehicles but there was no procedure for discouraging violations in countries visited (e.g., use of vehicles after curfew, during weekends, for personal

³⁹ Because VTS data is archived after three months, the evaluation team was not able to examine longitudinal data to understand these trends.

purposes). Country operations selected for this evaluation have not yet implemented SOP to address operational matters with partner vehicles.

A number of issues were noted regarding the VTS:

- Some stakeholders described the VTS as inaccurate (e.g., discrepancies of over an hour between the VTS-shown location and actual location [Colombia], imprecise speed readings [Lebanon]). In Kenya, stakeholders said the VTS sometimes did not transmit and GFM had to reset the system. On satellite channels, the tracking devices transmit every 30 minutes. As with any telecommunications system, there might be circumstances that affect transmission (interference near airports, no clear-sky view, etc.).
- GFM is investigating field reports that the VTS drains vehicle batteries. Out of 4,100 VTS, battery drainage occurs randomly but seldom with VTS hardware installed in the hubs. In Lebanon, this occurred because the VTS had been incorrectly installed.
- The ability to effectively monitor and control drivers through access to VTS data is often limited in countries where only 1-2 country operations staff can review the data (e.g., Kenya, Chad), and because of that, data are not used.

Other Security and Safety Issues

GFM has control over the different features of the vehicles. Thanks to this, options like airbags or anti-lock braking systems now come as default options on GFM vehicles. Before GFM, these options were not consistently included. While GFM light vehicles used by country operations are newer and safer, in practice, they are not always properly maintained. This is a serious issue and may require GFM support. The most pressing instance the evaluation team observed was in Tindouf, where UNHCR administrative vehicles have not been serviced due to a lack of qualified mechanics, spare parts, authorized dealers, and Toyota or Nissan garages. There is a workshop in the camps for partner vehicles that stocks different brands of spare parts, but partners are not permitted to service UNHCR administrative vehicles. UNHCR stakeholders in Tindouf would like GFM's support to obtain spare parts.

5.4 Areas where GFM needs to improve

5.4.1 Overview

While GFM has led to many positive changes in the way UNHCR manages its fleet of light vehicles, the evaluation noted concerns about limited fleet management skills in-country and vehicle lead time (total time between the moment the vehicle is ordered from the manufacturer until it is delivered to UNHCR facilities). Some of the challenges noted below are not fully in the hands of GFM – such as the way it was initially set up, which hinders its ability to access credited revenues.

5.4.2 GFM Status within UNHCR

Finding 14: Although the light vehicle disposal process generates revenues, there is a complex process to access these funds and not all revenues have been credited GFM budgets. This impacts GFM functioning.

There was an expectation from the outset that GFM would work as a business, but without full access to its funds, it currently does not have the means to do this. This has implications for operations as well, in particular to keep the rental factor for country operations at the same level.

To access revenues, GFM must follow financial rules. GFM stakeholders described the collection of revenue from regular vehicle rental and subsequent crediting to GFM's budget as straightforward. However, UNHCR treats revenues from vehicle disposal as miscellaneous income that must be transferred to the GFM budget. The Programme Budget Service (PBS) follows clear control protocols to reconcile and approve this process. In April of each year, GFM prepares a budget for the following year. GFM bases this budget on often-inaccurate forecasts from country operations, so GFM procurement plans often need adjustment. Despite this, the Operating Plan budget for GFM is approved during UNHCR's Annual Programme Review. Funds are not automatically allocated to GFM based on this budget. In 2018, GFM started the year with zero spending authority and had to use a loan from the Operational Reserve for its initial expenditures, pending receipt of income (e.g., rental fees) which is then used to apply via PBS for operating level spending authority. When GFM has any revenues, it must make the case to PBS to transfer the funds. Not all GFM revenues from disposal have been credited to its budget, as shown in Table 5.23. During the first year of implementation (2014), funds were injected into GFM, which explains the difference between collected and credited funds. In subsequent years, GFM was unable to access about USD 9 million in revenues. GFM stakeholders reported that as of May 2018, a total of USD 4.4 million had not been credited to its budget (this was subsequently granted later in the year).

Table 5.23 Difference Between Revenues Collected/Credited to the GFM Budget

| YEAR | COLLECTED | CREDITED TO GFM ⁴⁰ | DIFFERENCE |
|------|----------------|-------------------------------|----------------|
| 2014 | USD 18,846,146 | USD 23,345,471 | +USD 4,499,325 |
| 2015 | USD 27,614,450 | USD 21,258,163 | -USD 6,356,287 |
| 2016 | USD 31,347,870 | USD 30,185,967 | -USD 1,161,903 |
| 2017 | USD 34,079,527 | USD 32,721,701 | -USD 1,357,826 |

Source: GFM fleet finance income and expenditure reporting, Dec. 2014-2018.

PBS said that there are various reasons for not having credited miscellaneous income to GFM, for example some of the vehicles disposed of in 2015-2017 did not appear in the MSRP system. According to GFM stakeholders, the PBS review process can be time-consuming and complex and it can take up to three months to receive revenue from vehicle disposal. PBS described how the delays are due to GFM submissions which are sometimes incomplete and not provided in a timely manner.

Monies from the GFM insurance fund are also difficult to access and PBS must approve the resources to be credited to GFM's account. In previous years, there were delays in reimbursing insurance claims because GFM had to get PBS approval for allocation to the country operations' cost centers. As of April

⁴⁰ PBS had different figures for the amounts credited to GFM in 2014 (USD 24,327,250) and 2017 (USD 33,620,923).

2018, GFM allows country operations to charge GFM directly for repairs, which eliminates the approval process for repair reimbursements.

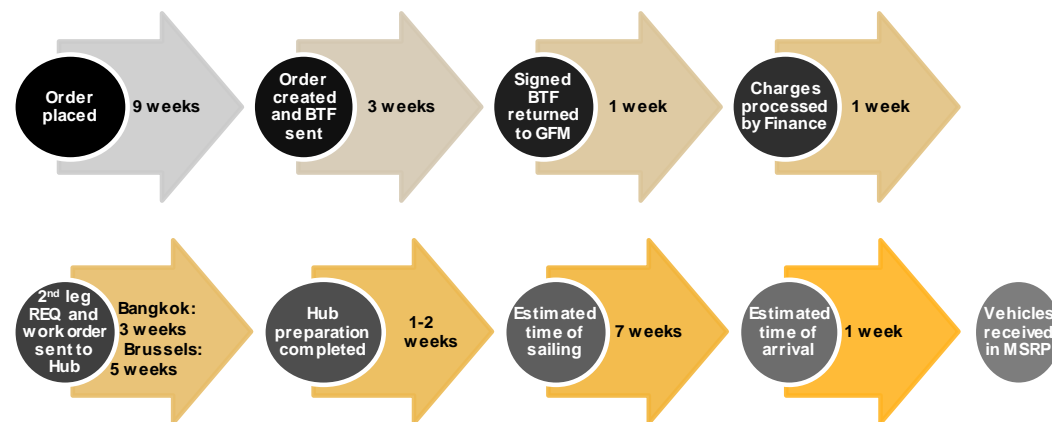
The inability to carry funds from one year to the next hampers the GFM business model. At the start of each year, GFM has no funds, and has to go through a lengthy process to obtain a loan from the UNHCR Finance and Treasury Section (e.g., in 2018, GFM requested USD 10 million). This bureaucratic process explains why the GFM implementation rate is low at the beginning of the year and why vehicle orders must be spaced out over time, depending on demand. The notion of implementation rate, which is applied to UNHCR programmes, does not easily translate to GFM as implementation varies from month to month based on country operation requests. GFM cannot maintain optimal stock levels, which increases lead time for vehicle procurement. Also, GFM buys a large number of vehicles before each year’s end to use up its budgets. For example, Iraq sent a request for over 339 vehicles at the end of 2017. This shows inefficient fleet planning based on budget available rather than the number of vehicles required. Data show that many country operations still rely on this method of budget-driven vehicle procurement, and this behavior was observed at UNHCR before the internal leasing programme.⁴¹

5.4.3 Lead Time

Finding 15: Generally, the lead time required to procure vehicles by GFM is shorter than to purchase vehicles locally. There have been delays in procuring new vehicles and country operations are concerned about double charges.

The segments in the GFM procurement process are shown in Figure 5.4. GFM calculated the time for each segment based on data sets from 2017 and 2018, as they had the most complete information on when certain events occurred (known as time stamps). The data shown are based on a sample of about 400 vehicles, 63 of which had time stamps for all seven procurement segments.

Figure 5.4 Average GFM Lead Time and Procurement Segments



BTF: budget transfer form; REQ: requisition

⁴¹ Report of the Board of Auditors on the 2012 UNHCR financial statements (p. 394, Publication). (2012). New York, NY: UN Board of Auditors.

Detailed Segment Description

- **The country operation places the order**, usually by email. It takes, on average, nine weeks for the vehicle to be delivered to the hub. The exact duration depends on availability of vehicles in the hubs, taking into consideration the two or three months necessary for the Japanese manufacturer to produce a light vehicle and ship it to a hub. If GFM had funds to stockpile more vehicles, average lead time could decrease. GFM considers 900 vehicles to be the minimum upstream pipeline it should have to respond to small emergency requests with an output of 800-1,000 light vehicles per year.
- Once the vehicle is in the hub, **the order is placed in FleetWave**. The budget transfer form (BTF) is created and sent to the country operation for signature. The return time from country operations to GFM takes on average three weeks. This is often delayed by lack of signature. Signed BTFs are typically returned faster after September, as country operations are eager to spend remaining yearly funds. Returns are slower at the year's start.
- **BTF received by GFM**. GFM's finance unit processes charges and prepares fund transfers from the country operations' cost centers to GFM. In principle, this should take one week, but the process is often delayed because country operations do not make funds from their cost centers readily available for transfer.
- **The hub processes the work order and vehicle customization starts**. The duration of this phase depends largely on the hub. The Thailand hub has the capacity to handle up to 10 cars a day, and usually requires three weeks. As the Belgium hub takes five weeks, GFM now sends all vehicles to Thailand.⁴² The hub checks the system daily to see orders received and confirm cargo dates, and FleetWave to see what equipment to install. The hub also prepares import documentation (i.e., commercial invoice, gift certificate pro-forma invoice, certificate of origin) and mails it to the country operation to begin the clearing process.
- **The cargo is prepared for shipment**. The average time needed to load vehicles on a ship is between one and three weeks, depending on ship and container availability. Containers must be in the port three days before sailing. Estimated sailing duration is seven weeks, including registration and customs, but it can vary. Freight companies usually provide conservative transit times. At this time, the actual start date for use of a vehicle is set in FleetWave is the estimated sailing time received from the freight forwarder.
- **Country operation receives the vehicle and puts it in service using the Managing Systems, Resources and People system (MSRP – i.e., UNHCR's financial system)**. Vehicle depreciation starts. Country operations must handle customs clearance, import procedures, and registration. GFM has no control over long import and custom delays.

On average, lead time is six months. There are a few ways to hasten this process: country operations could return BTFs more quickly, and the pipeline size could be increased to better meet unforeseen demand. GFM's stockpile sizes are based on often-inaccurate vehicle requirement plans for the following year submitted by country operations. GFM often must meet unscheduled demand.

While a small reserve of vehicles is held for emergency operations, any vehicle requirements from the field that have not been planned, communicated and shared with GFM Budapest are

⁴² The low performance observed in Brussels in 2017 was corrected immediately by rerouting all new orders from Japan to Laem Chabang in Thailand as of October 2017.

subject to longer lead time. Drawing from emergency vehicle stock/pipeline requires a declared emergency status and the level of emergency will determine priority.⁴³

To better understand lead time, GFM analyzed local procurement of approximately 45 vehicles in 2017-2018. The lead time was approximately one and a half months longer than for GFM.

The country operations visited provided a range of observations about lead time. No hard data were available to confirm these statements.

- In Algeria, lead time has decreased.
- In Chad, lead time is approximately 7 months (a bit above average), but in Chad there were no local dealers so they had to import vehicles and it took even longer.
- Kenya country operation staff said that before GFM they were able to procure vehicles in three months from Toyota Gibraltar. With GFM it can take more than six months, but the GFM cars arrive fully equipped, which was not the case before.
- In Lebanon, once a GFM order is confirmed, it is expected to take six to seven months for vehicle arrival in country, plus the time required for clearing customs. Lebanon faces import permit issues that cannot be controlled by GFM and that can increase lead time. Stakeholders said that before GFM, they could procure vehicles immediately from dealership stock or make an order that took only two to three months.
- In Colombia, stakeholders described how purchasing vehicles available on local markets decreases lead time.

Some consulted country operations staff are worried they will be double charged for vehicle rental if they order new GFM vehicles before disposing of their current ones. The evaluation team calculated the vehicle costs for a hypothetical country operation with a 100-vehicle fleet, assuming that one-fifth of the vehicles (20) are replaced each year and that GFM monthly rental fees are a conservative USD 600. Considering that it takes approximately four months, on average, from BTF creation until vehicle arrival, the country operation pays about USD 48,000 yearly in rental charges for incoming vehicles while also paying rent for vehicles that will be disposed of when the new vehicles arrive. This could be rectified through better GFM-country operation coordination about vehicle purchase and disposal.

⁴³ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (p. 43, Publication No. UNHCR/OG/2015/X). (2018).

5.4.4 Fleet Management

Finding 16: Light vehicle management does not appear to be an operational priority for country operations. Although some administrators at the HQ level are advocating for better fleet management, the benefits and potential cost savings are not yet clear to staff at all organizational levels.

Since GFM, there has been progress in fleet management. The UNHCR fleet is centralized and processes are more systematic. At country and regional levels, however, investments do not yet support the work done at HQ level.

Fleet management encompasses a range of functions such as vehicle maintenance, vehicle tracking, driver and fuel management. Proper fleet management allows organizations that rely on large fleets to organize and coordinate their fleets to increase efficiency, and also to reduce their transportation costs.

The evaluation team noted that in country operations, vehicles are often not given a high priority. This was evident in the limited resources invested in managing the fleet and little ownership, especially at senior management level, of the importance of fleet management. There appeared to be little attention to this from representatives or senior management in country operations. Resources are not invested to train or hire staff. There is no push or incentive to collect fleet data or to use information to manage the fleet.

At UNHCR, transportation is the second-largest cost in humanitarian operations, after personnel.⁴⁴ In 2015, vehicles represented 70 percent of UNHCR fixed assets cost and out of this, 85 percent were light vehicles.⁴⁵ Despite this, stakeholders responsible for managing vehicles in the countries visited have little fleet management knowledge. In all five countries visited, the evaluation team observed that fleet management is budget-driven and there is no advance planning or optimization based on evidence. Country operations staff described using rules of thumb to forecast need (e.g., one car for every four staff, 30+ vehicles to get a full-time fleet manager), yet full-time fleet managers are rarely hired. The UNHCR regional service centers have some fleet management expertise, but staff members are few and mostly facilitate vehicle disposal.

This issue was flagged in previous reports. A 2007 report from the Office of Internal Oversight Services (OIOS) states, “Field offices were not sufficiently aware of the importance of vehicles to their programmes, i.e., to reach populations in need, and hence did not pay enough attention to fleet management.” The OIOS survey found that “very little attention was given to the logistics/fleet management function, a high-risk area due to financial value and the size and variety of a fleet ranging from motorbikes to heavy trucks.”⁴⁶

The evaluation team recognizes that the process of building ownership takes time. For example, organizations such as IFRC and ICRC told the evaluation team that it took at least 10 years after

⁴⁴ Pedraza Martinez, A., & Van Wassenhove, L. (2002). *Vehicle replacement in the International Committee of the Red Cross* (p. 2, Working paper). INSEAD Humanitarian Research Group.

⁴⁵ *Audit of the arrangements for fleet management at the Office of the UNHCR* (Rep. No. 2016/098). (2016). OIOS, Internal Audit Division.

⁴⁶ Kunz, N., Van Wassenhove, L., McConnell, R., & Hov, K. (2015). *Centralized vehicle leasing in humanitarian fleet management: The UNHCR case*. (3rd ed., Vol. 5, pp. 387-404, Publication). Journal of Humanitarian Logistics and Supply Chain Management.

establishing a centralized fleet management model to instill the perception amongst staff that the fleet is important and must be adequately managed.

5.4.5 Staff

Finding 17: There is no consistent staffing structure in place and not enough capacity to manage the fleet in- country. Although GFM processes simplified the ordering and disposal of vehicles, time-consuming fleet management tasks have been added to the workloads of administrative and supply officers.

Based on UNHCR data shared with the evaluation team, almost every country operation lacks a dedicated fleet manager.⁴⁷ Usually, administrative staff, supply officers/associates, or drivers manage the fleet in addition to other responsibilities. Fleet management in countries visited varied widely, as follows:

- Algiers and Tindouf, Algeria, have an administrative officer to manage the fleet. He estimates that his time spent dealing with the fleet has increased overall with GFM. While the technical and administrative vehicle requirements are greater, his other tasks have remained the same. Under GFM, his additional tasks include the coordination of disposal of vehicles which was not done before. He must also deal with insurance claims and all the paperwork related to the rental of vehicles.
- Chad's senior fleet manager started in January 2018. Approximately six people work on fleet management in the logistics section, the majority in Ndjemena, but there are some supply officers in the field. Roles and responsibilities for fleet management are unclear between the budget owners of the programme and admin divisions and the logistics division. In Goré, there is not enough capacity to adequately manage the fleet and no information has been entered into FleetWave since November.
- Colombia has no fleet manager, although the current international administrative officer values the fleet. When this officer arrived in 2015, he took initiative and performed an analysis to determine what was needed to implement GFM. He reallocated responsibility to three staff members (i.e., himself, the head driver, and the finance officer), and the division of labor is well defined.

⁴⁷ GFM has proposed the following fleet manager definition: "International staff, at least P2 Level for a fleet of no more than 50 units." The evaluation reviewed a list of staff with "transportation responsibilities," and out of 23 countries shown in the list, only one had a position titled "Fleet Manager." In other cases, transportation responsibilities were given to supply assistants, administrative officers, or UNVs.

- In Kenya, the administrative officer has a background in general administration. The office does not have enough resources for fleet management. The senior driver is left to manage the fleet, but has other responsibilities, including fuel management and car requests.
- In Lebanon, the national Senior Administrative Assistant, with a background in administration, is responsible for the fleet. All her responsibilities are related to the fleet.

Although no hard data is available on hours spent managing the fleet, the in-country perception is that more time is needed with GFM. New tasks have been introduced, such as: i) coordinating with GFM, ii) approving vehicles, iii) coordinating local VTS installation, and iv) data entry. In Colombia, for example, staff managing the fleet in the country operation are overstretched. The head driver assumes many of the tasks related to fleet data management, in addition to coordinating the fleet, and has to work overtime to fulfill its obligations.

The fleet management structure and level of expertise in country operations needs to be further developed. United Nations Volunteers (UNVs) often provide assistance with fleet management, but they lack authority and generally have little fleet management experience. Most administrative officers have limited fleet management knowledge and learn by practice or through online training. To mitigate this, GFM is in the process of creating a roster of fleet managers and TORs were recently published. GFM will train new fleet managers and dispatch them during emergencies.

Rwanda, an Example of Good Practices

In 2015, in Rwanda, the current fleet manager told senior management if they would give him six months and a team, he would show savings. They gave him three months and a team of five. After three months, the team had saved USD 53,000 as a result of closer monitoring of use of vehicles, fuel consumption and maintenance.

In 2016, according to their data, their work saved USD 146,000. This was due to the cumulative effects of closer data monitoring, buying their own spare parts and hiring their own mechanics. According to the fleet manager, Rwanda is the only operations in UNHCR that is achieving FleetWave entry of data on a monthly basis.

5.4.6 Data Management

Finding 18: In general, UNHCR fleet data management is weak. Data points are generally not recorded and are not considered in relation to advance planning or fleet size.

Before GFM, fleet data was seldom recorded,⁴⁸ and MRSP information is difficult to extract except through deep data mining. A 2012 audit of the UNHCR financial statements noted a similar issue:

UNHCR currently lacks a robust and up to date picture of its fleet, its performance and operating costs. [...] Information on operating costs is opaque, mainly because of inconsistent approaches to coding expenses at country level into UNHCR's financial systems.⁴⁹

FleetWave is intended to remediate these issues. The ICRD, IFRC, and WFP also use FleetWave. It will eventually be rolled-out to all UNHCR country operations; so far it has been introduced in 39 (Africa, 23; MENA, 7; AP, 6; Europe, 2; LAC, 1). Of these, 17 countries have a fleet size greater than 100. The Division

⁴⁸ *UNHCR Vehicle Fleet Management: A review of policy, procedure and practice* (Rep.). (2011). UNHCR.

⁴⁹ *Report of the Board of Auditors on the 2012 UNHCR financial statements* (p. 394, Publication). (2012). New York, NY: UN Board of Auditors.

of Financial and Administrative Management (DFAM) policies do not ask for more than recording, yet none of the countries visited by the evaluation team used FleetWave consistently, as described below:

- At the time of the visit to Algeria, the operation had only just received FleetWave training.
- In Chad, the head driver is responsible for entering data into FleetWave, but he does not fully understand it (most notably because of the language barrier) and has difficulty generating reports.
- Colombia uses a different system called Bitacorás, which is time consuming because data must be manually processed. The operation has access to FleetWave, and the head driver has taken a short course on Connect and Learn, but he cannot yet use it sufficiently because of his workload.
- In Lebanon, administrative staff in the programme unit are the only ones with FleetWave access and partner information is not being entered. There is also no knowledge of how to analyze the data, such as downloading reports into Excel.
- In Kenya, the country operation tracks expenses on paper only. The Nairobi regional service center uses FleetWave for fuel data but not for repairs, as invoices are sent to the finance department.

These observations on FleetWave seem to be generalized in other countries as well. In the six weeks preceding 25 June 2018, only 1,110 (19 percent) of the 5,694 vehicles in participating country operations had fuel entries, and 120 field offices did not make any fuel entries. In the three months preceding 25 June 2018, only 943 (17 percent) of the 5,694 vehicles had service entries, and 124 field offices did not make any service entries. For the sake of comparison, IFRC used FleetWave for over 10 years before having reliable data. IFRC also has fleet managers in-country and a regional fleet management structure to support data collection, quality control and analysis.

Use of Data and Rightsizing

When country operations do not periodically enter fuel and maintenance information into FleetWave, it becomes impossible to capture operating costs. Two of the five countries visited were unable to produce data for the evaluation team. Although operational records do sometimes exist, the evaluation team did not find evidence of consistent and appropriate use of them for decision-making and fleet administration. In Kenya, for example, five new cars automatically replace every five disposed cars. In Algiers, a partner obtained a light van (Toyota HiAce) from UNHCR to transport children in the summer, but it was not used after the project terminated because it is not a practical city vehicle. The operation has not remedied this.

Country operations must prepare action plans to identify light vehicle needs and responsibilities. The evaluation team reviewed action plans for the five countries visited and found several gaps. For example, there are no stakeholders responsible for the tasks, and the tasks are not specific (e.g., “systematically use FleetWave and MSRP”). In Chad, action plans include high-level objectives but no accountability lines.

“

When the size of a country programme fleet exceeds fifteen or so units there is a managerial and economic justification for having a qualified supply chain officer to make technically and financially sound recommendations to senior management and Headquarters.

- Evaluation of the utilization and management of UNHCR's light vehicle fleet (2006)

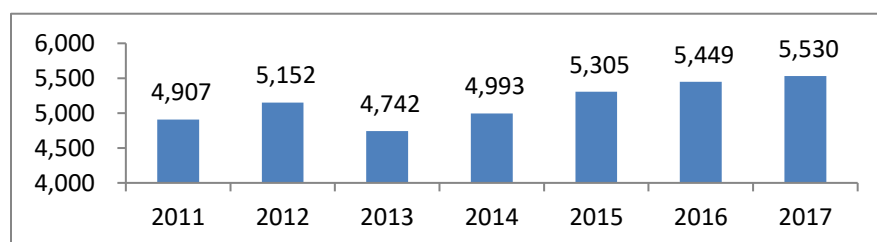
”

Fleet size should, in principle, be linked to each country operation's annual work plan. While the number of vehicles needed for humanitarian operations might be more complicated to plan for, as vehicles are needed for growing numbers of emergencies, they are not used all day long. GFM was set up to help resolve this problem and reduce oversized fleets,⁵¹ but as it responds to demand from country

“The exercise of right sizing ensures that the fleet is appropriately sized with the quantity and types of vehicles required to meet the needs of the operations”.⁵⁰

operations, this has not happened. The rental programme has not naturally reduced fleet size as expected, and training and fleet management data have not been used to make adjustments. The evaluation team found that data on mileage and vehicle utilization automatically generated by the VTS are not analyzed by country operations for planning purposes, notably because of the lack of capacities. In fact, between 2014 and 2017, UNHCR's fleet of light vehicles increased, as shown in Figure 5.5. This increase is also linked to the overall growth of UNHCR's budget during that period.

Figure 5.5 Fleet Size (Number of Light Vehicles)



In general, the evaluation team found that country operations had difficulty estimating the right fleet size for their needs. Planning fleets is a political exercise and is still based on

expending budgets. In countries visited, the following practices were observed in relation to fleet sizing:

- In Colombia and Lebanon, the country operations complete fleet-sizing exercises at the end of the year and make corrections, if needed. This practice started after the introduction of the GFM.
- In Kenya, planning is mostly done in the field based on operational needs. UNHCR provides vehicles to partners as budget allows, depending on the importance of the partners' project contributions.

5.4.7 Training

Finding 19: Given personnel rotations in country operations, it is difficult to ensure all relevant staff members are trained on fleet management and FleetWave at any given time. GFM training was insufficient as many needs are still unmet and FleetWave is not used systematically.

GFM developed a comprehensive training curriculum to support country staff with roles in fleet management (including use of FleetWave), GFM business processes, VTS, and data analysis for managerial decisions. GFM training targets UNHCR senior management, programme officers, dispatchers, drivers, transportation managers, and partners (roles involved in fleet management). Staff rotation has an effect

⁵⁰ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (p. 16, Publication No. UNHCR/OG/2015/X). (2018).

⁵¹ *Operational Guidelines for the Management and Use of UNHCR Vehicles* (p. 40, Publication No. UNHCR/OG/2015/X). (2018).

on multiple operational aspects, not only on knowledge retention in fleet management. The GFM Five-Year Roll-out Training Plan includes all countries that operate rental vehicles. It is expected that by the end of year five, sufficient knowledge will be established among both categories of staff: professional colleagues (subjected to the rotation policy) and local staff (also trained in each country). In addition, the e-Learning modules are also supposed to enable trained staff to refresh their knowledge and pass it on to newly recruited staff as necessary. Despite this plan, newer staff consulted for this evaluation said they had not been trained and no one had transferred capacities.

The evaluation team noted some dissatisfaction with the selection of staff for GFM training. Drivers in one country said they were unsure why they had not been chosen. Many selected did not complete the prerequisite e-learning modules, and GFM had to decide whether to cancel sessions. The process to select trainees involves AFMS as the organizer, country operations as the receivers of training and trainers for the delivery. GFM training was initially offered in countries with a large number of vehicles to achieve maximum effect. To date, close to 80 percent of the UNHCR global fleet has been covered through the Global Fleet Management project. GFM is working with the remaining small countries to finalize the training roll-out, primarily through webinars. After completing e-learning modules (English or French), training participants must attend an onsite workshop event or online webinar for identifying country-specific fleet issues and deciding appropriate actions. Each country operation produces a Country Action Plan to improve fleet efficiency and follow-up is supposed to occur in the months following the training.⁵² Table 5.24 shows there have been 45 training events since September 2015.

Table 5.24 *Number of Training Events and Participants*

| YEAR | 2015 | 2016 | 2017 | 2018 (UNTIL OCTOBER) |
|----------------------------------|------|------|------|----------------------|
| Number of Training Events | 2 | 14 | 10 | 19 |
| Number of Participants | 51 | 423 | 402 | 302 |

In-country training lasts three to four days and webinars are 1.5 days. Table 5.25 shows the number of participants who successfully completed the training mentioned above.

Table 5.25 *GFM Training Participants (by Job Categories, 2016-2018, English and French)*

| TRAINING | COMPLETED |
|---|--------------|
| Fleet Management for Dispatchers | 132 |
| Fleet Management for Drivers | 270 |
| Fleet Management for Programme Staff | 195 |
| Fleet Management for Senior Managers | 186 |
| Fleet Management for Transport Managers | 395 |
| Total | 1,178 |

Although safe driving techniques are not part of the GFM training on fleet management, many consulted drivers said they would like to know more and improve the way they drive. A driver in Algeria mentioned he had attended only one training session in 11 years of service and was eager for more safe driving training and information. Partners consulted as part of this evaluation were not invited to GFM training

⁵² Delagarde, C., Mikalsen, J., & Van Wassenhove, L. (2017). *UNHCR Global Fleet Management: 2015-2016 Report*. (Rep.). INSEAD Humanitarian Research Group.

workshops. Although not all components would have been relevant, some would have been (e.g., FleetWave).

Because relatively few trainees overall completed the training, there is a need for coaching and guidance to follow-up, particularly for FleetWave and data entry. Staff for FleetWave data entry are identified as part of the preparation for a GFM training activity and there are dedicated e-Learning and workshop components for people with FleetWave data entry roles. Despite that, the stakeholders consulted for this evaluation were still uncertain about their ability to use FleetWave for data entry. Coupled with the limited time they had available to do these tasks, this led to poor performance in FleetWave data entry duties.

5.4.8 Reduction of Environmental Footprint

Finding 20: GFM has not achieved the Fleet Strategy 2014-2018 objective of reducing its environmental footprint, largely because the objective was overly ambitious. However, GFM and country operations could do more to ensure the use of simple eco-driving techniques and better trip planning.

One of the three objectives in GFM's Fleet Strategy 2014-2018 is to "minimise the environmental impact of UNHCR vehicle use". To achieve this, GFM planned to implement the actions presented in the sidebar. The evaluation team found this objective was largely unmet, in part because some of the actions were overly ambitious. Nevertheless, GFM needs to take action to further reduce its environmental footprint.

To determine the extent to which GFM accomplished the first action, the evaluation team based its comparison on standards defining acceptable exhaust emission levels for new vehicles sold in European Union (EU) member states. As European Union (EU) emission standards do not reflect

Environmental Actions in GFM's Fleet Strategy 2014-2018⁵³

1. Ensure UNHCR meets its commitment to add low-emission alternative vehicles to the vehicle fleet catalogue by March 2015
2. Assess the benefits of including hybrid cars in the vehicle fleet, especially in capital cities, on completion of the trial
3. Encourage the purchase of fuel-efficient vehicles
4. Improve fleet management through training to improve journey management
5. Improve maintenance of all vehicles to reduce emissions
6. Introduce tools that allow country operations to improve trip planning

everyday vehicle use, real-life data from Emissions Analytics were also considered.⁵⁴ The results of this analysis are presented in Appendix X. The evaluation team found the majority of UNHCR vehicles meet either the Euro 1 or 3 standard (i.e., polluting between three and 15 times more than the Euro 6 standard). The Emissions Analytics figures show there must be an improvement in the EQUA air quality Index levels of nitrogen oxides (NOx), causal agents for several diseases, as well as the EQUA Index levels of CO₂, a causal agent for global warming. That being said, 96.9 percent of UNHCR's fleet operates outside of Europe. Legislative requirements in countries in Africa and Asia either do not impose environmental restrictions on vehicles or are less restrictive than in developed countries, and greener vehicles manufactured for those markets are simply not available. In theory, Toyota could install catalysis and

⁵⁴ Emissions Analytics performs road tests on vehicles to determine the emissions in real conditions.

particulate filters to reduce emissions, but this would substantially increase vehicle prices. Additionally, those parts are expensive so their inclusion could complicate maintenance and repairs.

Fuel type also impacts emission levels. UNHCR's vehicle catalogue offers 10 models, eight of which come by default with diesel engines. Only the Toyota Camry and Corolla come by default with petrol engines, but it is possible for country operations to request other vehicles with petrol engines. There are pros and cons to each fuel type. Petrol-burning vehicles emit fewer NOx and mass particles, and Transport and Environment shows that, in general, diesel vehicles emit more CO₂ (see Figure x.1, Appendix X).⁵⁵ Emissions Analytics research also suggests that petrol cars are cleaner to operate than diesel vehicles. On the downside, poor-quality diesel is still the predominant fuel in many locations (e.g., Africa), and diesel engines are more resistant and better equipped to handle poor-quality fuel. Additionally, even though diesel vehicles generally emit more CO₂, GFM has been changing engine configuration on some of its vehicles, notably the LC Prado, Nissan Patrol and Hilux,⁵⁶ making them much more fuel efficient than petrol engines and thereby compensating for higher CO₂ emissions per litre consumed.

The second planned GFM action was to assess the benefits of including hybrid vehicles in its fleet, especially in capital cities. According to Toyota, hybrid vehicles consume 12 percent less fuel than petrol vehicles and 40 percent less than diesel vehicles. Electric vehicles are also an interesting alternative since they significantly minimize carbon emissions and reduce oil dependence. However, these vehicles tend to be more expensive than vehicles with petrol or diesel engines and many countries, especially in Africa, lack the necessary infrastructure. UNHCR's fleet currently has six hybrid vehicles, in China and Turkey, and two electric vehicles, in Nepal and Switzerland. There may be practical uses for these vehicles on the European continent and in some Asian countries.

Other ways to reduce GFM's carbon footprint include driving techniques and trip planning, as specified in the Fleet Strategy 2014-2018. Certain driving behaviours may significantly contribute to carbon emissions: 1) idling, 2) harsh braking, 3) harsh throttle, 4) not taking advantage of vehicle inertia [i.e. pressing on the gas pedal unnecessarily when the vehicle is moving forward] 5) not using the green revolutions per minute engine range⁵⁷.

The evaluation team determined an area for improvement in the application of optimal fuel saving technique. Through VTS, UNHCR measures the number of idling incidents, of which there were 27,465 between January-April 2018.⁵⁸ The greatest number of incidents took place in South Sudan, Sudan, Tanzania, Chad, Lebanon and Liberia. In countries visited, the evaluation team found that drivers and management give little importance to idling incidents. In Colombia, drivers and management did not know that the time for an idling incident was set at 10 minutes and drivers in Algeria had only very recently been made aware of them.

What Is an Idling Incident?

UNHCR determines an idling incident to have occurred after 10 minutes of an engine running with no driving. There are no international benchmarks dictating how many minutes constitute an idling incident, although it is the evaluation team's expert opinion that 10 minutes is too long. With the size of UNHCR's fleet, reducing the amount of time for an idling incident to a few seconds could have significant positive impacts.

⁵⁵ (n.d.). Retrieved from <https://www.transportenvironment.org/>

⁵⁶ For example: 1) The LC200 (4.5 ltr) replaced by Land Cruiser Prado 3.0 ltr; 2) The Nissan Patrol 4.2 ltr replaced by Nissan Patrol 3.0 ltr; and 3) The Hilux 3.0 ltr replaced by Hilux 2.5 ltr.

⁵⁷ Green revolutions per minute engine range is defined as: the engine range revolutions per minute where the lowest polluting emissions are produced.

⁵⁸ Data on idling incidents was only available for 2018 and therefore it was not possible to measure the extent to which idling incidents have decreased since the introduction of GFM.

Moreover, the evaluation team found drivers are not sanctioned for idling incidents. It was not possible to determine the extent to which drivers apply other fuel-saving techniques, such as using inertia or reducing harsh braking, as the VTS does not currently track them (although it could be set to measure these).

Another simple measure for reducing carbon emissions is better trip planning, and the Fleet Strategy 2014-2018 aimed to “improve journey management” and “introduce tools that allow country operations to improve trip planning.” The evaluation team found that this has generally not occurred. Indeed, in the majority of countries visited, head or senior drivers manage trips using a whiteboard and seldom is there communication between country operations to combine trips. In Lebanon, management noted they are working (without guidance from HQ) on a web-based tool to allow head drivers from various offices to schedule their trips together, facilitating ridesharing. If successful, this initiative could be replicated.

6 Conclusions

Overall, this evaluation concludes the benefits of GFM outweigh its costs. UNHCR made a good decision to centralize its light vehicle procurement and disposal. The GFM theory of change as reconstructed by the evaluation team is valid, as are its underlying assumptions. However, there are some issues with the implementation of the theory of change, as further described below.

Conclusion 1: GFM was responsible for approximately USD 10 million in cost savings for UNHCR in 2017. The greatest of these savings may be seen in the difference between local and global vehicle procurement costs. Vehicles procured globally, even those that come with specialty equipment preinstalled, are generally less expensive and come with less hassle. The disposal of vehicles and other items generate revenue streams that were not realized before GFM. Another area of savings is the GFM self-insurance scheme, which is generally less expensive and provides more comprehensive coverage than insurance from local providers. Intangible benefits brought by the GFM include greater standardization of vehicles and processes, increased staff safety, and newer and more reliable vehicles.

Conclusion 2: GFM has instituted several valuable practices and systems for sound fleet management across the organization. The self-insurance system covers many vehicles that were previously uninsured, significantly reducing financial and operational risks. Vehicle standardization has improved light vehicle quality across the fleet, simplified equipment installation procedures, and has increased the overall efficiency of the supply chain. Despite contrary perceptions in some country operations, overall lead time has also decreased, though there remains room for improvement. New disposal procedures have promoted greater compliance with GFM's disposal policy, generating millions of dollars in revenue for the organization. GFM's newly carved niche in public auctioning could even represent an opportunity for UNHCR to become the preeminent UN auction resource, generating increased efficiencies and income streams for the entire UN system within the context of the Delivering as One approach.

Conclusion 3: Currently in its fifth year of implementation, GFM must continue to raise awareness about the importance of fleet management and disseminate related policies and procedures across the organization. UNHCR's fleet represents a large proportion of UNHCR's assets, and sound fleet management may be used to fund programming. Yet, UNHCR country staff members—especially senior management—do not seem to realize the importance of the fleet for UNHCR's operation. The benefits of GFM's rental scheme are not yet well understood and appreciated among country operations, which sees fleet management in terms of benefits for and drawbacks to their own budget and not for the organization as a whole. This has, in part, led to their reluctance to surrender aged vehicles from UNHCR's legacy fleet, currently estimated to be approximately 1,700 vehicles. Certain fleet management policies and procedures seem not to be fully understood in country operations and require further clarification (e.g., documents for insurance claim submissions, roles and responsibilities for disposal expenses).

Conclusion 4: Lack of importance given to fleet management at the highest country operations levels has resulted in limited capacity. The rule of having one fleet manager for operations with thirty or more vehicles is seldom respected, and fleet management responsibilities are often spread across administrative or supply staff members who are often junior and have little to no fleet management experience. Several of these consulted staff members reported bearing other responsibilities and not having enough time to dedicate to the fleet. GFM has designed training to build fleet management capacities in country operations, but such training has proved insufficient. UNHCR's mobility policy and high staff rotation, especially in hardship duty stations, make this even more challenging.

Conclusion 5: Linked to Conclusion 4, lack of capacity in country operations has resulted in poor data management. As per the ToC, increased data management is crucial to better fleet planning, reduced fleet size, and less lead time. However, few countries can adequately use FleetWave and data is not being periodically entered into the system. Fleet managers also reported not having time to analyze data generated by FleetWave and VTS—most notably, utilization data—for fleet planning. Fleet size decisions are still being made based on available budgets and number of staff members instead of actual needs, resulting in an oversized fleet. Further investment in capacities to rightsize the fleet could, potentially, save UNHCR millions of dollars. Finally, if data were available, it would allow calculation of UNHCR's fleet operating costs and the cost-savings from UNHCR's periodic fleet renewal activities.

Conclusion 6: GFM has made substantial progress in introducing processes based on best practices and international fleet management benchmarks. However, the process of centralizing fleet management is complex and requires commitments at all organizational levels. The evaluation team believes more time is required for GFM to realize its full potential and continued efforts are needed to address important shortcomings. For instance, the fact that after five years UNHCR has been unable to dispose of approximately one third of old UNHCR vehicles is a source of preoccupation. This is of particular concern since GFM is due to dispose of the first batch of rental vehicles in 2019 and rental vehicles are being added at a rate of approximately 1,000 per year. If disposal shortcomings are not immediately addressed, UNHCR's fleet size may increase at an alarming rate—as would the associated operating costs. As long as GFM is treated as an operation with a yearly budget that cannot be rolled over from one year to the next and needs PBS and the Budget Committee approval to access disposal income, it cannot function as a self-sustaining entity.

Conclusion 7: Overall, GFM did not meet objectives set out in its Fleet Strategy 2014-2018 to reduce its environmental footprint, in part because the objectives were overly ambitious. It is important to consider that 96.9 percent of UNHCR vehicles operate outside Europe, and that the models produced by Toyota for the African and Asian markets are not designed to meet the standards of vehicles made for European or North American markets. However, GFM has changed the engine configuration of some of its vehicles making them more fuel efficient and thus producing fewer polluting particles. Finally, the evaluation team also found that GFM could do more to ensure the use of eco-driving and improved journey management techniques across the organization.

The evaluation is of the opinion that going back to a decentralized model whereby the procurement and disposal of vehicles are managed by country operations is not a viable option for UNHCR. Several humanitarian organizations have been using a centralized model for years and experiences have shown that such a model is economical and sustainable. Indeed, the first years of GFM implementation have already shown important benefits. However, instituting such a model requires strong commitments at the highest level of the organization, as well as serious investments to ensure the institutionalization of strong processes and staff capacity building. This process takes time, but once fully in place the GFM model has the potential to save UNHCR millions of dollars through more effective and efficient management of one of UNCHR most valuable assets: its light vehicles.

7 Recommendations

The following recommendations are linked to the findings and conclusions presented in this evaluation report. The evaluation acknowledges the difficulties in implementing some of these recommendations, most notably in terms of additional staffing and resources. These recommendations are based on the premise that GFM needs to deliver its full potential in a simple and clear manner.

Recommendation 1: UNHCR and GFM should develop a clear strategy to enhance recording and analysis. This includes data from country operations on operating costs and data on revenues from disposal of light vehicles and other items.

Rationale: The quality of data currently available on light vehicles is very weak and active use of existing data to improve performance is low. The evaluation noted many discrepancies between the information available in MSRP and FleetWave in terms of disposal revenues. The country operations do not record data on operating costs because there is no incentive or obligation to do so, there is little time to do it, and resources are stretched. GFM needs to start using existing data already recorded and then gradually build on that. A strategy would be a good place to set the direction for this kind of thinking and approach.

Closing criterion:

- A clear strategy to enhance data recording and analysis for monitoring and improving fleet management is established and disseminated.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| High | Low |

Recommendation 2: UNHCR HQ should explore options and make a stronger commitment to set up a fleet management structure in countries and regions. This may include outpost Fleet and Asset Management Positions to the different regions in order to ensure compliance and consistency with regards to rules and procedures.

Rationale: The limited fleet management capacity at regional and national levels within UNHCR has implications for several aspects of the GFM model that cannot be properly implemented. For example, there is currently little capacity to collect, gather and analyze data on operating costs and vehicle use, which impedes decision-making based on the use of accurate data. As a result, the UNHCR fleet is still managed based on budget available and number of staff, rather than actual needs. For GFM to reap its potential benefits, additional investments are needed to implement the full scale of changes initially planned. Without these investments, this evaluation believes that it is unlikely that UNHCR will be able to fully achieve all the benefits of its centralized rental scheme for light vehicles.

Closing criteria:

- Structures in place in all UNHCR regional service centers, with 1-2 staff to provide support to national level stakeholders responsible for transportation. This support could be to assist in planning for fleet needs or for right sizing. These regional staff should also be in charge of implementing the data recording strategy noted in Recommendation 1 and should support data collection, data entry and data quality control. Having someone in charge of reviewing the quality of data would be an incentive to enter the data in the system. Regional staff should also review data submitted by partners to ensure there are no inconsistencies.
- Roster of fleet managers available to support country operations with fleet management needs or questions in place.

- GFM and UNHCR should keep track of these investments and the savings associated with them. This will be helpful to justify these investments to donors.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| High | High |

Recommendation 3: UNHCR should re-examine the way GFM is set up. GFM should function as a business within UNHCR that brings revenues to the organization, while also using these revenues to be self-sustaining.

Rationale: GFM is currently treated as a cost center or a project implemented by the organization. This does not allow GFM to roll over its revenues from one year to the next. It cannot use its revenues to ensure that a healthy pipeline is available because the light vehicle sale revenues need to be reviewed by PBS and the Budget Committee and credited to its budget. This is a time-consuming procedure that has to be repeated monthly, leading to inefficiencies, increased lead time, and uncertainty about whether some of its revenues will be credited. Reassessing the way GFM is set up could have a positive impact on reducing lead time.

Closing criteria:

- The status of GFM is revised to allow GFM to use its own surplus and revenues. UNHCR should clarify how the GFM surplus could be utilized. GFM could operate with more flexibility within these new boundaries.
- GFM works more closely with country operations to be able to have more accurate procurement plans. This is one of the fundamental bases for the revised status of GFM. Without it, PBS and other UNHCR managers are not able to know if GFM is buying too many vehicles or not enough.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| High | Moderate |

Recommendation 4: GFM should communicate more clearly the benefits of good fleet management and how fleet management is continuously being improved based on customer feedback. This communication should on the one hand focus on the benefits of GFM for the whole organization, not only for country operations, and on the other hand, on how GFM services can be further improved.

Rationale: UNHCR country operations still have many misconceptions about GFM and about fleet management in general. Most operations still think about their own benefit first, before thinking about the overall cost savings for the organization in centralized fleet management. To change perceptions, there needs to be better dissemination of information about the benefits of GFM. Such communication can also provide a good opportunity for GFM to collect feedback on how to further improve its services.

Closing criteria:

- Regional staff (described in Recommendation 2) are used both to help disseminate information and educate staff in country operations and to provide feedback on how GFM services can be further improved.
- GFM staff consult and travel to county operations on a regular basis to understand issues faced in countries but also to convene stakeholders (especially the UNHCR representative and senior management) to discuss the objectives and benefits of GFM. Documentation sent by email or put on the intranet is not sufficient, as staff members often do not read it so other forms of communications (like in-person meetings or consultations) should be explored.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| High | Moderate |

Recommendation 5: Training provided by GFM in country operations should focus on training of trainers to ensure that information is available in operations in a more sustainable manner.

Rationale: During its country visits, the evaluation noted that very few stakeholders in country operations had been trained by GFM. Even though the five-year training plan provided by GFM targeted many different types of stakeholders, groups of stakeholders requested more training opportunities (administration officers and drivers) as they had never been trained or insufficiently trained on fleet management and other related areas. More than four years into the implementation of the GFM five-year training plan, the evaluation team noted gaps in knowledge and capacities. In the countries visited, knowledge on fleet management or on FleetWave is not shared among staff and capacities are still very limited. Incentives to use and share the knowledge are needed. The evaluation team understands the high costs associated with deploying international staff to train staff that are often changing or rotating. This is why a more sustainable model might be developed for training; a model in which trainers are trained in country operations and can share their knowledge with colleagues and partners. The evaluation noted that partners in most locations had not been trained on data entry. At this stage, the evaluation team believes that the use of e-learning as a refresher training is not sufficient mainly because basic skills are not acquired.

Closing criteria:

- A manual is developed by AFMS to train staff and available on the UNHCR intranet.
- Trainers are trained in selected operations, preferably national staff involved in security or Information and Communications Technology.
- Training is provided in operations to all relevant staff and is repeated on a regular basis.
- All partners using UNHCR vehicles under a Right of Use agreement are also trained.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| Medium | Moderate |

Recommendation 6: In a context where the UN system is promoting the ‘Delivery as One’ approach, GFM should explore the possibility of becoming the ‘go to’ UN agency for public auctions of vehicles and other items.

Rationale: The UN system comprises numerous UN agencies with variable fleet sizes worldwide, totaling assets worth several million dollars. Most of these agencies dispose of old vehicles through donations, direct sales or sealed bid, and very few, if any, through public auctions. Yet, this evaluation has found that public auctions are the most profitable method of disposal and could generate an important income stream for the UN system in an environment of dwindling donor resources. GFM has instituted processes, including the development of long-term agreements with public auctioneers worldwide, and has clearly demonstrated its niche in public auctions. Becoming the go-to UN agency for public auctions would allow GFM to generate enough fees to cover its own auction-related expenses, and to conduct public auctions in countries where UNHCR’s fleet is too small to conduct such auctions. This is a long-term recommendation that would require the buy-in and collaboration of several stakeholders across the UN system.

Closing criteria:

- GFM advocates for a resolution designating UNHCR as the main UN agency responsible for conducting public auctions across the UN system.
- If a resolution is passed, Memorandums of Understanding are signed with different UN agencies to benefit from UNHCR's public auction services.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| Medium | Low |

Recommendation 7: GFM should do more in-depth analysis and UNHCR as a whole should take more decision actions to ensure that its fleet is gradually becoming more environmentally friendly.

Rationale: The evaluation team understands the difficulties associated with building a green fleet in developing countries, but also wishes to stress that the issue of climate change is at the center of the 2030 agenda. The evaluation found that GFM's fleet is composed of vehicles that produce much more carbon emissions than what is normally allowed in developed countries. Unfortunately, Toyota does not manufacture environmentally friendly vehicles for African and Asian markets. This said, UNHCR could reduce its environmental footprint by promoting eco-driving techniques and journey planning, which are currently not used optimally by UNHCR drivers. Additionally, although infrastructures are not well suited to the use of hybrid or electric vehicles in most countries where UNHCR operates, GFM could explore where it could make the most sense to introduce those vehicles.

Closing criteria:

- The VTS and Novacom platform gather additional data on the use of eco-driving techniques, such as harsh braking and throttling.
- Data is used by senior management in country operations to assess driver performance. For example, GFM could consider safe-driving bonus, or an eco-driving bonus.
- GFM pilots and rolls out a web-based application for trip management, and partners could use this tool for ridesharing.
- GFM extracts lessons from its experience with hybrid and electric vehicles, and explores the possibility of replicating this experience in other countries where the infrastructure is well suited to the use of such vehicles.

| PRIORITY | RESOURCE IMPLICATION |
|----------|----------------------|
| Medium | Low |