FINAL REPORT

MID TERM EVALUATION UNDG BUSINESS OPERATIONS STRATEGY PILOT PROGRAMME REPORT
JULY 2015

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a. Table of Contents

Evaluation Commissioners

United Nations Development Group

Disclaimer

The findings, analysis, and recommendations made in this report reflect the views of the independent evaluation team and do not necessarily reflect the views of the United Nations or other stakeholders involved in the Business Operations Strategy (BOS)

Thank you

Extended particularly to the Resident Coordinators, UN Country Teams, Operations Management Teams and working groups, Offices of the UN Resident Coordinator, as the practitioners of BOS at the country level for their cooperation and assistance in support of the consultative process.

1   EXECUTIVE SUMMARY

The BOS mid-term evaluation aims to assess the degree to which BOS contributes to reduced costs and increased quality of operational support. This mid-term evaluation has focused on five (5) of 12 BOS pilot countries, namely: Ethiopia; Lesotho; Malawi; Rwanda and Tanzania, and sought quantitative and qualitative data on implementation of BOS in the common service areas of Procurement; HR, ICT and Facility Services (common premises related services). Through literature review, survey analysis, country consultations and cost benefit analysis the findings and recommendations of the evaluation have been drawn, seeking to present both findings and recommendations that address the relevance, efficiency and effectiveness of the BOS pilot programme.

The calculated benefit-cost ratio of the mid-term evaluation determines that across all countries **on average a USD 1 investment in BOS has produced USD 5.1 in benefits (monetary and labor).** This includes cost-savings from volume discounts and transactions costs avoided[1]. Procurement, ICT and HR are the most prevalent common services across the countries included in the evaluation with monetary savings highest in procurement where on average a **USD 1 investment in BOS for procurement has produced USD 28.4 in benefits. Total benefits in procurement are USD 5.6M representing approximately 85 percent of total benefits generated through BOS to date across the five countries analyzed, where total benefits equal USD 6.5M.**

Considerable momentum for BOS has been realized at the country level advised and guided by a proactive Business Operations team based in UNDOCO, increasingly supported by a growing pool of BOS trained experts situated across regions and linked to the coordination role of the RCO and the leadership of OMT chairs in each country.

A lack of data and limited systems in place to capture and analyze data in these early stages of BOS implementation and monitoring requires continued capacity development, standardized tools development and guidance. Likewise there is the need for improved communication to achieve universal understanding and application of the M&E guidance for BOS and adoption of the outcomes of the HLCM 'harmonisation project'. Sustainability of BOS is potentially hampered by fragmentation at the country level where by long term commitment to agreed strategies of BOS often waivers or is lacking. Bottlenecks to common services at the country level linked to the different business practices of UN agencies, especially the ongoing *perception* by operations staff of such differences, warrant further analysis. This is important considering the potential negative impact on continued operations harmonization and the urgency of finding solutions to increased alignment of agency policy and procedure to agreed harmonized practices. The outcomes of the HLCM harmonisation project are duly referenced as good practice in this context.

BOS has contributed in no small way to overall UN coherence and has the potential to demonstrate even greater savings and transaction cost avoided over time. This includes the immediate and ongoing offset of additional coordination costs associated with implementing BOS where by labour costs are a fraction of the labour gains and cost savings from the common service implemented. Qualitative benefits include tangible efficiencies in the implementation of UNDAF, increased collaboration across UN agencies in programme planning, design and implementation of strengthened joint operational practices, the purchase and use of shared resources and improved work life balance for staff formerly carrying unmanageable workloads.

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[1] These are the labour benefits from the application of harmonized processes. They are estimated with activity based costing. For more detail please see p17.

BOS added value is being realized in UN programmes and is increasingly and directly having a positive effect on the efficiency of implementation of UNDAF and support to the attainment of development results. Strategies to address increased awareness raising and communication are a priority as is the need for the development of mechanisms to enable the reinvestment of a percentage of cost savings into the ongoing management, support and coordination of common services, creating further efficiencies in the system. Capacity development priorities that continue to consolidate and grow the support system of BOS need to be maintained with an equal emphasis on maintaining and strengthening expert rosters and skills development of UN common service practitioners/staff. Outline of an accountability framework linked to a clear and agreed division of labour for BOS inclusive of standardization of monitoring and reporting via the UNDG Information Management System (IMS)[2] and inclusion of the Regional level will consolidate commitment to and monitoring of BOS results and ensure a basis for the establishment of incentives that acknowledge and reward UN staff participation in and leadership of joint UN mechanisms.

Cost Benefit analysis and assessment is key to the BOS process and central to the evidence based decision making of the programme and therefore warrants continued simplification and development of the tools for CBA including through harmonizing the cost definitions of the HLCM within the current BOS CBA model. To ensure an increasingly strengthened enabling environment for BOS, and with the outcome of HLCM's procurement project as a basis, more work is needed to utilize the tools that have been developed and reduce barriers to establishing common services and harmonized business practices at the country level.

Despite the limitations noted within the report and the inconsistencies in the manner of monitoring BOS costs and benefits across countries, the findings and recommendations reflect the evaluation team's confidence that the CBA exercise provides robust results highlighting the overall benefit of implementing BOS. Moreover, these results are supported by the qualitative assessment of current and future BOS costs provided in the country directional tables within section 6.7 of the report.

Overwhelmingly the mid-term evaluation concludes that even on the basis of a minimum of one year of implementation in some country contexts and with current issues remaining regarding the comprehensive and fulsome capture and analysis of data, the BOS programme is generating incrementally significant cost savings and transaction costs avoided for the UN system over and above what would be possible through the implementation of discreet common services with no strategic framework. The conclusions of the evaluation suggest these results will increase (and be increasingly quantifiable) with longer-term establishment and continued investment in implementation of the programme its coordination, advisory and knowledge management systems at the central, regional and country level.

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[2] Formerly known as the Resident Coordinator's Annual Report (RCAR)

2   ABBREVIATIONS AND ACRONYMS

BOS	Business Operations Strategy
CBA	Cost Benefit Analysis
CEB	Chief Executive Board
DAO	Delivering as One
DOCO	Development Operations Coordination Office
HLCM	High Level Committee on Management
HR	Human Resources
ICT	Information Communication Technology
LTA	Long Term Agreement
M&E	Monitoring and Evaluation
OMT	Operations Management Team
QCPR	Quadrennial Comprehensive Policy Review
RCO	Office of the UN Resident Coordinator
RFP	Request for Proposal
SOP	Standard Operating Procedures
TOT	Training of Trainers
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDGESA	United Nations Development Group Eastern and Southern Africa
USD	United States Dollar
UNSSC	United Nations System Staff College

3 INTRODUCTION

Introduction

This mid-term evaluation aims to provide feedback to further enhance the Business Operations Strategy (BOS) framework, based on identified challenges and opportunities, lessons learned and good practice from within the BOS pilot programme. A process of survey, desk based analysis and country consultation has informed the evaluation, as has discussion with key actors at the regional and headquarter level. The evaluation report seeks to outline the background and context of the BOS, to outline the current operating environment for BOS and present both findings and recommendations as a means to build on the successes of the BOS programme and implement key strategies that will address implementation, strengthen coherence, ongoing capacity and skills development. The evaluation is supported by a Cost Benefit Analysis (CBA) that both seeks to demonstrate the quantitative and qualitative gains of the BOS pilot programme to date and test the viability of an adjusted methodology for cost benefit analysis in the context of BOS in the longer term.

3.1 Background and context

The Quadrennial Comprehensive Policy Review (QCPR) 2013-2016 requested the United Nations (UN) System to accelerate harmonization efforts of business operations, in particular: reducing the duplication of functions, and administrative and transaction costs through the consolidation of support services at the country level[3]; invest in intra-agency rationalization of business operations[4]; to delegate the authority to country teams to establish and manage common services and long-term agreements with third parties through standardized inter-agency agreements[5]; establishment of common services at the country, regional and headquarters levels, based on unified set of regulations and rules, policies and procedures, at the country regional and headquarters levels, in the functional areas of finance, human resources management, procurement, information technology management and other administrative services[6].

The UN Development Group (UNDG) BOS aims to enhance the cost effectiveness and quality of operations back office processes such as procurement, Information Communication Technology (ICT), Human Resources (HR), Logistics and Administration and Finance in support of the UN Development Assistance Framework (UNDAF). It is a voluntary framework usually developed at the same time as the UNDAF, focusing on the simplification and harmonisation of Business Operations (including common services). It enables UN Country Teams to take a strategic, results oriented approach to planning, management and implementation of Harmonised Business Operations at the country level. The BOS model allows for flexibility to scope the BOS to country needs and capacity, allowing for a localized approach that matches specific country capacity, needs and requirements. The BOS also includes a component aimed to reinforce the links between UN programmes and operational support needs.

The BOS guidance note was submitted to the UNDG for approval in July 2012. The UNDG subsequently decided to incorporate the BOS in the Standard Operating Procedures as part of the "Operating as One" pillar of Delivering as One (DAO). In addition the UNDG requested to pilot the

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[3] QCPR 2013-2016, para 152

[4] QCOR 2013-2-16, para 153

[5] QCOR 2013-2-16, para 154

[6] QCOR 2013-2-16, para 155

BOS and evaluate the approach with the aim to use the feedback to further enhance the BOS framework based on lessons learned from the pilot programme.

3.2 Status of the BOS pilots

Fourteen voluntary countries were included in the pilot: Afghanistan, Bosnia Herzegovina; Brazil; Copenhagen; Ethiopia; Iraq; Jamaica; Lesotho; Liberia; Malawi; Moldova; Rwanda; Tanzania and South Africa. Iraq withdrew later due to political dynamics at the country level.

As of February 2015, 9 pilots had commenced implementation of their BOS frameworks: Bosnia Herzegovina (2014-2017); Ethiopia (2013-2016); Jamaica (2013-2016); Lesotho (2013-2017); Liberia (2014-2017); Malawi (2014-2016); Moldova (2013-2016); Rwanda (2013-2018); Tanzania (2013-2015); Copenhagen (2014-2017).

Afghanistan, Brazil and South Africa are in the final design stages of their BOS, with their development process being delayed due to local reasons.

3.3 Scope of the evaluation

The evaluation has drawn inputs from the global, regional and country level. Given the variety of implementation status of the pilots and the limited timeframe, the evaluation is limited to a set of five (5) countries that have participated under the pilot programme and have at least one (1) full year of implementation completed. The countries involved in the evaluation are therefore:
1. Ethiopia (2013-2016)
2. Lesotho (2013-2017)
3. Malawi (2014-2016)
4. Rwanda (2013-2018)
5. Tanzania (2013-2015)

The evaluation has taken into consideration the relatively short timeframe since implementation (1 year) as opposed to a full BOS cycle. Given the variety of common services reflected in any one country BOS the short timeframe for implementation the evaluation has focused on the four common service areas that are considered by the UNDG Steering Group to have the largest material impact on cost effectiveness, based on frequency, volume and estimated impact of services in the different BOS pilot country frameworks. These are:
1. Procurement
2. Human Resources
3. Information Communication Technology
4. Facility Services (common premises related services)

3.4 Evaluation team

The evaluation team is comprised of **Ann LUND** (lead) and **Priya RAMASUBBU** with advisory support and specialist inputs provided by **Alexander MACKENZIE.** Lund and Ramasubbu have had responsibility for implementing the process and undertaking the desk based and country specific consultations, analysis and recommendation formulation. This is a three-way partnership that has ensured strength of knowledge in the UN (both programme and operations) and BOS environment and considerable professional and technical expertise in the private and public sectors in the CBA priorities of the evaluation TOR.

3.5 Purpose of the evaluation and objectives

The evaluation of the BOS pilots is the responsibility of the UNDG Business Working Group and is a milestone within their 2015 annual work plan.
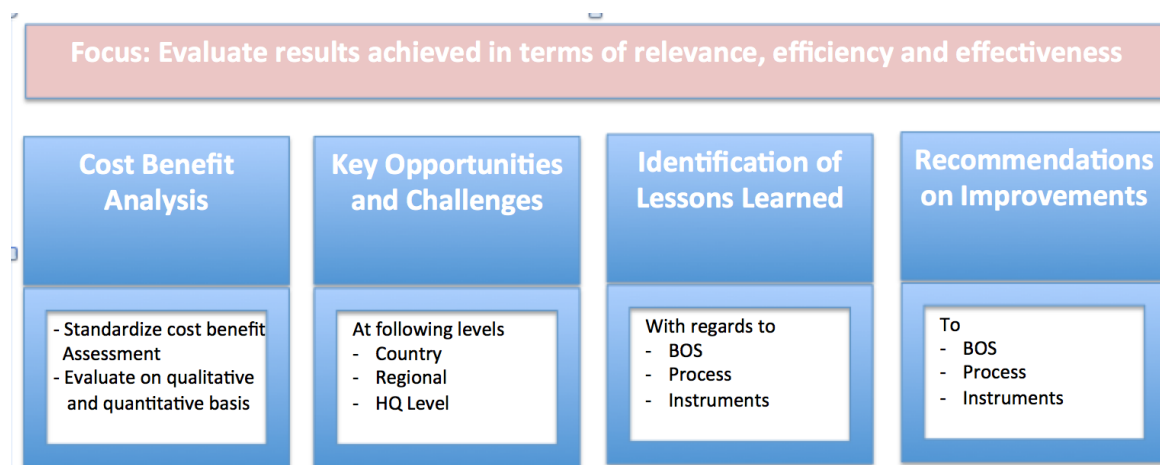
The objective of the BOS pilot evaluation have been established as:

b. Evaluate results achieved (linked to the CBA of the BOS) in terms of the relevance, effectiveness and efficiency of the operational support services delivered under the eagis of the BOS strategy at the country level;

- **Relevance** – is defined as value added provided by the BOS strategy to advance the common operations in support of programme delivery at the country level
- **Efficiency** – is defined as the amount of resources used to produce the desired output (operational support services) and therefore the potential savings achieved
- **Effectiveness** – is defined as the degree to which the BOS contributes to reduced costs and enhanced quality (impact) of operational support to programme delivery at the country level

c. Establish and standardize the CBA of the operational support services actually provided to members of the UN Country Teams using these services in each pilot country

d. Identify key opportunities and challenges at country, regional and HQ level for the development of BOS and provide recommendations to address these

e. Identify lessons learned with regards to the BOS, process and instruments based on the pilot experiences

f. To provide recommendations on improvements to the BOS framework, process and instruments with the aim to enhance relevance, effectiveness and efficiency of the BOS.

3.6 Study methodology

Evidence-based - a desk-based analysis of existing literature, data and reports has been supported by information drawn from a structured country survey, and phone/skype based interviews.

Consultative and Participatory - The evaluation has been conducted in a participatory manner with the evaluation team ensuring the involvement of and strong communication with key stakeholders in all phases of the evaluation. Key stakeholders were consulted for their views on the performance of the BOS, its processes, supporting instruments and lessons learned.

Country level	Resident Coordinators
	UN Country Teams (UNCT)– inclusive of all UN agencies active at the country level
	Operations Management Teams (OMT)
	UN agencies at the country level as OMT and working group members and leads
	Office of the UN Resident Coordinator or UN agency based UN Operations Coordinators
Global and Regional level	UNDG – reference group on common services – agency representatives
	HLCM procurement network
	Regional Director
	UN Development Operations Coordination Office (DOCO) – Business Operations
	UNDOCO – Regional Coordination Advisers
	UNDG Eastern and Southern Africa – Regional Coordination Specialist/ Regional BOS Specialist

3.7 Information Resources and of data collection

The data for the evaluation has been collected in stages and has included:

Document Review consisting of a desk-based analysis of existing relevant literature (BOS related documents and monitoring reports).
Country Survey – presented in Annex D and summarized in section 4 to extract initial data on overall performance of the BOS.
Desk-based phone interviews – gathered relevant inputs into the evaluation from the central and regional levels not covered by the country visits.
Country visits to the five selected pilots - more detailed consultations and interviews corroborated findings and closed information gaps.
Data collection and analysis
Numeric Data Templates - involved requests to populate data templates extracting necessary numeric information.
Qualitative Questionnaires - to extract relevant qualitative data, in particular where there was a lack of numeric information available.

4 CURRENT OPERATING ENVIRONMENT

4.1 BOS policy, strategy, tools and guidance

The BOS guidance note on developing UN Business Operations Strategy was submitted to the UNDG for approval in July 2012. BOS is presented as a voluntary framework largely based on existing guidance, simplified and integrated in a single, coherent framework, supplemented with a limited number of instruments facilitating quantified cost benefit analysis and reinforced results-based planning and monitoring and evaluation of Common Business Operations. In addition, BOS is presented as the basis for optimizing knowledge sharing and for resource mobilization in support of harmonized business operations at the country level[7].

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[7] UN Business Operations Strategy (BOS) guidelines August 2012_Final Draft

BOS responds to requests within the QCPR 2013-2016 for accelerate harmonization efforts of business operations to reduce the duplication of functions, and administrative and transaction costs through the consolidation of support services at the country level[8].

BOS rollout has been augmented by access to trainings in Basic Business Operations and Advanced Business Operations courses conducted by UNDG in cooperation with the High level Committee on Management (HLCM) and the UN System Staff College (UNSSC); development of an expert roster for deployable expertise and the Training of Trainers (TOT) of that expert roster; establishment of a help desk function based in UNDOCO to support UNCTs and OMTs; and development of a growing number of resource tools to support country level implementation.

Pilot countries commenced rollout at different times with some countries setting ambitious goals in terms of the time frame for preparation, planning and implementation of their BOS. This staggered approach to implementation across the pilot countries has been taken into consideration when reviewing both actual and potential results of BOS in any one of the five countries included in the evaluation.

An online toolkit accessible through the UNDG website[9] now consists of standard templates for data gathering and analysis, guidance notes, factsheets and user manuals. Some of these materials, most particularly the guidance is now available in English, French and Spanish. The toolkit is inclusive of a growing number of example BOS and sample country roadmaps.

In 2014 complimentary stepwise guidance in BOS analysis and strategy development was developed and automated tools for cost benefit analysis were developed drawing on best practice in BOS pilot countries. In addition 'Monitoring and Evaluation Framework and Reporting Process' guidelines were developed with the aim of standardizing the monitoring and evaluation framework of UN business operations and more specifically BOS, allowing the UN system to aggregate results for global monitoring and reporting on quality, effectiveness and efficiency of common business operations, in line with agreed indicator frameworks for monitoring QCPR requirements and the Standard Operating Procedures (SOPs) for Delivering as One.

4.2 The collaborative approach – HQ, Regional and Country

Global, regional and country levels of the UN system have responsibilities and commitments to BOS. Up until recently the relationship has been primarily between the country level (through Office of the UN Resident Coordinator (RCO) and OMT chairs) and UNDG through the UNDOCO team based at the global level. Collaboration with the regional level has been in trying to create synergies between BOS and the UNDAF rollout process, and the coordination of training for UN operations professionals in introductory and more advanced technical understandings of Business Operations Strategy development in collaboration with HLCM and the UNDOCO Business Operations team.

Training of Trainers and subsequent development of the BOS pool of experts has been managed by the UNDOCO team at the head quarter level, with the support of the UN System Staff College[10] and HLCM[11]. Regional Coordination Advisers and country level RCOs and OMTs becoming involved in the sourcing of relevant experts for participation, and fielding enquiry and technical needs from the

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[8] QCPR 2013-2016, para 152

[9] https://undg.org/home/guidance-policies/business-operations/

[10] Changes to UNDOCO funding to UNSSC in 2014 have influenced changes to the capacity of UNSSC to deliver BOS TOT.

[11] HLCM support has included both funding and human resources for development and implementation of training

country level to the UNDOCO team. In 2014 the TOT for BOS extended beyond just UN staff (requested to dedicate a minimum of 10 days per year to support country level BOS development), to incorporating a number of independent consultants to bolster the mobility and accessibility of experts to the field.

In more recent times the demand for BOS focused advisory support at the regional level has been responded to by positioning Operations specialized coordination professionals at the regional level. The position of 'Operations Specialist' within the UNDG Eastern and Southern Africa (UNDG ESA) office is an example and one that is considered important to both resourcing the needs of BOS countries but also sensitizing the regional level to BOS and its role in the broader overall harmonization agenda. This position has responsibility for coordinating the Regional UNDG's support to UNCTs on business operations related activities (including BOS) and maintaining the Regional UNDG knowledge management portal in line with the UNDG ESA work plan[12]. The importance of linkage, division of labor and lines of accountability between the global, regional and country level in support of BOS implementation and knowledge management is discussed within the recommendations of this evaluation.

4.3   High Level Committee on Management (HLCM) – establishing an enabling policy environment for procurement through BOS

The "Procurement Process and Practice Harmonization in support of Field Operations" or the Procurement network's 'Harmonization Project' is part of the Chief Executive Board's (CEB's) change-management concept, which aims to develop **common processes and approaches for UN system entities despite their differences in governance, mandates and business models**. The Harmonization Project as part of the 2008 CEB/HLCM Plan of Action[13] aims to harmonize and align business practices across the UN system in order to facilitate the collaboration of UN system entities at country-level, aiming for effectiveness and efficiency gains through synergies and reducing transaction costs. The plan of action has three goals:

- Creating a common framework for the harmonization of procurement related regulations, rules, policies, procedures and business practices;
- Documenting and including country level outcomes and best practices in collaboration with the UNDG Business Operations Working Group in (selected) countries; and
- Developing a standardized toolkit for country level procurement practitioners taking into account the best practices, needs and insights from the country level.

A number of recommendations from the evaluation of the Harmonization Project Phase 2 refer directly to the BOS and indicate the level of harmonization envisaged and required between UNDG and HLCM initiatives for long-term consolidation at the country level. By way of example, recommendation 3. indicates HLCM recognition of BOS committed UNCT's whereby HLCM would give priority to requests for support to rollout harmonized procurement practices to those UNCT's committed to implementing BOS and Delivery as one (DAO). Recommendation 5. talks about UNDG taking responsibility for Global tracking and monitoring of procurement harmonization status at the country level for use as a benchmark in the context of BOS. Recommendation 9. focuses on the integration of HLCM and UNDG work in the field of collaborative procurement by ensuring the policy work of HLCM feeds into and is inspired by the continuous harmonization processes at the country level, creating a receptive country led condition through the promotion of comprehensive frameworks such as BOS. Overall it is recognized that the UNCT and the OMT have a key role in the

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[12] Vacancy announcement – UNDG Eastern and Southern Africa (UNDG ESA), 21 November 2014

[13] Plan of Action for the Harmonisation of Business Practices in the UN System

launch of collaborative procurement at the country level and the existence of BOS as a framework facilitates country led goal setting and implementation.

Status of implementation of Procurement Network recommendations (April, 2015)

	AfDB	FAO	IFAD	ILO	ITU	PAHO	UNAIDS	UNDP	UNESCO	UNFPA	UNHCR	UNICEF	UNOPS	UNRWA	UN Sec	UN Women	WFP	WHO	WIPO	WMO	UNIDO
1	0	0	L	0	N	0	0	0	0	0	L	0	0	L	0	0	L	L	L	A	0
2	L	0	L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L	L	A	0
3	0	0	0	0	N	0	0	0	0	0	0	0	0	0	0	0	0	L	L	A	0
4	0	0	L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	N	0	L	0	N	0	0	0	N	0	0	0	0	L	N	0	L	0	L	N	0
6	N	0	L	0	N	0	0	0	0	0	A	0	0	L	N	L	L	L	0	A	L
7	N	0	L	0	N	0	0	L	0	0	0	0	0	L	N	L	0	L	0	A	L
8	N	L	L	0	N	0	0	0	L	0	L	L	0	L	A	0	L	L	L	A	A
9		L	L	0	N	L	0		L	L	L	L	0	L	L	0	L	0		A	

Legend		Recommendations		
A	Action required	1. UN Cooperation	5. Procurement Services	9. Common Glossary of Terms
L	Limited action required / Action initiated	2. No second Review	6. Integration of "guidelines"	
0	No action required	3. Sharing using LTAs	7. Communication on "guidelines"	
N	No action foreseen / intended	4. No Restrictions	8. Table of Contents	

The harmonisation project overall addresses a fundamental issue for BOS, which is the establishment of an enabling policy environment for procurement across the UN system, free from barriers that might otherwise restrict the implementation of harmonized business practices for procurement at the country level (with the exception of a limited number of procurement practices specific to programme related procurement requirements in specialized areas). The above table illustrates the achievements of the HLCM harmonisation project across UN agencies, positively effecting common procurement at the country level. The HLCM work on recruitment harmonization to be launched in 2015 will represent similar gains in the joint recruitment of General Service and National Officer staff.

5   SURVEY FINDINGS

The country level analysis commenced with the five participating countries completing a short on line survey (see Annex D). The aim of the survey was to gather initial insights on the challenges and bottlenecks, the opportunities identified and realized and the savings, both monetary and labor. The information provided through the survey informed the country consultations and provided an initial snap shot as follows.

Overall 12 agencies are currently participating in BOS. The top three **common services most prevalent** in country BOS are Procurement, ICT and Human Resources. Other areas featuring in

BOS at a lower prevalence rate are Common Finance (including HACT), Common Logistics and Transport and Common Administration.

Countries indicated that **bottlenecks** did exist in relation to BOS.. The most prevalent bottlenecks were the lack of leadership and will to implement Agencies' commitment to BOS and the disconnect between the processes and regulations of different agencies and agreed harmonization strategies for common services at the country level. A lack of collaboration between UN Secretariat entities (such as UN Economic Commission for Africa (UNECA) in Ethiopia) the OMT and UN agencies in relation to participation in common service activities and a lack of OMT capacity were also raised within the survey. The topic of bottlenecks is explored further through consultation within the evaluation and outlined in greater detail within the report supported by relevant examples.

Opportunities still to be maximized included: additional Long Term Agreements (LTAs) in Common Procurement, stronger connectivity through VOIP, Common ISP, telephony in Common ICT; fleet management through vehicle pooling and joint vehicle maintenance in Common Logistics and Transport; gains through foreign exchange, VAT exemption, HACT, banking fees in Common Finance; and staff and consultant rosters/database, joint training in Common Human Resources.

Countries were asked to indicate the **quantitative benefits** of BOS. **Monetary savings** are highest in Common Procurement between USD3M-USD5M, Common Finance between USD500,000 – USD10M, Common Human Resources and Common ICT up to USD500,000 with significant monetary savings also experienced in Common Logistics and Common Administration up to USD100,000. **Labor savings** ranked most highly at 50 – 70 percent in Common Procurement and Common ICT.

When asked about **BOS guidance** overall 50 percent where satisfied, 25 percent were very satisfied with 12.5 percent very dissatisfied and the remaining 12.5 percent neither satisfied nor dissatisfied. When asked about the degree of difficulty of the BOS guidance, some level of difficulty was experienced. The cost benefit analysis rated as the most difficult component of the guidance.

With regard to **OMT capacity to implement the required activities of BOS** 50 percent of the responses indicated being somewhat dissatisfied, 40 percent were satisfied and 10 percent were neither satisfied nor dissatisfied.

Interagency collaboration within the OMT in support of BOS deliverables showed 30 percent satisfied, 10 percent somewhat satisfied and 60 percent neither satisfied nor dissatisfied.

Finally, when asked if **UN agencies provide sufficient and clear guidance to their respective staff** regarding agency engagement in joint common operations services 70 percent indicated a lack of satisfaction and 30 percent indicated they were satisfied.

Overall the survey highlighted Procurement, ICT and HR as the areas of greatest prevalence for common services and also the areas experiencing the highest monetary and labor savings, with procurement experiencing the highest out of the three. The degree of difficulty in the process was considered highest for the Cost Benefit Analysis. Bottlenecks identified related primarily to greater effort needed on the part of individual agencies to ensure rules and procedures support agreements reached at the country level for common services under BOS. Issues that are explored in greater detail within the body of the report. OMT capacity for BOS was considered low with insufficient clear guidance from UN agencies regarding BOS affecting country level efforts.

These issues were explored further within the evaluation with solutions, where necessary, proposed within the recommendations of the report.

6   COST BENEFIT ANALYSIS (CBA)

6.1   Objective

The objective of the cost benefit analysis (CBA) within this evaluation is to evaluate the performance of BOS. This CBA therefore differs from that performed by countries when they initiate the BOS process utilizing the tool for prioritisation. The purpose of the latter is mainly to focus and prioritize identified new common services, to budget for necessary investments and to provide the basis of an M&E framework. It is a process of quantifying costs and benefits over a period of time compared to not implementing BOS, in order to have a single scale of comparison for unbiased evaluation of whether BOS is a worthwhile investment.

The CBA is central to the evaluation and aims to **standardize measures**, so that a like-for-like comparison amongst countries is possible. It is a **hybrid CBA methodolog**y taking into account qualitative and quantitative indicators, where possible. The CBA aims to **review costs and benefits** from the start of the BOS to the current time; as well as reviewing costs and benefits at current time versus projected costs and benefits. The CBA allows for **an opinion on the likelihood of cost** reductions to be given, based on the provided data and evidence. The CBA includes the **costing definitions of the HLCM** for key categories including direct costs, fixed indirect costs and variable indirect costs (refer 6.3 pg 16). This allows comment on how realized cost savings and benefits are expecte**d** to be/have been captured.

6.2   CBA scope

The analysis scope includes the five selected pilot countries and the four common service areas. However, not all countries harmonize or plan to harmonize activities in all of these four common service areas. For example, Tanzania and Ethiopia are not expected to extend their BOS to include Facility Services.[14].

Table 1 - Scope of analysis

	Procurement	ICT	HR	Facility Services
Rwanda				
Malawi				
Lesotho				
Tanzania				
Ethiopia				

|	
	Not considered in BOS
	Implemented/Planned to be implemented

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[14] In Ethiopia, several agencies are housed in the UNECA compound, which is already providing harmonized service to all tenants. These include cafeteria, security and cleaning services for common spaces of buildings. These services, however, were not included in the BOS, as they were already in place, and have their specific coordination mechanisms.

6.3 Methodology and Costing Definitions

Methodology

The overall analysis framework consisted of an analysis of changes in costs over time and qualitative indicators in each BOS category in each of the five pilot countries.

Figure 12 - Overview of Methodology
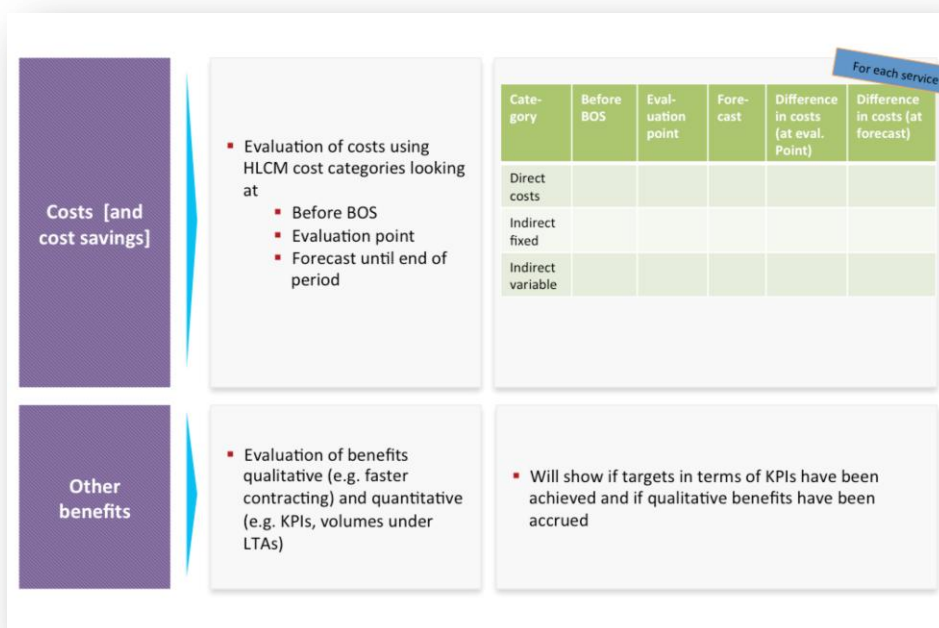
This framework was applied by taking into consideration a variety of data sources. The data sources for the analysis include the individual country BOS Strategies, BOS implementation reviews, annual progress reports and monitoring reports. In addition, a structured questionnaire was developed for each country, which most countries responded to. Finally, each country was visited and key decision makers and stakeholders were interviewed using a structured interview guideline. The detailed findings of the country analysis are summarized in the appendix.

Costing Definitions

In 2003, the HLCM for United Nations Organizations established a working group to draw up common principles for cost recovery. The analysis showed that there are three types of costs generally incurred by United Nations Organizations (i.e. direct costs, indirect variable costs and indirect fixed costs). These cost categories are the basis for agencies to harmonize cost recovery policies. A short definition of these cost categories is provided below:

Type of cost	HLCM definition	Examples
Direct costs	Direct costs are costs incurred by the programme and can be traced in full to a particular programme.	This includes costs that are directly related to a programme such as staff, travel, subcontracts, equipment, training, travel, and any other input necessary to achieve the programme's objectives
Indirect variable	Indirect variable costs, which are usually referred to as supporting costs, are	These include all overhead/ support costs such as:

costs	incurred by the organization in support of programme. They cannot be easily traced directly to a specific project or programme.	• Support to procurement and procurement services • Preparing budgets and monitoring • Non-technical supervision • Recruitment and hiring • Maintenance of equipment and infrastructure
Indirect fixed costs	Indirect fixed costs are incurred by the organization regardless of the scope or level of its activities and cannot be traced directly to a specific project.	These costs include the costs of top management and statutory bodies not related to service provision.

In the BOS CBA methodology different cost categories are used and are therefore reflected in this analysis:

Monetary costs and benefits – cost and benefits that are either upfront investments to establish the common service or recurring costs to maintain the established common service. These costs have monetary transactions associated with them and thus generate cash flow. An example of this, are the costs of advertising for establishing LTAs. On the benefits side this translates in the area of common procurement services into lower unit costs due to discounts from bulk procurement.

Non-monetary labor costs and benefits – these are mainly labor costs that are estimated using activity based costing methodology to calculate the cost of transactions or the benefit of transaction costs avoided. For example, establishing an LTA is associated with labor costs for the lead agency. These costs are estimated in the CBA methodology. Once the LTA is established, however, the activities related to procuring will be simplified as agencies can use the LTA (certain procuring steps are now eliminated). These costs associated with procuring are often referred to as transaction costs. The transaction costs foregone that benefit the agencies using the LTAs are known as **transaction costs avoided**. There are no cash flows associated with these types of costs/benefits.

6.4 Key common service focus areas

This section shows that the countries have focused on harmonising common services in several areas. The tables below provide an overview of which common service areas are being implemented in each country.

The overview shows that some common service areas are a priority for all, or nearly all countries (e.g. Travel LTAs). On the other hand, priorities are not the same in each country and there is much variety in prioritisation. Whilst the prioritisation appears to be largely driven by the initial country specific CBA analysis, it also highlights that certain areas are presumably more likely to generate higher cost savings than others and can be viewed as "low-hanging fruit".

In **procurement**, the most popular LTAs in four or more countries include: hotels & conference room, travel and office supplies. Other LTAs prevalent in three countries include transport, fuel & lubricants, catering, security, and printing. Given these seem to be the most important common service areas for generating cost savings at the country level, there may be opportunities to share specific lessons learned from countries, or to generate specific guidance for these specific categories (e.g. a repository with generic Requests For Proposal (RFP) for some of these categories that can then be adapted and made country specific).

Table 2 – Procurement: overview of LTAs implemented/to be implemented under BOS across countries

Procurement categories	Rwanda	Lesotho	Malawi	Tanzania	Ethiopia
Travel	■	■	■	■	■
Hotel & conference		■	■	■	■
Office supplies	■	■	■	■	■
Security		■	■	■	
Printing	■	■		■	■
Fuel & Lubricants	■		■	■	
Transport	■			■	■
Catering		■		■	■
Audit	■				■
Driver Uniforms				■	■
Cleaning	■	■	■	■	■
Clearing	■	■	■	■	
Printing	■	■	■	■	■
Audio Visual	■			■	■
Translation	■			■	
Banking	■	■	■	■	■
Design & Publishing				■	■
Office furniture				■	
Generator Maintenance		■			
Inspection				■	
Courier Services				■	
Medical Services			■		
Spare Parts			■		
Event Management	■	■	■		
Financial Management	■				

☐	Not considered in BOS
■	Implemented/Planned to be implemented

In **ICT**, there appears to be greater commonality in the common service areas countries have chosen to focus. Common ISP and common knowledge management appear to be the top common service areas for four countries. This is closely followed by integrated telephone services in three countries. Given the almost uniform common service focus for ICT by all countries (except for Ethiopia which is subject to specific government regulations), guidance and lessons learned in all four ICT areas may be of use when shared across the countries.

Table 3 – ICT: overview of common service areas implemented/to be implemented under BOS across countries

ICT	Rwanda	Lesotho	Malawi	Tanzania	Ethiopia
Common ISP	■	■	■	■	
Common Knowledge Management		■	■	■	■
Integrate Telephone services	■	■	■	■	
Common ICT Maintenance	■	■	■		
ICT Consolidation					■

☐	Not considered in BOS
■	Implemented/Planned to be implemented

In **HR**, consultant/staff rosters have or plan to be adopted in each country evaluated. This area could clearly benefit from sharing lessons learnt and guidance on best practice, as some countries have experienced delays in implementation. This is followed by common trainings/learning in which three countries engage. The remaining HR areas with two or less countries focusing include induction & orientation, staff appraisal, harmonizing consultant rates, harmonized recruitment processes and staff entitlements. The difference in priority in some HR areas may be linked to the constraints resulting from differing agency headquarter policy guidelines that are applied at the country level. The HR common service area will benefit from the outcomes of the HLCM "Harmonised recruitment in the field" project lead by UNESCO, which will produce guidance for common HR in the field related to general service and national officer staff and support strengthened HR policy harmonisation.

Table 4 - HR: overview common service areas implemented/to be implemented under BOS across countries

HR	Rwanda	Lesotho	Malawi	Tanzania	Ethiopia
Consultant /Staff Roster	■	■	■	■	■
Common trainings/learning	■	■	■		
Induction & Orientation		■		■	
Staff Appraisal			■		
Harmonized Consultant rates			■	■	■
Harmonized recruitment processes	■			■	
Staff Entitlements				■	

☐	Not considered in BOS
■	Implemented/Planned to be implemented

The area of **Facility Services** (including common premises) represents the common service least commonly implemented in the five countries analyzed. The one unifying area appears to be in securing or having secured a common building (one UN House). There is some overlap between facility services and common services related to facility services that feature in procurement such as transport. The area of facility services would benefit from further investigation so as to identify the low-hanging fruit that could form part of their BOS.

Table 5 – Facility Services: common service areas implemented/to be implemented under BOS across countries

Facility Services	Rwanda	Lesotho	Malawi	Tanzania	Ethiopia[15]
Common building	■	■	■		
Catering		■			
Transport Coordination			■	■	
Mail Delivery Services		■	■	■	
Cleaning		■		■	
Receptionist		■			
Maintenance		■			
Utilities		■			

☐	Not considered in BOS
■	Implemented/Planned to be implemented

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[15] Ethiopia for the BOS strategy does not have facility services, as most agencies are in the UNECA Compound. Some common services including security, reception, catering and cleaning exist. These are covered under the common procurement area of the BOS.

In **summary**, there appears to be most commonality in common service areas across the five countries in the area of ICT. The same ICT activities have been chosen as common services in almost all of the five countries. Facility services appear to feature the least amongst the five countries and directly linked to the presence of a One UN House or Common Premises. Apart from securing a common building, the services chosen in facility services are unique and diverse. In procurement, there are certain LTAs that are common in each country such as hotel and conference room, travel and office supplies. In HR, the implementation of rosters appears as the most prevalent common service. There is the opportunity to capture lessons and ensure they are shared across countries supporting the development of additional common service area specific guidance documents and handbooks to facilitate continued capacity development in the development and implementation of BOS.

6.5   Limitations

Timing of the study

This evaluation is performed at a time when BOS is in the early stages of implementation. For example, the BOS process in Rwanda, Ethiopia, and Tanzania had already started in 2013, whilst Lesotho and Malawi commenced BOS in 2014. All of the five countries have at least one year of implementation and were selected on that basis.

Benefits of upfront investment costs

The evaluation is mindful that some countries (Lesotho in the area of IT infrastructure for example) may well not yet be benefiting from some or all of the upfront capital investments made in either the development or implementation of BOS. In this context BOS can be seen as a medium term strategic framework whereby investment decisions are made in the short term to effect significant and ongoing cost savings in the long term. The benefits of such investments are therefore expected to accrue later and are taken into consideration within the direction data of the study.

Selection of countries: previous "BOS"-related experience

The evaluation countries differ in their respective previous UN coherence related experience. For example Tanzania and Rwanda were pilots for the "Delivering as One" approach commencing in 2006 and therefore have institutional knowledge and expertise that could be leveraged for BOS.

Coordination costs and benefits

It is very difficult to precisely define coordination costs and thus any measurement of these must be treated carefully. Coordination costs, in the BOS context, can be broadly defined as the cost of establishing and running common operating services. While some coordination costs have been built into the CBA analysis in the activity-based costing lines, not all types of coordination costs have been considered

Coordination costs that have been excluded in the original CBA model include:
(1) OMT chairs: time spent on meetings, facilitation, training, emails etc.
(2) Working group members: time spent on meetings, facilitation and emails
(3) RCO: time invested in coordination of BOS-related activities
(4) External technical advisers: sometimes included as a one-off investment in BOS

Coordination costs also vary according to the stage of development of the common service. They can be divided into two types of costs: 1) the actual development costs (one off cost) and 2) ongoing/maintenance costs (recurring cost). Typically, coordination costs are expected to be

higher during the establishment stage of the common service and are then to go down during the implementation stage.

Coordination costs are impacted when an agency takes a lead role however the benefits are realized very quickly within the process once common services are implemented. Initial estimates suggest that the workload of setting up and managing a common LTA is greater than the workload of setting up an LTA for a single agency. The additional workload is attributed to the coordination costs involved in consulting all agencies at each stage of the LTA set-up process. However, benefits are soon realized with these coordination costs recouped and offset by having access to an LTA that meets the needs of the participating agencies eliminating individual agency LTA workload. In addition, these coordination cost are much lower than the gains an agency has from joining an LTA process. These coordination costs are difficult to quantify unless detailed workload surveys are performed.

Overall initial workload estimates suggest that the extent of BOS related work vs agency related work is heavily influenced by the factors discussed above however in the longer term an increasing percentage of staff time formerly committed to agency specific operations processes is freed up as a result of an increasing number of common services determined through BOS.

Data availability and monitoring
The study recognizes that all countries have a detailed BOS framework in place, which provides them with the potential to monitor and report progress against set targets on an annual basis. These reports, however, at present are not aligned with the HLCM cost categorization. As such, data was only retrieved in certain cost categories. For example, while the original BOS CBA methodology does not consider the costs of coordination HLCM recommend inclusion of these costs as indirect variable costs. Thus, the available cost and benefit data that could be used for this analysis has limitations.

Country consultations indicate that a lack of data access systems and tools present a hindrance to adequate data extraction and collection. Monitoring also appears to be a challenge as systems are still being developed whereby countries can track data effectively. Furthermore, monitoring and reporting on the BOS is a task for country based operations staff on top of individual agency monitoring and reporting requirements, creating additional work. Different monitoring and reporting frameworks have also been adopted by each country, creating additional work in their establishment and adversely impacting the opportunity for inter-country comparisons. CBA monitoring was also constrained by the lack of homogenous indicators on baselines and targets. Some countries used different indicators in the plan compared to those that were reported (misalignment between target indicators and reported indicators).

This evaluation is not a data quality audit on the self-reported data from countries. Country consultations focused on instigating quantitative data collection and gathering qualitative inputs. Clarification on certain data points where deemed necessary were made; however, detailed auditing of the information provided is out of scope of this evaluation even if it is highly recommended going forward to ensure robustness of the results.

Despite the limitations described above and the inconsistencies in the manner of monitoring BOS costs and benefits across countries, the evaluation team is confident that the CBA exercise provides robust results highlighting the overall benefit of implementing the BOS. Moreover, these results are supported by the qualitative assessment of current and future BOS costs provided in the country directional tables below in section 6.7.

Direct costs/cost savings

21

In procurement, the evaluation found that few countries monitor cost savings that stem from discounts through bulk procurement, even though this is often a major element of cost savings through BOS with actual avoided costs likely to be significantly higher that that reported by the pilots. Consultations indicated uncertainty in some countries about the methodology to use to monitor these cost savings. The UNDG Business Operations Monitoring and Evaluation Framework and reporting process provides a standard approach to estimate these savings on an annual basis[16].

Most countries report "estimated" cost savings instead of "validated" cost savings, as countries have not yet performed detailed audits.

Countries have not reviewed the initial underlying assumptions that were used in the original CBA for prioritization. This suggests that the reported estimated labor cost-savings (i.e., by using a single, common LTA instead of individual procurements) is reporting hypothetical cost savings instead of actual figures.

Indirect fixed costs
Countries appear to have limited available information on the impact of the BOS on indirect fixed costs, i.e. costs that are incurred by the agencies regardless of the scope or level of its activities. Nor did interviews/questionnaires suggest that these costs have increased/decreased due to BOS implementation.

Indirect variable costs
The cost of coordination and implementing the BOS priorities is handled very differently at the country level. For example, some countries provide a dedicated budget to the BOS team that is then used to contract consultants to help implement the priorities. While other countries rely more exclusively on contributions from agencies. In the latter case there is less clarity about the actual costs invested.

As will be shown below, the cost of coordination is generally an element that has not been tracked in the CBA methodology to date, but one that all interviews highlighted as being an important cost driver and also a strategic enabler.

Sample size and context
The evaluation was conducted involving five countries. While some patterns in implementation progress, cost-savings, and investment costs are apparent across these five countries, all results were influenced by context. Thus, caution should be applied when extrapolating any generalizations in findings across country contexts. The qualitative analysis from interviews shows that various factors (such as agency headquarter policies and local government regulations) have strongly influenced the outcomes. Further research is needed to clarify which factors contribute or detract most from the planned and targeted cost savings and where solutions can be realised.

6.6   Cost Benefit Meta Analysis

Within the context of the above outlined data limitations the following table provides a summary of the costs and benefits by country. The detail and origin of the data is presented in country specific

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[16] UNDG, Business Operations Harmonization at Country Level, Monitoring and Evaluation Framework and Reporting Process, FINAL DRAFT, 11 June, 2014.

overviews that can be found in the Annex A. Some countries provided detailed overviews for 2013 and 2014, whilst other countries offered a cumulative amount from the start of BOS implementation until the last reporting period.

Table 6 - Overview of cost and benefits resulting from the BOS implementation (procurement, ICT, HR and facility services) per country to date based on limited available and reported data[17]

| In USD		2013	2014	Cumulative (start of BOS implementation until last reporting period)
Costs	Lesotho			586,531
	Ethiopia	150,000	168,673	318,763
	Malawi			116,000
	Rwanda		2,000	2,000
	Tanzania	n/a	n/a	248,842
		150,000	**170,673**	**1,272,046**
Benefits (cost savings)	Lesotho			86,572
	Ethiopia	211,500	2,600,000	2,811,500
	Malawi			1,398,838
	Rwanda		1,043,787	1,043,787
	Tanzania	600,710	595,980	1,196,690
		812,210	**4,239,767**	**6,537,387**
Net Benefits	Lesotho			(499,959)
	Ethiopia	61,500	2,431,327	2,492,827
	Malawi			1,282,838
	Rwanda		1,041,787	1,041,787
	Tanzania	600,710	595,980	947,848
		662,210	**4,069,094**	**5,265,341**
Ratio (benefits/costs)	Lesotho			15%
	Ethiopia	141%	1541%	882%
	Malawi			1206%
	Rwanda		52189%	52189%
	Tanzania	n/a	n/a	481%
		541%	**2484%**	**514%**

Based on the reported data, overall BOS implementation has yielded positive benefits to date for the countries with the exception of Lesotho. Reported benefits/cost savings include monetary benefits (e.g. volume discounts) as well as labor cost avoided. The benefits across nearly all countries are higher than the reported costs. As the detailed country analysis in the appendix shows, Lesotho has successfully implemented activities in the area of facility services and generated cost savings in this area, but has also made significant investments into new ICT infrastructure expected to generate considerable and ongoing savings in the long term, without yet having had sufficient time to demonstrate the monetary benefits from this investment at the time of evaluation.

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[17] This evaluation is not a data quality audit on the self-reported data from countries. Limited validation of the provided data took place during the country consultations. Clarification on certain data points where deemed necessary were made; however, detailed auditing of the information provided is out of scope of this evaluation.

This table also highlights the issue of data availability, for example the documents show costs of USD 2,000 for Rwanda for advertising LTAs while all other countries had higher expenditures. On the other hand the cost savings generated in Rwanda with these investments are above USD 1 million. This highlights the need to take the data limitations into account.

The cost – benefit ratio across all countries shows that on average a USD 1 investment in BOS has produced USD 5.1 in benefits, but again, this ratio needs to be considered **in the context of having weak data availability and knowing that costs of coordination were not captured and thus not included in this analysis. This includes cost-savings from volume discounts and transaction costs avoided.** [18][19]

Figure 3 - The benefit-cost ratio for the BOS overall and procurement in particular
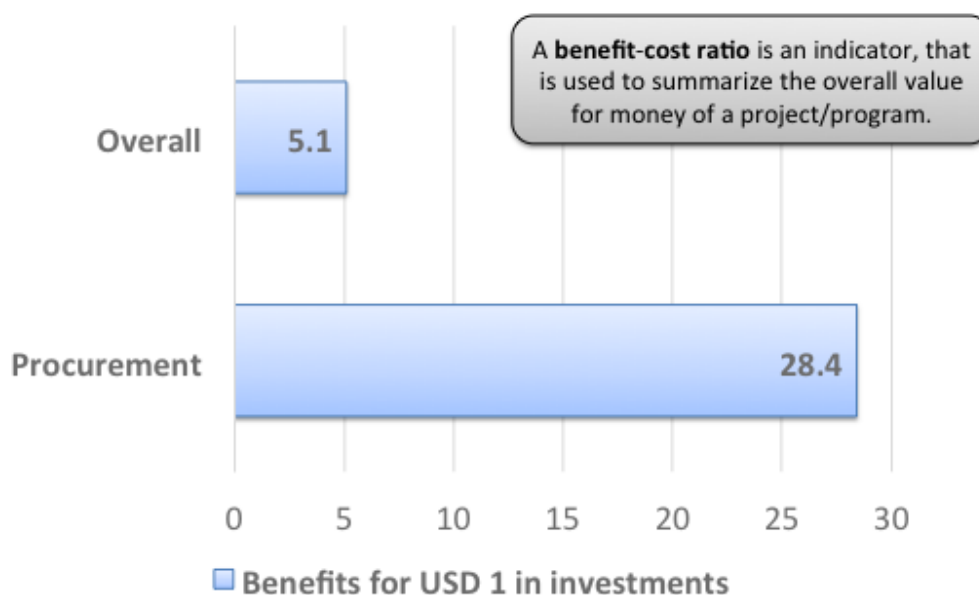
Note: Benefits include both monetary savings (e.g. bulk discounts from common procurement) and transaction costs avoided (labor savings). Data limitations as outlined above apply.

6.7 Country highlights according to HLCM costing categories

Perceived progress vs. BOS plan

Each country overview (Annex A) reviews the extent to which the available data suggests that the implementation of common services is on track with regards to the initial BOS strategy. The country overview also considers the extent to which it can be expected that BOS targets will be achieved by the end of the BOS period. This analysis is at best a "high-level" overview and indicative

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[18] Please note that the cost-benefit ratio is different to a return on investment (ROI), which calculates the net gain from investment over the cost of investment.

[19] This study does not consider or evaluate to what degree cooperation at country level between agencies would have been achieved in the absence of the BOS framework.

using limited available data and should **not replace in-depth monitoring and evaluation in each country**.

Lesotho

Overall Lesotho is on track to implementing facility services and ICT and they are experiencing delays in implementation in procurement and HR. At the time of evaluation, Lesotho showed a negative net-benefit (given reported figures), as it had high initial investment costs into ICT technology with the benefits expected to be reaped at a later stage. Going forward it is expected that these investments will present as positive benefits from the implementation of BOS.

Table 7 - HLCM category analysis Lesotho

	From start of BOS until evaluation	Overall expected from start of BOS until end of BOS cycle
Direct costs	▼ Lower costs due to cost savings in common services and HR	▼ Lower costs expected across all implemented BOS categories, e.g. lower procurement costs
Indirect fixed Costs	▶ No information on impact of BOS on indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs
Indirect variable Costs	▲ Initial high investments in setting up ICT, facility services and costs of coordination	▼ Reduced transaction costs as all common services are implemented and costs of coordination are reduced
Overall	▲ Investment costs higher than savings in direct costs	▼ Lower costs from combined lower direct costs and lower transaction costs

Legend:
- ▼ Costs in this category have/are expected to decrease in the respective period
- ▶ Costs in this category have/are expected to stay unchanged in the respective period
- ▲ Costs in this category have/are expected to increase in the respective period

Ethiopia

Ethiopia is on track to implementing procurement common services and has generated considerable cost savings in this area. However, it faces some delays and issues in implementing some ICT solutions, due to government regulations. HR common services are also delayed. Overall it is expected that considerable cost benefits will be accrued from BOS implementation.

Table 8 - HLCM category analysis Ethiopia

	From start of BOS until evaluation	Overall expected from start of BOS until end of BOS cycle
Direct costs	▼ Lower costs due to cost savings in procurement	▼ Lower costs expected across all implemented BOS categories, e.g. lower procurement costs
Indirect fixed Costs	▶ No information on impact of BOS on indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs
Indirect variable Costs	▶/▼ Initial investments into setting up LTA's and ICT as well as coordination costs seem	▼ Transaction costs avoided as all common services are implemented and costs of coordination are reduced

	to have been offset by savings in transaction cost avoided in procurement	
Overall	▼ Net benefits at USD 2.4m are positive, even if costs of coordination are included	▼ Expected that current cost savings will continue to accrue going forward

Malawi

Malawi is on track to implementing procurement and facility services and has some delays in ICT and HR. In ICT a lot of common service work will be implemented and launched in 2015 and in HR some key priorities such as a common consultancy database has already been established. Going forward it is expected that the BOS will be fully implemented across all service areas.

Table 9 - HLCM category analysis Malawi

	From start of BOS until evaluation	Overall expected from start of BOS until end of BOS cycle
Direct costs	▼ Lower costs due to cost savings in procurement (bulk discounts) and HR (consultant roster)	▼ Lower costs expected across all implemented BOS categories
Indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs
Indirect variable costs	▲ Initial investments into procurement specialist and international UNV to implement LTA's and coordinate activities, as well as coordination costs	▼ Transaction costs are avoided as all common services are implemented and costs of coordination are reduced
Overall	▼ Net benefits at USD 1.2m are positive, even if unaccounted coordination costs would be included	▼ Expected that current cost savings will continue to accrue going forward

Rwanda

Rwanda is on track to implementing procurement and facility services and has generated net benefits in these areas. However, it has some delays in the implementation of ICT and HR categories that are currently being addressed. Going forward it is expected that cost savings will be accrued.

Table 10 - HLCM category analysis Rwanda

	From start of BOS until evaluation	Overall expected from start of BOS until end of BOS cycle
Direct costs	▼ Lower costs due to cost savings in procurement (bulk discounts) and facility services with limited direct costs reported	▼ Lower costs expected across all implemented BOS categories
Indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs
Indirect variable costs	▼ Transaction costs avoided in procurement seem to outweigh the costs of coordination and upfront investment costs	▼ Reduced indirect variable costs as implementation of BOS leads to transaction costs avoided

Overall	▼ Net benefits estimated at USD 1m, but this seems high given that sparse cost information is available	▼ Expected that cost savings in procurement and facility services will continue to accrue going forward with some additional benefits in ICT and HR

Tanzania

Tanzania is on track to implementing procurement and ICT common services, but has some delays in implementing some of its HR priorities. Delays are attributed to decisions at the field level not being perceived as being approved by HQ level, as such it is not sure whether all planned HR priorities can be implemented going forward. Altogether it is expected that important cost savings will be generated in alignment with BOS.

Table 11 - HLCM category analysis Tanzania

	From start of BOS until evaluation	**Overall expected from start of BOS until end of BOS cycle**
Direct costs	▼ Direct costs for programs have decreased. Although no volume discounts were documented, there were significant reductions in ICT costs.	▼ Lower costs expected for procurement and ICT
Indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs	▶ No information on impact of BOS on indirect fixed costs
Indirect variable costs	▼ Procurement benefits to date were mainly about transaction costs avoided which appear to outweigh the direct investments (e.g., establishing a market survey)	▼ Reduced indirect variable costs as implementation of BOS leads to transaction costs avoided
Overall	▼ Overall costs have decreased, mainly due to avoided transaction costs	▼ Expected that cost savings in procurement and facility services will continue to accrue with some additional benefits in ICT and HR

7   EVALUATION FINDINGS - OPPORTUNITIES AND CHALLENGES

Overview

Overall, the consultations with five pilot countries and the CBA confirmed the commitment to and demonstrated benefit of the development and implementation of BOS to UN coherence and more specifically the Delivering as One pillar of 'Operating as One'. The vision of UN Resident Coordinators and OMT chairs has facilitated UN teams to both lead and participate in BOS development in an exemplary fashion resulting in good practice tools and procedures developed and later utilized by other UNCTs and in some cases adopted by the UNDG BOS toolkit. Regional level UNDG support mechanisms have coordinated initial capacity development needs through training and facilitated access to expert registers housed at the headquarter level, and are looking to strengthen links between BOS and UNDAF, to increase BOS related advice to the Regional Director level and support quality assurance measures.

Country level engagement by the Business Operations team in UNDOCO has been consistent, valuable and proactive in terms of the UNDOCO team supporting country level needs and has been attributed directly to the success of the BOS Pilot programme to date. This level of support and resourcing has ensured country level access to official guidance, advising the technical nature of the processes, delivering training, matching additional expertise where needed, and showing flexibility and responsiveness in expanding the toolbox of resources available to country teams. The role of the RCO is linked directly to continued momentum in BOS implementation and tangible, quantifiable gains. Likewise, the role of specialist joint operations resource staff and short-term technical experts has contributed positively to the quality and quantity results of BOS.

The technical nature of the process has been discussed in detail calling for continued development and distribution of step by step guidance for the development of BOS, to the country level as well as a call for additional and more specific tools, templates, training and expertise to be made available. Tensions exist at the country level, as expressed in country consultations, related to uneven distribution of workload across agencies, with little commensurate investment in shared BOS resource positions in support of joint processes. Likewise frustration exists related to bottlenecks present in the wider operating environment of the UN system where by a lack of incorporation of agreed harmonized practices by UN agencies continues to hamper country level common service development.

The demand for reinvestment in rather than diminishing human resources to manage joint operations needs, funded through shared common services budget lines, has shaped recommendations with a focus on the potential to direct a percentage of monetary savings into joint human resources supporting BOS, continued tools development and capacity development activities, utilizing the existing structures of established joint common service budgets. Incentives have been identified as key to the continued successful implementation of BOS as has the need for consistent commitment at the UNCT and Head of Agency level, which is considered lacking in some circumstances.

The findings from the consultations are herewith collated under the headings of 'Relevance'; 'Efficiency' and 'Effectiveness' to ensure a structure for presentation of all issues and challenges raised and opportunities identified. The narrative presented in this section informs the recommendations section of this evaluation report.

7.1 Relevance

7.1.1 Resource intensive nature of BOS – issues of sustainability

Developing the BOS strategy has, for all countries consulted, been time consuming and resource intensive. The gains of BOS as opposed to discreet common service activity have been identified as a result of increasing levels of collaboration between agencies, however risks to longer-term momentum because of the labor intensive nature of BOS have been raised as sustainability concerns are realized if the weight of BOS development and implementation is not shared. Lead agencies now managing joint bidding processes are experiencing increased workloads in the development phase straining agency willingness to commit ongoing resources to joint processes ahead of gains being realised.

The CBA in particular was identified in the survey as the most complex, time consuming and technically difficult element of the BOS development process and this was reiterated in country consultations.

The proposed solution was for there to be continued standardization and simplification of templates, data gathering and analysis tools, continued and expanded access to ongoing skills training opportunities and a pool of experts, and an overall continued expansion of the UNDG toolkit inclusive of stepwise guidance and country specific good practice. This is in addition to ensuring lead agency roles are tied to comparative advantage and capacity, utilizing those trained in BOS in peer to peer learning, access to additional human resources at peak development and monitoring periods of the BOS process (mentioned in detail below), and the need for incentives to be built into the system (also detailed below),

7.1.2 Joint human resource needs for BOS implementation

In every country situation the central importance of coordinated and joint support for BOS has been reinforced. It is a key-enabling factor in all elements of efficiency, effectiveness, relevance and sustainability. Whilst efficiencies (labor savings) are realized when reducing time spent on duplicative common service tasks across agencies when joint processes are implemented, the demand and need for strengthened coordination and shared human resources has increased, be it a lead agency managing LTAs on behalf of other partner agencies, or a dedicated position supporting ongoing implementation, monitoring and reporting at the working group level or for BOS overall.

Across the five evaluation pilots responses to this growing demand in an increasingly harmonized operating environment were observed. In most cases a smaller number of **lead agencies were repeatedly absorbing these costs** looking for but not necessarily experiencing reciprocity[20] in other areas of joint common service within BOS. **RCOs** were playing a key role in overall oversight, facilitation and momentum of the BOS process. In other cases joint BOS common service resource people and facilitation officers were being placed at the agency level or within the RCO. Two examples are the **Joint Procurement Coordinator** (International UNV) in Malawi and the **BOS Coordination** position in Tanzania. The Malawi position was recruited by the RCO on behalf of all participating agencies and stationed in that office, with supervision by UNICEF in their capacity as the chair of the Procurement working group. The position has proved to be central to the capacity of the working group to implement joint procurement strategies and to maintaining momentum in the process. Such positions are established on the basis that the labor gains and efficiencies realized through the position significantly outweigh the coordination costs of establishing such a position, and require access to current guidance, tools and training to meet the expectations of their role.

There were numerous examples of **short-term expertise** being hired to augment the capacity of UN staff or inject specialist knowledge and experience to meet the demands of developing the BOS and implementing its common service priorities. These short-term investments were noted particularly in the development and monitoring of the BOS through detailed data gathering and analysis, strategy and or report writing, aiming to either build local level capacity, inject specialized skills or establish mechanisms for utilization by existing staff in the longer term.

In all cases additional human resources (particularly short term experts and medium term implementation specialists) have been pivotal in progressing BOS related work and realizing gains at the country level the gains realized outweighing the cost of such resources. All countries discussed the potential for a mechanism that would enable the **reinvestment of a percentage of real cost savings back into the harmonization process** and common service budgets at the country level to resource recruitment and contracting of human resources (both short term experts and longer term staff) that would service the joint implementation of BOS.

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[20] Reciprocity meaning the situation whereby agencies lead in an area of comparative advantage/capacity in BOS on the basis that they will reap the benefit of other agencies doing the same in another area of BOS with commitments and gains shared

7.1.3 Country level turn-over of staff – maintaining capacity

Turn-over of staff and changes in leadership at the Head of Agency, OMT and working group level are well known trends within the UN system that can challenge the implementation of longer term strategic processes. No less in relation to the implementation of BOS. Countries discussed both the loss of momentum and the loss of capacity as a result of staff turn-over. Whilst staff in key positions relevant to BOS had been trained and oriented to BOS there is the need for ongoing skills development and information update as a result of staff turn-over. Countries highlighted the need for access to ongoing skills development opportunities (either in person or on line), access to experts that could advise and/or facilitate BOS processes to augment local capacity, and access to the UNDG BOS toolkit for standardised tools, templates and guidance. With regard to access to experts countries were particularly interested in intra-region peer-to-peer exchange that is facilitated at the regional and headquarter level and the sharing of tools developed in different country contexts to facilitate knowledge sharing. Materials and training opportunities to facilitate ongoing induction of new staff and Heads of Agencies joining new country teams and BOS implementing environments were also highlighted as a priority.

7.1.4 Reinvestment in a changing operating environment

UNCTs and agencies are being rewarded with an increasing portfolio of joint common services with the continued implementation of BOS. As the environment for UN operations slowly changes the immediate focus has been on capitalising on gains in staff time formerly spent in high volumes of agency based operations activities, increasingly rationalized under BOS. For the new environment of BOS to function well and to ensure the load of developing and implementing joint initiatives does not rest with fewer agencies, there is the need for UNCT's to collectively consider how to reinvest in human resources that can continue to manage portfolios of joint common services in a changed operating environment. For example investing a joint procurement officer, joint HR roster manager.

7.1.5 Consistency and accountability

One of the largest challenges facing increased coherence at the country level in relation to BOS as discussed in the country consultations is the inconsistency of commitment to the BOS process at the country team level, which then reverberates at the OMT and working group level. Whilst BOS is endorsed by agency heads as the UNCT, over time operations teams have experienced diminished support from Heads of Agency or agency head quarters on some occasions, be it in releasing staff to participate or lead common service processes, requiring the use of comparable individual agency LTA in parallel to agreed joint LTA or not maintaining commitment to the joint approach outlined through BOS. The cause for these changes over time were in some cases attributed to: turn over in leadership; lack of consistent guidance from the HQ and UNCT level for BOS, slow progress of BOS impacting on agency supply needs therefore prompting the need to move individually; confusion regarding individual agency rules and required processes as opposed to agreed joint practices stemming from a lack of policy and procedural changes within UN agencies that would otherwise enable staff at the country level to implement agreed common services; and a lack of linkage between operations working groups, the OMT, the UNCT and HQ.

The consequences of inconsistencies in accountability to BOS were increased and ongoing fragmentation in operations at the country level, reduced morale amongst staff and slow progress of BOS. There was an overall call for a **strengthened accountability framework** with regard to BOS that takes note of current policy agreements in the UN system related to operations, and stipulates the roles and responsibilities of the different UN actors in relation to BOS, the enabling environment

that has been created through harmonization initiatives under the HLCM, the linkages between them and the means by which commitments will be monitored.

Those consulted were also looking forward to BOS moving from a pilot programme to an established programme that represented required practices for UNCTs alongside UNDAF where by base level deliverables can be monitored and reported against within existing reporting mechanisms including within the annual report of the UN Resident Coordinator. Operations teams at the country level are also looking for clear guidance from agency headquarters regarding revised policy parameters and procedures that will enable harmonization and BOS implementation at the country level.

7.1.6   Investment in joint processes – diminishing the 'free rider problem'

Investment in joint processes at the country level differs between agencies and there is growing tension that a smaller number of agencies are carrying the cost of developing and implementing new common services. This is not because of a lack of human resources to do so but due to a hedging of some Agencies' commitments to the BOS during its development. Some agencies are not investing in the process at the early stage but seeking to benefit from the new common service once established and proved to be effective. A scenario commonly referred to as the 'free rider problem'. In economic terms this refers to the situation where public goods are underprovided or not provided at all because individuals are able to consume the good by paying little or nothing towards the cost. The free rider problem is common amongst public goods, such as common services developed in the UN context, which are characterized by being, non-excludable: once provided the good is available to everybody and cannot stop anyone from using it, and non-rivalry: when the good is consumed it does not reduce the amount available to others. The risk for BOS is that investment in its development is not commensurate with its potential future value. This contributes to the staggered, uneven development process seen in some countries. This evaluation has demonstrated the monetary benefits of BOS solutions and the transaction costs that those solutions help Agencies to avoid. Going forward, it is important to communicate this evidence to help offset the hedging of commitment at country level.

Some reasons for late investment in a new joint common services such as the establishment of joint LTAs vary from the agency being too small to commit the financial or human resources, to an agency remaining skeptical regarding the value or success of the joint common service, not willing to invest until such time its usefulness has been demonstrated. This situation continues to put greater financial and time pressure on a smaller number of agencies and was identified as a factor contributing to 'burn out' in taking forward common operations as an element of reform. Solutions discussed through the consultations included greater commitment at the level of the UNCT and Heads of Agency for investment in common services, increased discussion on the in-kind support that could be provided by small agencies to the process, joint agency investment in shared resources (commensurate to their size) that take forward common service work on behalf of all agencies or systems to ensure the development of new joint common services is shared across partner agencies with access to that common service on the basis of reciprocity.

7.2   Efficiency

7.2.1   The qualitative benefits of BOS

The implementation of the BOS has generated significant positive qualitative benefits for the UN system as a whole and for individual agencies that cannot easily be quantified as cost-savings. Based on literature review and consultations the four BOS categories all have concrete qualitative improvements.

For the UN system the qualitative benefits of BOS lie in the prioritisation that supports selection of higher impact common services, strengthened management and control of common services, monitoring and evaluation that presents quantifiable results and trend analysis that can inform decision makers responsible for policy design.

Some countries are using surveys with key stakeholders to monitor the qualitative benefits of BOS and ensure the quality of common services (for example Lesotho.)

There is an opportunity **to further standardise the qualitative KPIs and reporting of KPIs across BOS implementing countries** in order to facilitate comparison between countries and allow for the aggregation of data at the regional and global levels. For example, the generic satisfaction surveys on procurement, ICT, and HR that are provided in the Business operations M&E framework and reporting process guidelines[21] could be reviewed and revised to ensure they reflect the content of the figure below:

Figure 4 - Overview of qualitative benefits in the three common service areas demonstrating highest concrete qualitative improvements

	Procurement	ICT	HR	Facility Services
Qualitative Benefits	a. Increased knowledge sharing b. Improved capacity building and procurement expertise c. Improved processes d. Stronger market voice/greater bargaining power e. Improvement in supplier relationships f. More manageable workload and re-focusing on strategic procurement g. Procurement risk reduced h. Improved procurement planning and coordination across agencies	i. Improved speed j. Improved bandwidth quality k. Upgrade in technology l. Integration of services m. Simplified processes n. Reduced downtime o. Improved maintenance and service management p. Improved capacity planning	q. Improved knowledge sharing and transfer r. More efficient recruitment process s. Elimination in duplication of work t. Greater transparency in recruitment process u. Quality increase in training and induction	v. Less duplication of services w. Greater efficiency of services x. Upgrade of infrastructure y. Streamlining of services z. Improved quality of services

7.2.2 The business case to prioritize procurement

The following table provides an overview of the costs and benefits by country looking at the procurement common service area.

Table 12 - Overview of cost and benefits for procurement by country based on available and reported data

In USD		2013	2014	Cumulative (start of BOS implementation until last reporting period)
Costs	Lesotho			
	Ethiopia	5,000	40,000	45,000

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[21] UNDG, Business Operations Harmonization at Country Level, Monitoring and Evaluation Framework and Reporting Process, FINAL DRAFT, 11 June, 2014.See Annexes C thru G, 52-61.

	Malawi			116,000
	Rwanda			2,000
	Tanzania	n/a	n/a	33,842
		5,000	**42,000**	**196,842**
Benefits (cost savings)	Lesotho			
	Ethiopia	211,500	2,600,000	2,811,500
	Malawi			1,168,838
	Rwanda			413,287
	Tanzania	600,710	595,980	1,196,690
		812,210	**3,195,980**	**5,590,315**
Net Benefits	Lesotho			
	Ethiopia	206,500	2,560,000	2,766,500
	Malawi			1,052,838
	Rwanda			411,287
	Tanzania			1,162,848
		807,210	**3,155,980**	**5,393,473**
Ratio (benefits/costs)	Lesotho			
	Ethiopia	4230%	6500%	6248%
	Malawi			1008%
	Rwanda			20664%
	Tanzania	n/a	n/a	3536%
		16244%	**7990%**	**2840%**

Total benefits in procurement are USD 5.6 million thus representing about 85 percent of all benefits generated through BOS to date (see prior table where total benefits equal USD 6.5 million). The cost – benefit ratio shows that on average **a USD 1 investment in BOS has produced USD 28.4 in benefits.**

If we add the analysis of which procurement LTAs are being prioritized most often (expected to generate the most benefits) it could be concluded that the majority of cost saving to date has been driven by having implemented a handful of LTA's in hotels & conference room, travel, office supplies, printing, fuel, security and catering across several countries. **It is thus a priority to roll out procurement services across multiple countries** and is therefore recommended that targeting a handful of LTA's first and **investing in building procurement capacity on that basis has the potential to generate high payback on investment in BOS.**

Country consultations suggested that some countries advanced significantly in the implementation of procurement LTA's when they recruited a procurement specialist. This position helped in moving the establishment of LTAs forward, helped in assessing and shaping the market for these services and supported the monitoring of suppliers. This analysis shows that such **investments in procurement specialists pay for themselves**. This conclusion is robust, even if we take costs of coordination into consideration.

Further analysis based on available data shows that **56 percent (or USD 3,019,577) of the cost savings stems from bulk discounts, while 44 percent of cost savings stem from transaction costs avoided.** The share varies greatly across the countries included in the evaluation due to differences in the amount of data available. In some countries cost savings from bulk discounts are the key cost driver (e.g. Ethiopia), while other countries do not report them (e.g. Tanzania[22]).

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[22] The country is reviewing its methodology to estimate the benefits from volume discounts

Figure 5 - Overview of cost savings and transaction costs avoided in procurement
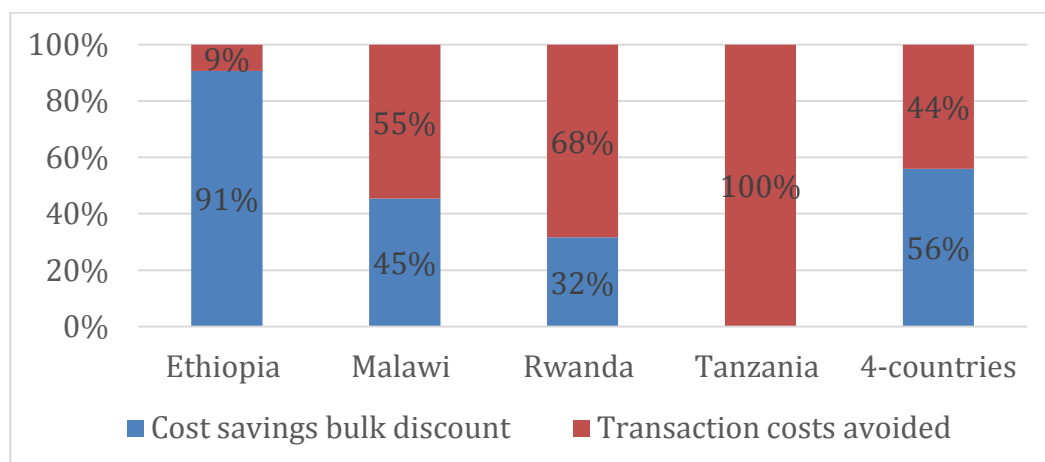
Note: no available data from Lesotho and for cost savings from bulk discount in Tanzania

Table 13 - Overview of cost savings and transaction costs avoided in procurement

Country name	Cost savings bulk discount	Transaction costs avoided	Total	Period
Ethiopia	2,359,000	241,000	2,600,000[23]	2014
Malawi	529,890	638,948	1,168,838	2013 - 2014
Rwanda	130,687	282,600	413,287	up to April 2015
Tanzania		1,196,690	1,196,690	2013 - 2014
4-countries	3,019,577	2,359,238	5,378,815	

Note: no available data from Lesotho

Overall this highlights that there is a potential business case to prioritise the professionalization of procurement, developing it further and then utilized to strengthen other common service areas over time.

7.2.3   Monitoring BOS

The issues associated with the monitoring of the BOS were presented as being directly related to the ability to access data systems and tools for data extraction and analysis, and the quality of the results framework of BOS.

The consultations identified that systems for data collection to support annual monitoring are not yet in place and that data collection and analysis would be greatly enhanced through access to templates and tools to standardize and simplify data management in support of monitoring. In some contexts countries suggested that seed funding for the development of basic joint data collection and management systems was a priority allowing the systems developed in any one country to be shared and replicated in different country context and included in the UNDG BOS Toolkit.

Few respondents were aware of the 'Monitoring and Evaluation Framework and Reporting Process' guidelines finalised in 2014 developed to both simplify BOS results framework development and standardise country level results so as to be able to aggregate and compare gains at the regional and

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[23] The table below shows that the breakdown of the costs can be aligned with the general procurement data, with the exception of the data point for Ethiopia in 2013, where no data is available.

global levels. It was considered that a combination of further developing data access systems that can be replicated at the country level, distribution of standard templates and tools to support analysis and widespread distribution, training in RBM for operations teams, and awareness raising of the BOS M&E guidelines would significantly address the quality and timeliness of country level monitoring and the ability of the UN system to aggregate results at the regional and global level so as to discuss BOS in terms of its collective gains to the UN system.

7.3 **Effectiveness**

7.3.1 **Memorandum of understanding and SOPs to increase decision making efficiencies**

BOS working group members discussed the often cumbersome nature of joint decision making processes under BOS whereby processes were harmonized however this did not always translate into delegations of authority (freedom to make decisions on behalf of others on the basis of pre agreed conditions, principles or guidelines). BOS working groups and OMTs were keen to see the continued promotion of MOU or SOPs as a tool to establish the agreed basis for decision making in common service areas reducing the need for time consuming and multiple consultation and decision making in joint processes. It was requested that sample MOU and SOPs relevant to different common service areas are made available through the UNDG toolkit to reduce duplication of efforts at the country level and ensure standardization and quality assurance of the pro-forma used.

7.3.2 **Roles and responsibilities – division of labor**

Resourcing and guidance needs are high particularly at the development stage of BOS and consultations identified a lack of clarity in the division of labor between the head quarter, regional and country level in relation to BOS. Clarity in roles and responsibilities at the different levels, the linkage and complementarity between them was requested as well as the centralization of tools and expert advice to ensure easy access and consistency in advice received. The country level in particular were looking for clear guidance on where to go for: tools and guidance; expert advice; general skills development and awareness; and capacity development.

Operations teams at the country level talked about the mobility and accessibility of the **Business Operations UNDOCO team** at headquarters for expert advice and access to the latest tools and pro-forma. All respondents spoke of the potential to link more strongly to the **UNDG regional level** to increase awareness of BOS in UNDAF planning processes and the central role played by **Offices of the UN Resident Coordinator** for providing neutral coordination advice and assistance, for support to the working group level, providing linkage to the RC and in some cases facilitating the recruitment and central location of joint operations support professionals, such as the UN procurement specialist housed in the RCO in Malawi.

7.3.3 **BOS/UNDAF - operations/programme connection**

BOS guidelines and training materials highlight the linkage between operations and programme in the BOS planning process. The current entry point for operations engagement with programme is at the point where UNDAF outputs are formulated. Consultations reinforced the importance of the operations/programme connection but highlighted that more could be done to ensure real and ongoing collaboration between operations and programme. In addition to drawing on the UNDAF outcomes once formulated for BOS development, operations working groups want to engage with programme staff so as to contribute to increased innovation, efficiency and quality of programme design and implementation ongoing, and to see longer term planning of operational needs from the

programme side. The consultations called for clearer instruction from UNCTs regarding the collaboration between operations and programme at the country level and an updating of UNDAF guidelines to include references to BOS; sensitizing of Peer Support Group (PSG) representatives, Regional teams, UNDAF rollout trainers and facilitators to BOS. It was also felt that capacity development was needed whereby BOS was included in UNDAF rollout training and operations staff were trained in results based management (RBM).

7.3.4   Challenges within the current operating environment

Joint Procurement on the basis of HLCM harmonisation project agreements
The evaluation consultations revealed an overall lack of awareness of the outcomes of the HLCM harmonisation project as they relate to opportunities for consolidated joint procurement at the country level. Opportunities exist therefore to:
1. implement immediate strategies to effectively inform the regional and country level of the harmonisation project outcomes and related responsibilities thereof, ensure related factsheets and guidance notes are included in the UNDG toolkit, and that the BOS expert roster and BOS trainers are advised
2. reflect the areas of procurement that have been harmonised as standard elements for procurement within the BOS and BOS M&E guidance, developing standard indicators for monitoring where possible.
3. promote increased utilisation of the UNDG toolkit where all relevant resources are currently housed
4. provide updated information to those already trained in the HLCM harmonization project outcomes to ensure their application and sharing of that knowledge in the workplace
5. ensure agencies and economic commissions adapt their operational procedures to align with the agreements reached through the HLCM's harmonisaton projects, and advise the country level accordingly

Barriers to greater levels of coherence
Consultations highlighted that in some cases barriers to implementation of BOS relate to the specific country context. For example: Border level customs clearance for bulk purchases or government restrictions on VSAT hindering overall implementation of ITC related common services. Other cases related to the need for further guidance from the head quarter level on fleet management.. There are however bottlenecks either perceived or actual that specifically relate to levels of harmonization across agencies in specific common service areas.

Agencies under the UN Secretariat, for example the UN Economic Commission for Africa (UNECA), have not as yet harmonised with UN agency rules and regulations to enable common services through BOS. In the Ethiopia case the majority of agencies reside with UNECA with services provided by the separate committees of UNECA but bound by the rules and regulations of the UN Secretariat. This structure is seen to restrict the ability of UNECA to work with UN agencies on common services, to 'piggy back' agency LTA and to participate in joint tenders led by UN agencies.

For procurement the different sign off limits across agencies were seen to compromise the ability to streamline common services and effect decisions as to which agency would lead certain LTA processes, decisions which would otherwise be determined on the basis of comparative advantage. For example UNDP sign off is $150,000 compared to the UNFPA limit of $50,000 requiring approval at the regional or HQ level above that sign off point creating delays in joint processes. Whilst in relation to specialized goods some agencies such as WHO have the majority of their procurement managed off shore with limited ability to participate in joint procurement activities in country. Different agency limits for bulk buying were also seen as a barrier to implementing BOS.

The impact of different financial platforms and regulations of agencies was also highlighted. One example from Malawi being the different rules related to banking and foreign exchange. Some agencies stipulate a required bank whilst other have in country flexibility to choose. The latter enables joint approaches and negotiations for banking services. Likewise in relation to foreign exchange some agencies determine the foreign exchange banking partner whilst others have the flexibility to determine the best option locally. The differences between UNDP, FAO and WFP policy were highlighted in these examples.

HR policies were seen to differ affecting the ability to implement common HR priorities. Joint recruitment was affected by differing gender policies, salary scales and by the different qualification requirements of agencies. UNDP for instance requires Masters level qualification for certain posts whilst UNFPA accepts a Bachelor Degree for the same level. In relation to salaries staff used the example of UNDPs approach to fixed term appointments allowing the negotiation of entry points on the salary scale, whilst WFP sets the entry level. For the contracting of consultants UNFPA for instance uses the Special Service Agreement (SSA) and UNDP uses individual contracts with different professional fee scale for both. This restricts the ability to harmonise consultancy rates across agencies. In the management of internal candidates UNDP for example considers fixed term appointments as internal candidates but service contract staff as external. For other agencies both contract modalities are considered internal. For hiring procedures the level at which decision are made in recruitment also differs. The Rwanda example highlights that FAO, UNICEF and UNFPA have different levels of authorization for recruitment of country level positions. To sum up, differences in policy and rules regarding qualification, internal and external candidature and authority to hire affects the ability of Agencies to maximize the use of joint recruitment processes under a BOS.

In the area of ITC agencies have different rules and regulations governing their ITC security and systems presenting challenges to country teams seeking to establish common ISP.

Countries requested up to date information from the global level on any current decisions or established SOPs that reduce bottlenecks in common service areas, and expressed interest in documenting bottlenecks further to inform such processes.

The challenges faced at the country level warrant closer review of barriers to greater levels of coherence through BOS so as to differentiate between:
1. Those that are a result of a lack of information at the country level relative to new harmonized agreements reached at the headquarter level;
2. Those that require UN agencies to adjust their rules and procedures to align with existing harmonisation agreements reached; or
3. Those that reflect real differences in policy and need to be addressed through future joint harmonization processes of the UN system at the HQ level.

7.3.5 Maintaining momentum – incentives for BOS

Whilst operations staff are increasingly expected to commit time to engagement in joint processes of the UN in relation to harmonized common services and BOS the current staff performance appraisal system of agencies has the potential to but does not largely reflect nor reward these priorities. As a result the continued momentum of BOS is affected particularly at the working group level where the ongoing joint work to implement BOS is the highest. Staff performance appraisal was discussed as giving priority to programme and agency related results of staff making it difficult to justify or remain motivated for joint UN priorities. This is increasingly creating a current environment where:
1. agency demands take precedence over joint UN priorities; and
2. staff have no mechanism to have their commitment and results achieved through either leading or participating in BOS recognized. Staff engaged in joint UN processes are in many cases managing high

agency based workloads in addition to and as a means of justifying their participation in joint UN processes to their agency.

The country consultations did identify examples where **staff incentive systems** were in place to recognize achievements as a result of agency staff engagement in joint UN mechanisms including BOS. Examples included reward systems and certificates of achievement, BOS and common services related key performance indicators included in staff appraisal systems, BOS and common services job requirements outlined in Terms of Reference (TOR), and regular reporting to UNCT on agency staff engagement in joint UN mechanisms. In all cases where incentive strategies were being applied countries reported greater continuity in staff participation in joint UN processes; greater recognition at the Head of Agency/UNCT level of staff commitment to UNCT determined joint priorities and the time requirement needed to do so; overall improved staff morale and levels of collaboration across agencies and the quantification of results directly attributed to the continued momentum achieved in implementation of BOS.

Two countries consulted had received funds for implementation of strategies within BOS through the UNDAF Innovation Fund. In both cases the operations teams explained how this injection of support for implementation of BOS outputs contributed positively to the momentum in the UN's joint work in the area of common services.

7.3.6   Importance of planning as a means to continually strengthen BOS

BOS working groups discussed the efficiencies being realized through BOS strengthening the collaboration between operations and programme, at the same time operations teams indicated additional levels of planning were needed in collaboration with programme to support continued BOS implementation. This particularly related to recruitment planning and procurement planning. It was considered this would allow early advice on existing LTAs, adequate time for analysis of the cost benefit of implementing new LTAs and for agreements to be reached on joint recruitment, provision of access to staff and consultant registers etc. Forward planning was discussed as a means to address quality and timeliness issues in common services two 'reasons' often identified as the cause of fragmentation in joint processes where agencies choose to move ahead independently.

7.3.7   Support provided by UNDG/UNDOCO

All country representatives consulted be it the RC, OMT chair, RCO or working group members espoused the quality and timeliness of support received from the Headquarter UNDOCO BOS support team. As pilot countries they have felt well resourced with access to an increasing breadth of tools and professional expertise. Countries were conscious of two current trends with regard to BOS. 1. That a larger number of countries were coming on board stretching the resources and the highly sought after advice and assistance of the UNDOCO headquarters based team, and 2. Support needs of countries were expanding beyond primarily start up analysis and BOS development needs, to include data management and collection, and results based management and reporting. Countries felt that a clear division of labor between services provided by the RCO, Regional UNDG and UNDOCO BOS Team could increase resourcing opportunities and maintain the streamlined approach to training, building and maintaining the rosters of expertise, expanding the BOS toolkit and increasing the frequency of skills development, knowledge management and awareness activities.

7.3.8   Expanding the UNDG toolkit on Common Services and Harmonised Business Practices

In discussing resourcing needs with all interviewees, the following requests and suggestions were made with regard to continued development and implementation of BOS:

- **Tools and templates**
  - Review and simplification of existing analysis tools
  - Development of templates that can be used to monitor LTA gains and assess renewal
  - Automate analysis tools to the extent possible to increase usability and reduce error
  - Develop web based tools that will support multi agency inputs in support of joint monitoring
- **Guidance**
  - Update the **UNDG BOS guidance** to be a stepwise guide to BOS analysis and strategy development, with expanded sections on guidance related to implementation of BOS and monitoring. The guidance to include hyperlinks to all relevant templates and analysis tools.
- **Business Operations M&E guidance** to be circulated widely to RC/UNCT/OMT and regional level to ensure
- **Expert rosters and helpdesk facility**
  - Maintained at the headquarter level and linked to TOT of experts to ensure confirmed knowledge with regard to BOS.
  - Accessible by Regional UNDG Coordination officers to empower regional level to field enquires from the country level
  - Seek balance and coverage of regional location and language capacity of experts (English, French, Spanish)
- **Toolkit**
  - Present the latest guidance and templates. Current confusion over some content
  - Present (or label) the tools and guidance specific to roll out of BOS distinctly from other Operations tools (such as HACT)
  - Continue expanding the valuable collection of examples of BOS and BOS related documents from different countries
  - Expand to include samples of SOPs, MOU, TOR for BOS coordination staff, short term consultants
  - Include Business Operations M&E guidance
  - Include information note explaining the conclusions of HLCM Harmonisation Project and all relevant guidance
  - Include the information note explaining the HLCM framework for recruitment of General Service and National Officers
- **Training and information materials**
  - Periodic TOT to expand the pool of experts on the expert roster
  - Skills development training at the regional level for UNCTs, OMTs, RCOs
  - Higher level BOS briefing materials that can be used to brief UNCTs and the Regional Director level

8 RECOMMENDATIONS

8.1 Relevance

8.1.1 Communicate BOS commitments from Agency Headquarters' to the field

Ensure clear, ongoing communication from agency headquarters to Heads of Agency and staff at the country level. This is urgently required to convey Agencies' commitment to BOS and its alignment and harmonization with their agency policies. This communication should also be

shared with UNDG and UN Resident Coordinators to ensure consistency and a comprehensive understanding.

Renewed Agency efforts are also needed to make the necessary policy and procedural changes, in line with global agreements on harmonization, and to enable implementation of common services at the country level. This should be proactively communicated to the country level to ensure staff are aware, are complying with agency requirements, and are encouraged to engage in common service delivery within the context of the BOS.

8.1.2 Reinvest savings in common service budgets

Use a small percentage of the savings realized through BOS implementation at the country level, managed through established common service budgets, to fund shared human resources that can manage and take forward elements of BOS management and implementation on behalf of participating UN agencies. This help to diminish the 'free rider problem' and to increasingly respond to a changed operating environment for common services.

8.1.3 Strengthen BOS accountability framework

Establish an accountability framework that takes note of the current policy environment as it relates to BOS and stipulates the roles and responsibilities of the different actors, the linkages between the actors, and the means by which commitments to joint operations will be monitored. Such an accountability framework considered along side relevant divisions of labour (see 8.3.3) will best be inclusive of operations working groups, OMT, RCO, Heads of Agency, UNCT, Regional Directors team and UNDG/DOCO.

The UNDG Guidance Note on UN Country Team Conduct and Working Arrangements, which in accordance with the UNDG Management and Accountability System stipulates "UNCT's may wish to develop a Code of Conduct customized to their particular country context" to be duly considered in this context.

8.1.4 Revise UNDAF guidelines

Update of UNDAF guidelines to include reference to BOS, complimentary to the BOS guidance.

8.1.5 Sensitise the regional level to BOS

Develop strategies to sensitise the regionally based Peer Support Groups (PSG) representatives, Regional Director teams, UNDAF roll out trainers and facilitators to BOS, particularly with regard to its relationship to the SOPs and its value add to quality and efficient UNDAF implementation.

8.1.6 Develop BOS induction materials and process

Develop induction courses and materials to support skill development; knowledge transfer and maintenance of consistent levels of BOS related capacity at the country level and within country teams. With materials tailored to the needs of new staff and Heads of Agency joining UN Country Teams.

8.2 Efficiency

8.2.1 Ensure outcomes of the HLCM harmonisation projects are disseminated and in BOS M&E guidance

Charge the UNDOCO Business Operations team with the responsibility of ensuring the regional and country levels are comprehensively informed of the outcomes of the HLCM harmonisation projects – both procurement and recruitment of General Service and National Officer. This should be augmented with factsheets and guidance notes as required. Equally, information on the same

to be included in the UNDG BOS toolkit, in the BOS M&E guidance and updated to ensure enforcement of the use of mandatory BOS indicators (reference 8.2.8) for monitoring of a base level of harmonized procurement common services

8.2.2 Strengthen qualitative monitoring and evaluation of BOS
With reference to 7.2.1 ensure that the Business Operations M&E framework and process guidelines are reviewed and updated to incorporate the qualitative benefits identified within the evaluation in support of strengthened generic satisfaction surveys conducted by country teams.

8.2.3 Adapt HLCM cost categorization in the context of the CBA for BOS implementation

The CBA applied when initiating a BOS process has the objectives "to make informed decisions as to which proposed initiatives should be prioritized, based on cost savings or enhanced quality of the UN's support to programme delivery."[24] The methodology helps to identify benefits and some of the associated costs required to produce them. The CBA analysis uses three types of cost categories: monetary, labour and other costs.

These cost categories, however, are not aligned with the HLCM cost categories, which group costs into direct costs, indirect variable costs and indirect fixed costs. There is a hypothesis that expressing the costs and benefits in the HLCM categories would be beneficial, as it would be more aligned with general financial reporting frameworks used across agencies. It would, for example, signal to the agencies whether the identified cost-savings would benefit the programmes (thus impacting the direct costs) or have an impact on the indirect variable costs (and thus impacting cost recovery).

Findings from this study show that to date no translation of the BOS CBA methodology was done into HLCM cost categories. This is also not straightforward and would require clear guidelines. For example, when looking at cost savings from bulk discounts from establishing an LTA in fuel this could impact all three HLCM categories: (i) it would reduce the fuel costs for the programs that are implemented and would thus impact the "direct costs"; (ii) it would impact the fuel costs used for the procurement and HR staff going to BOS working group meetings thus impacting "indirect variable costs" and (iii) it would reduce fuel costs for the agency representative going to meetings with the government and representing the agency and would thus impact the "indirect fixed costs". This example highlights the need to provide very clear guidance and definitions.

Consultations suggest that the HLCM cost categorization is not very widely understood at field level. As significant resources and training have already been invested into establishing and rolling out the existing CBA BOS methodology, there would need to be careful review to consider the extent to which a significant change is initiative and how risk of disparate or incorrect application of costs categories can be mitigated. In other words, it may not be necessary to change the BOS CBA methodology completely, but rather review it and make an addition to the existing CBA methodology augmenting it with the HLCM cost categories. Finally, feedback from countries suggests that there is no measureable impact on indirect fixed costs to date. We therefore recommendation that the CBA BOS methodology takes into account a distinction into direct vs. indirect costs, but does not further distinguish between indirect variable and indirect fixed.

8.2.4 Establish base BOS deliverables
In addition to encouraging BOS development that responds to individual country contexts, establish a minimum base level of BOS deliverables required of all UNCTs, regardless of country

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[24] BOS Template User Document (2014)

context. This should incorporate over time a growing number of standard deliverables for operations harmonization at the country level reflecting agreements reached in the wider policy environment, such as the agreed areas of procurement harmonization determined through the HLCM harmonization project. This also aligns with the UNDG monitoring, evaluation, and reporting framework for business operations, with a number of required indicators for each business operations area.

8.2.5 Include base BOS indicators
Enforce the utilization of BOS required indicators already established within the Information Management System (IMS) in BOS M&E frameworks to enable global reporting by UN Resident Coordinators on prevalence and implementation of BOS, for consideration by the Regional Director level and as part of the accountability framework of BOS. This recommendation links to recommendation 8.2.7 whereby minimum standard deliverables under BOS would be supported by indicators within the BOS M&E guidance.

8.2.6 Include coordination costs in planning

The CBA methodology currently does not take into account **coordination costs**, which can be significant at the country level. It is recommended that the cost of coordination is included in the CBA analysis so as to optimize preparation and planning purposes.

A more **detailed workload survey** would more precisely quantify the extent of BOS related coordination work undertaken and other related BOS activities. Coordination costs are difficult to measure and detailed timekeeping would be required to arrive at an accurate figure.

To absorb coordination costs, it has been noted that the role of the RCO and the hiring of additional consultants has been pivotal in progressing BOS-related work. Feedback suggests that in countries where the RCO has played an on going active role in pushing forward BOS-related work, it has had a direct effect on the sustained momentum of BOS development and implementation. The hiring of external expertise has also been key in pushing forward BOS-related work, in particular considering that agency work usually takes precedence over BOS-related priorities. Countries that have hired additional short term BOS expertise or staff such as a BOS implementation specialist appear to absorb more of these coordination costs and therefore are able to drive things forward more effectively. This suggests that **a dedicated budget for BOS-related work**, as a component of common service budgets, in particular the hiring of external technical expertise, would have a positive impact on the ability of a country to implement BOS and achieved the proposed levels of harmonisation and cost saving. The extent of coordination costs, through dedicated budget management and reporting would also help quantify coordination costs for country teams.

8.2.7 Consider "quick wins"
The CBA methodology guides countries to 'pre-identify' areas where there is the potential to quickly generate the most impactful cost savings: such as LTAs in the areas of travel, hotels & conferences, printing, and office supplies. Given that few LTAs drive the highest volumes and thus most cost savings there is an opportunity to develop more detailed guidance for country teams on how to implement those quickly. A Technical Assistance Package could be developed that would include generic ToRs for consultants, generic procurement specifications and RFPs, and other lessons learned.

Early success builds buy-in for later success – it is therefore important that the prioritization includes an element of ranking the priorities according to "how easy / how difficult" the

implementation will be and focus initially on the "low hanging fruit" (e.g. a matrix showing impact vs. ease of implementation).

8.2.8 Prioritise procurement

Prioritise procurement, on the basis of its potential as a common service area to generate the high payback on investment in BOS across multiple countries, through the reinvestment of procurement generated savings. Savings to be prioritized for building procurement capacity and the establishment of efficient procurement systems. To be undertaken by targeting a limited number of LTAs around which capacity can be build, systems can be established and then applied over time to an expanded portfolio of LTA.

8.2.9 Clarify future cost benefit analysis vs cost benefit evaluation

Provide detailed guidance to countries on how to perform a cost benefit evaluation and how this is aligned/different from the initial BOS CBA performed.

It is important to distinguish the initial cost benefit analysis (CBA) that forms part of the establishing the BOS at country level from cost benefit evaluations (such as this evaluation). The initial CBA focuses on prioritizing and costing elements of the BOS implementation and is thus forward looking. This cost benefit evaluation is backward looking (while also making predictions about the future). To date, there is no guidance available of how to perform a cost benefit evaluation at mid-term or at the end of the BOS implementation cycle. In this study we have developed a methodology that can be detailed further. For a further rollout, the issues above (misalignment between existing reports and cost benefit evaluation, incomplete information etc.) need to be resolved.

8.2.10 Improve and harmonise data collection and monitoring

Develop standardized templates to improve data collection and simplify the systematic monitoring of results. These should be similar to the templates disseminated for the CBA analysis. Furthermore, it appears that the UNDG's draft guidelines for monitoring, reporting, and evaluation of business operations at country level is not well recognized nor implemented. Further training, communication and capacity building in this regards is suggested.

8.2.11 Provide and encourage agreements and principles of reciprocity[25]

Provide UNCTs with the resources to establish agreements and principles of reciprocity and commitment to joint operations harmonization activities and implementation of BOS to diminish the 'free rider problem'.

8.3 Effectiveness

8.3.1 Undertake study to identify barriers to BOS in agency business models

Undertake a comprehensive study to identify in practical terms the elements of individual agency business models that represent barriers to harmonized operations at the country level so as to inform any UNDG or HLCM level decision making regarding further harmonization measures, to ensure a targeted and practical response to barriers and an enabling environment for common services and operations harmonization commensurate with the aspirations of the SOPs.

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[25] Reciprocity meaning the situation whereby agencies lead in an area of comparative advantage/capacity in BOS on the basis that they will reap the benefit of other agencies doing the same in another area of BOS with commitments and gains shared

8.3.2 Standardisation of monitoring and evaluation

Ensure a standardised and uniform approach to monitoring and evaluation of BOS through UNDOCO Business Operations team taking responsibility for awareness raising and skills developed associated with the widespread distribution and the Business Operations M&E Guidelines 2014.

8.3.3 Clarify the division of labor

Implement a process aimed at clarifying and articulating the division of labor between the global, regional and country level in relation to BOS so as to reduce duplication, minimize risks of misinformation and increase access to the most up to date guidance, tools and expert advise. The below tabulated outline is provided for consideration prior to any further revision of BOS guidance, positioning of resources or update of any related accountability frameworks (and any clarification of roles and responsibilities or reporting lines in that context).

Cross-reference with any existing revised divisions of labour defined through HLCM or UNDG to ensure consistency and harmonized with the latest agreements reached.

<table>
<tr><td rowspan="11">Bands of support for BOS development and implementation</td><td></td><td></td><td>Global level (UNDG/UNDOCO; HLCM)</td><td>Regional level (UNDG Regional)</td><td>Country level (RCO, OMT, working groups)</td></tr>
<tr><td rowspan="2">Policy and guidance</td><td>Guidance</td><td>Guidance design and maintenance</td><td>Feed into guidance development and update based on lessons learned</td><td>Feed into guidance development and updated based on lessons learned/good practice</td></tr>
<tr><td>BOS toolkit</td><td>Management and continued development of the BOS toolkit (UNDG website access)</td><td>Advise country level access to the BOS toolkit, ensuring linkages between the toolkit and the Regional UNDG Knowledge Management Portal</td><td>Share examples of BOS analysis and monitoring tools for inclusion in globally managed BOS toolkit</td></tr>
<tr><td rowspan="5">Technical support function coordination structure and technical training/TOR</td><td rowspan="2">Technical support</td><td>First port of call for technical support, fielding support demand through advice on access to the expert roster</td><td>Work with global level to address capacity development needs identified at regional and country level</td><td>RCO provide support function to ensure OMT and its working groups are technically equipped to address and rollout BOS.</td></tr>
<tr><td></td><td>Support the quality assurance role of Peer Support Group (PSG) in relation to BOS</td><td>UNCT to provide leadership, approval and high level oversight of BOS</td></tr>
<tr><td>Expert roster</td><td>Maintenance of expert roster (which sits at the global level)– 30-40 experts per region, trained in detailed technical BOS knowledge TOT</td><td>Draw on and feed into roster based on expertise identified at the regional level</td><td>In collaboration with the regional level utilize trained expertise to facilitate country level basic skills training for OMT/RCO (non roster)– Basic BOS intro training</td></tr>
<tr><td rowspan="2">BOS monitoring</td><td>Information Management System[26] maintenance to monitor BOS prevalence and report on aggregated level.

Establishing minimum key performance measures for IMS as required.</td><td>Facilitate Regional Director awareness of BOS reporting in the annual reporting format – aggregating regional level trends where required</td><td>Report as needed on BOS development and implementation</td></tr>
</table>

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[26] Information Management System (IMS) has replaced the UN Resident Coordinator Annual Report (RCAR)

Awareness and basic skills	**Information and basic skills training**	Development of **information and basic skills training** materials for use at the regional and country level	Work with global and country levels so that demands for increased BOS awareness and basis skills development are met. Set focus for awareness raising and skill development in response to regional/country context	Work with regional level to address identified capacity needs at the country level

8.3.4 Develop MOUs and SOPs
Develop sample MOU or SOPs that encourage UNCTs to facilitate environments of delegated decision making between UN agencies collaborating on common services, to instill trust in the system and reduce transaction costs for those leading common service efforts.

8.3.5 Establish incentive systems
Establish **incentive systems to recognize** commitment to and engagement in common service activities inclusive of: common service related key performance indicators included in staff performance appraisal systems; establishment of staff reward systems and certificates of achievement; BOS and common services job requirements outlined in TOR; and regular reporting to the UNCT on the gains made by the OMT and its working groups and staff participation in joint UN mechanism.

8.3.6 Strengthen collaboration between operations and programme
Require strengthened collaboration between operations and programme to support increased quality and efficiency in programme development and implementation, inclusive of the establishment of quality standards with regard to human resource and procurement planning.

8.3.7 Increase availability of seed funds
Continue making available seed funds for BOS outputs through the UNDG Innovation Fund to support scale up of BOS implementation at the country level.

8.3.8 Establish and maintain knowledge management system for BOS
Establish and maintain a knowledge management system to ensure continued standardization, simplification and further development of templates, data gathering and analysis tools. Continued and expanded access to ongoing skills training opportunities and a pool of experts and overall continued expansion of the UNDG Business Operations toolkit inclusive of updated stepwise guidance for BOS and a growing library of country specific good practice.

8.3.9 Maintain Expert Roster
Maintain and expand the Expert Roster, including links to the procurement expert roster to ensure access too and regular deployment of trained experts to support the peak development and monitoring periods of the BOS process, with consideration for location (to reduce travel costs and increase contextual understand) and language. Experts to have technical BOS knowledge and facilitation skills.

8.3.10 Ongoing skills development for staff at the country level
Establish an ongoing system for delivery of skills development for staff at the country level (with on line options) in response to the issue of potential loss of skills and capacity due to staff turn over. Developed strategies to increase operations staff skills and knowledge in relation to results based management and its application in both a programme and operations context.

8.3.11 Increase inter-regional and peer to peer exchange

Increase opportunities for intra-regional and peer-to-peer exchange and the sharing of tools developed at the country level, in addition to BOS evaluation outcomes to raise awareness of results achieved by fellow country teams.

9 LESSONS

9.1 Adaptation of the CBA model - The conclusions of the evaluation indicate that adaptation of the CBA model would benefit from the inclusion of the HLCM cost categories of direct and indirect cost, however further split of indirect costs to include indirect fixed and indirect variable cost was considered to provide little added value to the CBA application and resulting analysis and should not be included in a standard model.

9.2 Standardisation of M&E - This evaluation confirms the importance of ensuring the development of key indicators and baselines for each operations area and to track progress annually in conformity with the UNDG's Business Operations Harmonisation M&E framework and reporting process[27]. Without such standardization and consistency, it will become an expensive, time consuming and potentially inconsistent annual exercise with reduced ability to aggregate and report on results from harmonized business operations.

9.3 Dedicated joint BOS human resources - The experience of countries with a dedicated BOS procurement coordinator (Malawi's Joint Procurement Coordinator one good example) and the cost-benefit ratio for collaborative procurement strongly demonstrates the value of such a position and one that should be considered by all countries implementing BOS.

9.4 Qualitative benefits of BOS - The qualitative benefits of BOS' 'transaction costs avoided' have benefited UN agencies and joint UN processes inclusive of strengthened interagency collaboration and improved quality of both programme and operations. Whilst the evaluation has largely focused on presenting the quantitative and directional gains of BOS the qualitative benefits of BOS whereby UN agencies have been able to deploy time savings for other productive and quality purposes warrants follow up qualitative study to determine how time savings have been deployed so as to provide strong qualitative evidence of the added value of BOS as a strategic framework as opposed to discreet joint common service activities.

9.5 Equal value of common services requiring investment - It is important to recognise that not all common services produce benefits in the same manner or within the same time frame. For example, procurement common services produce costs savings that are relatively immediate and easy to measure (while also producing quality improvements). On the other hand, ICT common services tend to have higher upfront investments, (such as the case in Lesotho) initially reflecting qualitative improvements but leading to significant productivity gains and cost savings over a longer period of time.

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[27] UNDG, Business Operations Harmonisation at Country Level, Monitoring and Evaluation Framework and Reporting Process, FINAL DRAFT, 11 June 2014

10 CONCLUSIONS

This BOS mid-term evaluation aimed to assess the degree to which BOS contributes to reduced costs and increased quality of operational support. The mid-term evaluation focused on five (5) of 12 BOS pilot countries, namely: Ethiopia; Lesotho; Malawi; Rwanda and Tanzania, and sought quantitative and qualitative data on implementation of BOS in the common service areas of Procurement; HR, ICT and Facility Services (common premises related services). Through literature review, survey analysis, country consultations and cost benefit analysis the findings and recommendations of the evaluation have been drawn, seeking to present both findings and recommendations that address the relevance, efficiency and effectiveness of the BOS pilot programme.

This mid-term evaluation has been undertaken in consultation with five pilot countries that have at least 1 year minimum of BOS implementation. With consideration of the calculated benefit-cost ratio the mid-term evaluation determines that across all countries **on average a USD 1 investment in BOS has produced USD 4.67 in benefits.** This includes cost-savings from volume discounts and transactions costs avoided. Whilst this ratio needs to be considered in the context of having weak data availability, only one year of BOS implementation in some cases, weak data capture systems in place and knowing that costs of coordination were not captured and thus not included in this analysis, the positive outcomes of BOS in its pilot form are evident.

Procurement, ICT and HR are the most prevalent common services across the countries included in the evaluation with monetary savings highest in procurement with the cost benefit analysis determining that on average a **USD 1 investment in BOS for procurement has produced USD 25.35 in benefits. Total benefits in procurement are USD 5.01M representing approximately 85 percent of total benefits generated through BOS to date across the five countries analysed, where total benefits equal USD 5.9M.** The benefits realized in the area of procurement are increasingly linked to the utilization of tools and approaches developed by the HLCM through its procurement harmonization project.

Considerable momentum for BOS has been realised at the country level advised and guided primarily by a proactive Business Operations team based in UNDOCO, increasingly supported by a growing pool of BOS trained experts situated across regions and representing different language groups. Equally the coordination role of the RCO and the leadership of OMT chairs in each country have been highlighted. The Regional UNDG Teams have the potential to to play a greater role to support skills development and awareness raising linking strongly with the UNDOCO team for consolidation and use of expert registers and knowledge management systems.

A lack of data and limited systems in place to capture and analyse data is highlighted. This requires continued capacity development, standardized tools development, and guidance. Likewise the need for universal understanding of the M&E guidance for BOS and the outcomes of the HLCM 'Procurement Project' will inform revised communication and awareness strategies.

The sustainability of BOS is potentially hampered by fragmentation at the country level where long term commitment to agreed strategies of BOS often waivers or is lacking. BOS related incentive systems are considered urgent so as to maintain participation in and momentum of BOS. This issue of incentives is linked closely to the request for an incremental strengthening of an accountability framework for BOS and associated clear and an agreed division of labor between all actors. Of equal importance is the need to evaluate the bottlenecks to common services at the country level and whether these have been addressed through the HLCM harmonized procurement and recruitment projects, require UN agencies to adjust their rules and procedures to align with harmonization

agreements reached, or remain to be addressed in the future through the same or different mechanisms.

Country teams comprised of the OMT and its working groups, RCO and the UNCT overall were observed as having a clear and active vision for BOS at the country level. They were able to provide examples whereby the benefits of immediate cost savings and transaction costs avoided had created tangible efficiencies in the implementation of UNDAF, increased collaboration across UN agencies in the purchase and use of shared resources and improved work life balance for staff formerly carrying unmanageable workloads.

Overall the mid-term evaluation for the BOS pilot programme confirms in quantitative and qualitative terms the immediate and potential value of BOS to operational harmonization for the UN system. **BOS added value** is being realized in UN programmes and is increasingly and directly having a positive effect on the efficiency of implementation of UNDAF and support to the attainment of development results. Strategies to address increased **awareness raising and communication** are a priority as is the need for the development of mechanisms to enable the **reinvestment** of a percentage of cost savings into the ongoing management, support and coordination of common services. **Capacity development** priorities that continue to consolidate and grow the support system of BOS need to be maintained with an equal emphasis on **maintaining and strengthening expert rosters and skills development of UN common service practitioners**/staff. The outline of an **accountability framework for BOS,** inclusive of standardized monitoring and reporting via the Information Management System (IMS) and inclusion of the Regional level, will consolidate commitment to and monitoring of BOS results. It will also ensure a basis for the establishment of incentives that acknowledge and reward UN staff participation and leadership of joint UN mechanisms. **Cost Benefit analysis and assessment** is key to the BOS process and central to the evidence based decision making of the programme and therefore warrants continued **simplification and development of the tools** for CBA including through harmonizing the definitions of the HLCM within the current BOS CBA model. To ensure a strengthened **enabling environment for BOS** more work is needed to reduce barriers to establish common services and harmonized business practices at the country level. This should be done on the basis of the HLCM's procurement project..

This mid-term evaluation concludes that the BOS is generating significant cost savings and transaction costs avoided for the UN system. This is despite the one year of implementation in some country contexts and issues regarding the comprehensive and fulsome capture and analysis of data. These benefits can be expected to increase, and be increasingly quantifiable, with continued investment in implementation of the BOS and its coordination, advisory and knowledge management systems at the central, regional and country level.

11 ANNEXES

11.1 ANNEX A – DETAILED COST BENEFIT ANALYSIS - PER COUNTRY

1. LESOTHO

1.1. Overall summary for Lesotho

Table 14 - Overview

In USD	Procurement	ICT	HR	Facility Services	Overall
Benefits/ Cost savings **Quantitative**	n/a	20% reduction telephone costs 5% reduction in internet costs	USD 213 cost savings in orientation training	USD 86,359 reduced expenditure between 2013 and 2014	USD 86,572
Benefits/ Cost savings **Qualitative**	n/a	• Technology upgrade • Simplified processes • Integration of services	• Harmonized induction and training • Quality increase in induction and training • More efficient recruitment processes	Quality of common services assessed to be positive	
Costs	10% time spent on BOS-related activities	USD 533,974	n/a	USD 52,557 for 2013 and 2014	USD 586,531
Net benefits	n/a	n/a	n/a	USD 33,802	USD 499,959

On track with BOS plan?	Delayed	Implementation ahead of schedule	Majority of initiatives have been implemented except consultant roster		
On track going forward?	LTA's in process of implementation	Necessary infrastructure has been implemented and team in place to sustain change			

1.2. Lesotho Procurement

1.2.1. Benefits/Cost savings

The BOS plan expects overall expenditure in the area of procurement to be reduced by 15% between 2013 and 2017 while maintaining quality services[28]. The objective was to establish a series of LTA's. However, to date there have been delays in the implementation. The 8 LTAs are still work in progress. The LTAs for hotel/workshop facilities, vehicle maintenance, and air conditioning have already been published; the evaluation is to follow. As for the remaining 5 LTAs, a solicitation document is being prepared which is to be advertised in August 2015. There are a total of 8 participating agencies.

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[28] Results Matrix Monitoring Tool, 2 June 2015

Table 15 - Overview of procurement LTAs[29]

LTA Category	Current Status
Air travel (UNICEF)	Delayed - LTA in set-up stage
Stationary (UNDP)	Delayed - LTA in set-up stage
Printing	No information available
Hotel	Delayed – but most advanced LTA as it has been published but not been put in place
Security	On track – security system procurement in progress, implementation pending
House Catering	LTA Established

As the LTA's have not been implemented no cost savings were generated to date through pooled procurement, nor has there been any improvements in the quality of services provided. Evidence on cost savings should be available at the end of 2015.

1.2.2. Costs

Interviews indicate that staff involved in developing the LTAs currently spend about 10% of their time on BOS-related activities e.g., development and coordinating activities. However, the intensity of work is expected to change and is most likely to increase at the evaluation and monitoring stage of LTA set-up.

The budget for procurement in 2014 is USD 174,467 which has been fully attributed to upgrading and managing security services at the UN House.

1.2.3. Net benefit

Going forward it is expected that most of the LTA's will be finalized and launched in 2015. But due to delays in the implementation expected cost savings, as outlined in the original BOS framework, have not been achieved by 2014.

1.3. Lesotho ICT

1.3.1. Benefits/Cost savings

ICT is the area where Lesotho has made significant progress with the BOS. The baseline presented an archaic IT system with very slow internet connection, no wifi and no backup services to safeguard data.

Table 16 - Overview of ICT

ICT priorities	Current
Infrastructure and technology	• Upgraded infrastructure and technology to create a joint unified IT system. • Upgrade of the following: cabling to ensure faster data transfer; VSAT connections; IT internet infrastructure and introduced back-up link which did not exist previously. • Equipment procured and being installed • Wireless internet with proper security in the whole UN building was also introduced.
Joint IT Service Team	Pooled together an IT team, which backs each other up. Consists of 1 G6, 1 G4 and 1 UNV.
IMS	Established unified knowledge platform to share information and data.

Overall benefits have included an upgrade in technology, simplified processes and an integration of services facilitating back-up. In addition the joint IT Service Team has been formed and new information platforms allow for easier sharing of documents.

The implementation of the necessary ICT infrastructure is expected to bring 20% cost savings in telephone communication and a 5% cost saving in internet connectivity. However, while the above information shows that the implementation is overall on track or ahead of schedule there is no information available on actual cost savings.

1.3.2. Costs

ICT common service costs in 2014 are USD 533,974[30]:

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[29] Results Monitoring Matrix, 2 June 2015

One-time monetary costs for setting up common ICT services: USD 422,761
Costs for Common ICT Service Team: USD 111,213
Going forward no major new investments are expected, and the costs of the common ICT Service Team is expected to be USD 109,156.

1.3.3. Net Benefit

Although there has been an absence of quantitative data on achieved cost savings, qualitative data suggests that overall targets have been met. Having a dedicated ICT team in place is expected to sustain the infrastructure and assist in achieving the planned quantitative cost savings going forward.

1.4. Lesotho HR

1.4.1. Benefits/Cost Savings

The overall planned outcome for HR is to ensure that UN Lesotho has access to a harmonized, high quality staff development programme and staff pool by 2017. The key cost savings have been focused on reducing training costs and having harmonized consultant rosters established. Other qualitative benefits centred on improving quality, of trained staff and of the harmonized induction programs.

Table 17 - Overview of HR

HR priorities	Current Status
Reduction in Training costs	On track: 2% reduction in training costs and training rated good by at least 80% of participants
Harmonized induction programme	On track: A Common Orientation Package/harmonized induction programme has been adopted.
Harmonized training plan	On track: Common training introduced and implemented on ethics, staff well-being, HACT.
Consultant roster	Delayed: A Harmonized Consultants roster has been initiated but not implemented and therefore is off track

1.4.2. Costs

Additional financial information from the "CBA Monitoring Tool" documents shows that there has been a limited reduction in expenditures of USD 213 (equals a reduction of 2.5% of the baseline 2013 expenditure). This highlights that in the area of HR, the key benefits are mainly of qualitative nature and further data analysis needs to be performed to establish cost savings accrued from the consultant roster. Apart from the information below, there is no additional information available on costs of coordination or on one-off investment costs.

Table 18 - Overview of Budget/Expenditure for HR

Common services (in USD)	2013 Budget	2013 Expend.	2014 Budget	2014 Expend.	% Change in Budget	% Change in Expend.
One UN Orientation Package	1,704	1,704	1,704	1,491	0.0%	-12.5%
Ethics Training	8,000	1,000	1,000	1,000	-87.5%	0.0%
Staff Counselling	38,400	4,800	4,800	4,800	-87.5%	0.0%
UN Wellness Week	6,400	800	800	800	-87.5%	0.0%
Overall	54,504	8,304	8,304	8,091	-84.8%	-2.6%

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[30] CBA Monitoring Tool, 5.7.2015.xls

1.4.3. Net Benefit

Given the above level of information, it is difficult to assess whether a net benefit has been delivered. In light of low documented reductions in HR costs of USD 213, the tracking and monitoring of qualitative indicators would be beneficial for the evaluation.

1.5. Lesotho Common services

1.5.1. Benefits/Cost savings

The BOS plan laid out ten common services where benefits could be achieved in common services. Documents and interviews suggest that the planned outcomes in this area are on track. The baseline costs were USD 252,628 and an overall cost reduction of 2.5% was targeted in 2014, i.e. USD 6,316. Furthermore on the qualitative side a standardized survey is instituted every 6 months to track progress and assess quality[31]. 80% of staff indicated a positive rating of Common Services and thus appears to be on track.

Table 19 - Overview of Common Services

Common service	Baseline	Target	Current Status
Catering service	USD 9.5 for lunch USD 4.5 for Tea	2.5%	On track. New LTA for catering and cafeteria in place. Cost-savings to be verified.
Cleaning services	USD 30,583 p.a.	1.5%	On track: New LTA in place. Cost-savings to be verified.
Receptionist service	USD 81,484 p.a.	2.5%	On track: All UN agencies discontinued receptionist post. Common UN Receptionist in place.
UN Clinic	USD 54,650 p.a.	2.5%	UN Clinic has been discontinued.
Electricity cost	USD 69,116 p.a.	5%	TBD: Energy saving education in progress. But no further information available
Maintenance of air conditioners	USD 8,427 p.a.	2.5%	On track: Repairs in progress and level of complaints reduced.
Water	USD 1,110 p.a.	2.5%	TBD: Water saving education program in progress. No further information available.
Plumbing maintenance	USD 3,258 p.a.	4%	TBD: Plumbing saving education program in progress. No further information available.
General maintenance	USD 2,000 p.a.	4%	TBD: No further information available
UN Conference Room	USD 2,000 p.a.	2.5%	TBD: Conference room upgrade completed. Satisfaction survey in place.

The "CBA Monitoring Tool" document provides further budget and expenditure information for recurring costs for 2013 and 2014.

Table 20 - Budgets and expenditures for recurring costs of common services[32]

Common services (in USD)	2013 Budget	2013 Expend.	2014 Budget	2014 Expend.	% Change in Budget	% Change in Expend.
Common Security Services	115,428	112,601	106,564	94,908	-7.7%	-15.7%
Common Services UN House	275,277	239,590	181,164	170,924	-34.2%	-28.7%
Overall common services	**390,705**	**352,191**	**287,728**	**265,832**	**-26.4%**	**-24.5%**

This analysis shows that expenditures between 2013 and 2014 fell by about 25% or USD 86,359 for these two common services. Furthermore, this analysis shows that budgets were underspent in 2013 and 2014.

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[31] Results Matrix Monitoring Tool, 2 June 2015
[32] CBA Monitoring Tool

Aligned with feedback from interviews it is shown that cost savings from the initial BOS plan have already been achieved in 2014. And interviews also suggest that the achieved cost savings are expected to continue to accrue going forward.

1.5.2. Costs

Investment costs are also shown in the "CBA Monitoring Tool" document:

Table 21 - Overview of investment costs for common services

Common services (in USD)	2013 Budget	2013 Expend.	2014 Budget	2014 Expend.	% Change in Budget	% Change in Expend.
Common Security Services (one-time costs)	11,714	-	55,000	30,473	369.5%	n/a
Common Services UN House (One-time costs)	26,203	-	38,000	3,750	45.0%	n/a
Costs of UNCT Work Groups	26,796	11,887	12,000	6,447	-55.2%	-45.8%
Overall	**64,713**	**11,887**	**105,000**	**40,670**	**62.3%**	**242.1%**

This analysis shows that the expected costs of establishing these services were USD 40,670 in 2014 and USD 11,887 in 2013. It also shows that the costs of coordination as captured by the UNCT Work Groups has fallen by nearly 46% between 2013 and 2014. It should be noted that no additional costs of coordination are captured in this analysis, and that interviews suggest that some (albeit limited) additional costs of coordination exist.

1.5.3. Net Benefit

Overall cost savings in common services are estimated at USD 86,359 while the costs for 2013 and 2014 together are USD 52,557. Thus an estimated net benefit of USD 33,803 has accrued.

2. Ethiopia

2.1. Overall summary for Ethiopia

Table 22 - Overview Ethiopia

In USD	Procurement	ICT	HR	Facility Services	Overall
Benefits **Cost savings**	USD 2,600,000 for 2014 and USD 211,500 in 2013	n/a	n/a	n/a	USD 211,500 in 2014 and 2,600,000 in 2013
Benefits **Qualitative**	Number of LTAs made available in UNCT knowledge management platform: 0. 178	Increase in knowledge transfer Elimination in duplication of work	Shorter recruitment process Greater transparency in recruitment process	n/a	
Costs	USD 40,000 in 2014 and USD 5,000 in 2013	USD 35,000	n/a	n/a	USD 168,763 in 2014 and USD 150,000 in 2013
Net benefits	USD 2,560,00 in 2014 and 206,500 in 2013	n/a	n/a	n/a	USD 2,431,327 in 2014 and USD 61,500 in 2013

On track with BOS plan?	On track	On track	On track	n/a	
On track going forward?	On track	On track	On track	n/a	

2.2. Ethiopia Procurement

2.1.1 Benefits/Cost savings

The BOS plan targeted cost savings of USD 12,388,167, of which USD 2,423,640 were planned to stem from labour cost savings and USD 9,964,527 from bulk purchasing. Seven LTA's were targeted.

Table 23 - Overview of procurement LTAs

LTA category	Current status
Driver Uniforms	Implemented since 2013 generated cost savings of USD 60,000 in 2014
HACT and audit services	Implemented since 2013 and generated cost savings of USD 150,000 in 2014
Printing	Implemented since 2014 and generated USD 2,390,000 in cost savings annually
Hotel/conference services	Ongoing – joint tender launched by UNDP covering all regions of the country. Evaluation ongoing.
Travel services	n/a
IT equipment	n/a
Vehicle Management	n/a

To date 4 LTAs have been established in 2014 and have generated an estimated cost savings in terms of material and transaction/labour costs of USD 2,600,000[33] of which

- USD 241,000 are labor cost savings
- USD 2,360,500 are cost savings through bulk purchasing

Two LTA's (uniforms for UN drivers and HACT audit/micro-assessment services) were already established in 2013 and generated cost savings of USD 211,500 in that year. Going forward an additional USD 390,000 in savings are expected to be generated in 2015 through the creation of additional LTAs for the provision of hotel/conference services.

The cumulative cost savings for 2013 and 2014 are USD 2,811,500. In 2015, they are expected to raise over USD 2m.

2.1.2 Costs

The budget for procurement was USD 40,000 of which USD 25,000 was used for a market assessment consultancy and USD 15,000 for a capacity development workshop. In 2013 there were initial investment costs of USD 5,000 to collect procurement data from agencies. It should be noted that in 2014 the overall OMT expenditures were US 168,673[34].

Interviews and reports also suggest that some costs are not accounted for in the reports and OMT budget, as is the case for the costs of coordination. Neither are costs of the BOS common operations specialist included in the OMT budget. In addition costs related to the OMT chair, such as the costs to facilitate meetings, to communicate, to coordinate activities and to train staff. It was suggested that a workload study could be implemented to help estimate how much work the OMT chair invests in the overall coordination. Initial estimates from interviews suggest that this figure is probably around 40%.

2.1.3 Net benefits

A net gain of USD 2,560,000 accrued in 2014 and USD 206,500[35] for 2013. As outlined above this estimate does not include information on the costs of coordination.

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[33] OMT Annual Report 2014.pdf

[34] About USD 70,000 was for business continuity activities; USD 20,000 for legal consultancies on immunities issues; USD 40,000 to procurement; USD 15,000 for ICT work on knowledge management; USD 10,000 U for HR work on local salary survey as required by ICSC; USD 10,000 to support an operations consultancy with RCO; USD 55,000 for capacities development on results-based management for operations staff and 2 joint IPSAS implementation workshops.

[35] OMT Annual Report 2014.pdf

2.2 Ethiopia ICT

2.2.1 Benefits/Cost savings

Due to government regulations, a combined fibre-optics channel and VSAT is not possible. As such the main activity for ICT has focused on knowledge management. Therefore, the assessment that was produced on network consolidation could not be implement.

Separately, a knowledge management and file sharing system is being designed, which ought to give easy access to relevant reports, meeting minutes and relevant rosters, databases and LTAs (currently 175 LTAs have been uploaded[36]). The system is currently being tested and it is expected a few months until roll-out of the information knowledge management system (IKM)[3]. Going forward a capacity development workshop, where training is offered to develop ICT at each agency, is also expected to take place in November 2015[3].

2.2.2 Costs

To date USD 15,000 for a technical expert to program the knowledge management platform was invested. These costs do no include coordination costs of the OMT and working group.

2.2.3 Net Benefit

There are no quantifiable net benefits. Once the knowledge management platform is operationalized, mainly qualitative benefits are expected to occur such as an increase in knowledge transfer and the elimination of duplication of work.

2.3 Ethiopia HR

2.3.1 Benefits/Cost savings

To date service contract consultancy rates have been updated to align them to relevant national staff salary scales (since March 2015). Going forward it is planned to harmonize the rates for consultants and to establish common consultant rosters that can be shared across agencies, as well as rosters for support service staff, e.g. electricians, drivers, plumbers. The rosters will be made available online on the knowledge management platform.
The benefits are mainly qualitative and include transaction cost savings. For example, once the rosters are established the recruitment process could be reduced from 4-5 months to two weeks.

2.3.2 Costs

Costs include coordination costs of the OMT. A rough estimate indicates that approximately 30-40% of time is spent on BOS related activities which includes email/communication, note taking, etc. Most of these costs were absorbed by the RCO who acted as secretariat.

For the service contract consultancy rates, the cost was USD 10,000 spent on an independent audit to verify findings as per UNDP rules.
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2.3.3 Net benefits

Given the available information, no detailed net benefit can be provided.

3. Malawi

3.1. Overall summary for Malawi

By 2016, the Malawi BOS has targeted USD 3.4 million in savings through harmonisation of operation services. This includes the pillars of Finance, ICT, HR, Transport & Administration, and Procurement. The

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[36] Data from country consultations

majority   of   savings   are   expected   to   occur   from   Procurement.

Table 24 - Overview Malawi

In USD	Procurement	ICT	HR	Facility Services – transport	Overall
Benefits **Cost savings**	USD 1,168,838 to date	0	USD 230,000	n/a	USD 1,398,838
Benefits **Qualitative**	• Increased knowledge sharing Improved capacity building	n/a	n/a	n/a	n/a
Costs	USD 116,000 to date	n/a	n/a	n/a	USD 116,000
Net benefits	USD 1,057,238 to date	n/a	n/a		USD 1,282,838

On track with BOS plan?	On track	In the process of being implemented	In the process of being completed	In the process of being completed	
On track going forward?	On track	On track	On track		

3.2.   Malawi Procurement

3.2.1   Benefits/Cost savings

The BOS plan expects cost savings in the area of procurement of goods and services of USD 3,177,728 and efficiency gains on transactional costs worth USD 123,708 per year by establishing 4 new LTA's (on top of the 3 already existing ones).

Table 25 - Overview of LTA categories

	Status of LTA	Since when?	No. of partic-ipating agencies? And/or no. of requests	What volume procured to date?	What volumes are expected until end of BOS period?	Achieved price reduction / discounts?	What discounts are expected until end of BOS period	Achieved savings to date
		Date	**#**	**USD**	**USD**	**%**	**%**	**USD**
Services								
Motor vehicle Services	WIP		5		1,643,793			
Hotel & Conferences	Yes	06/13	16	2,724,065	8,172,195	2%	2%	54,481
Cleaning services	WIP	WIP	6	468,000	468,000	5%	5%	23,400
Medical Services	Yes	08/13	16	225,000	270,000	45%	45%	101,250

Printing Services	WIP				898,678			
Fuel Supply	Yes	06/14	10	764,155	1,528,310	19%	19%	145,189
Air travel	Yes	10/14	10	525,000	1,050,000	10%	10%	52,500
Security serv	Yes	12/14	13	1.445,136	4,335,408	N/A	N/A	
Goods								
Office stationary	N/A	One Off	8	300,000	150,000	43%		129,000
Spare parts & tyres	N/A	One Off	5	83,000	N/A	29%	N/A	24,070

The table provides a detailed overview of the implementation status of the LTA categories. Altogether 30 contracts have been issued and the total volume of procurement under the LTA's has reached USD 5,823,913.48. While the table above shows some details on the achieved and expected cost savings from bulk procurement, additional cost savings have been generated from transaction cost savings (not shown in the table). The country reports that to date total cost savings are USD 1,168,838 while the table above suggests that USD 529,890 were due to price reductions and volume discounts. Consultations suggest that these cost savings have been redirected to the programs of the respective agencies.

In addition, feedback from the country shows that several enabling activities are being implemented such as local market surveys, the sharing of a vendor roster and the sharing of LTA's via UNGM. In addition the country actively documents key learnings and monitors the usage of the established LTAs. The market survey covers 15 local categories with vetted suppliers which is updated regularly as requirements evolve. It also takes advantage of new vendors to benefit from more competitive prices and superior services.

Additional benefits from common procurement beyond bulk discounts and transaction cost savings include:
- Increased knowledge building, including standard operating procedures that have been uploaded on the UNGM.
- The building of local capacity through coaching and support in the development of procurement documents and processes including standard statement of requirements (Terms of Reference/Specifications) for the various categories handled.

3.2.2 Costs
The costs incurred to date are one-time costs for advertising the LTAs of USD 1,600 and annual costs of USD 60,000 for the procurement specialist. Initially, when the BOS was being developed, it was assumed that the existing procurement staff would have a double role, i.e. to support specific agency procurement needs and to also engage in joint procurement initiatives. However, as the BOS implementation progressed this was not feasible leading to the recruitment of an International UNV to coordinate BOS-related activities. The estimate for the recruitment/settlement costs of the International UNV was USD 50,000. This suggests total costs are USD 111,600.
No indirect fixed costs were incurred due to the implementation of the BOS. Thus no structural adjustments were made.

3.2.3 Net Benefits
Available documents and data from interviews suggest that altogether the benefits are outweighing the costs at USD 1,057,238.

3.3. Malawi ICT

3.3.1 Benefits/Cost savings

Table 26 - Overview ICT priorities

ICT priority	Status	Cost savings to date	Cost savings until end of BOS period	KPI
Implement a common ISP for UN agencies	ToRs have been developed. Should be launched end of 2015	0	349,056	A common ISP will ensure all UN agencies have access to fast, reliable internet
Voice over IP	ToRs have been developed. RFP launched. Should be in Q3 2015	0	56,713	Each UN staff member will be contactable for free through the system
Common Mobile User Group	No ToRs developed. But should be launched by end of this year.	0	3,141	Those individuals inside the CSU will have cheaper calls to colleagues
Intranet	ToRs have been developed. RFP launched. Should be in Q3 2015	0	n/a	This will allow UN staff to gain access to reliable information faster
Common Maintenance Services	No ToRs developed. But should be launched by end of this year.	0	20% - no baseline yet available	Maintenance costs will be lowered as an LTA for all agencies will be established

The majority of the ICT activities are still ongoing and have not been fully implemented to date. Thus no cost savings have yet accrued. It is expected though that until the end of the BOS period over USD 400,000 will be generated, in addition to a 20% cost saved on maintenance.

In 2014 some activities have been completed such as finalizing the development of the UN website, operationalizing the consultancy database and supporting the establishment of a Results Management System.

3.3.2 Costs

Going forward total one-time costs are expected to be USD 60,676 and the recurring costs are expected to be USD 88,170 annually (which include costs of the system, hosting, etc.). In addition it is estimated that USD 6,000 are required in terms of costs of coordination going forward. Thus total costs are USD 154,846 until the end of the BOS, while to date these costs have not accrues.

Table 27 - Overview of costs

Costs in USD	One-time costs (Monetary + Labour)	Recurring costs
Implement a common ISP for UN agencies	8,600 + 2,989	15,675
Voice over IP	41,000 +2,989	52,348
Common Mobile User Group	0	19,892
Intranet	5,000 + 98	255

3.3.3 Net Benefits

To date no benefits have accrued.

3.4. Malawi HR

3.4.1 Benefits/Cost savings

In 2014, a key achievement has been the completion of the consultancy database which has brought cost savings of USD 230,000. The target of having 9 agencies use the database by 2016 has almost been reached; currently 8 agencies are using the database. Cost savings are expected to increase to USD 845,000 until the end of the BOS cycle in 2018. Common surveys will provide cost saving of USD 40,000 by the end of the BOS cycle.

The common induction and orientation guideline has been partially completed. The review of the welcome to Malawi KIT has been completed.

The following were not completed in 2014 and are work in progress in for 2015: staff appraisal system, the joint learning plan and negotiating rates for local consultants. For the latter, discussions are underway to conduct a survey that would establish the common rates to be used by UN agencies.

Table 28 - Overview of HR priorities

HR priorities	Current status
Consultancy database	Complete
Induction & Orientation guideline	Complete
Welcome to Malawi KIT December	Complete
Staff appraisal system	Delayed
Joint learning plan	Delayed
Local consultant rates	Delayed

3.4.2 Costs

No information available.

3.4.3 Net Benefits

Given the available information, no detailed net benefit can be provided.

3.5. Transport & Administration

3.5.1 Benefits/Cost savings

The below outputs are still work in progress and are ongoing. Thus they have not yet been completed and data on actual savings made was not available. If agencies would use the common mail delivery services a total of USD 15,403 per year is expected to be saved.

Table 29 - Overview of Transport & Administration priorities

Transport & Administration priorities 2014	Current status
Efficiencies achieved through better transport coordination	Ongoing
Efficiencies achieved through joint mail delivery services	Ongoing
Joint analytical report on workshop logistics	Ongoing

3.5.2 Costs

No information available.

3.5.3 Net Benefits

Given the available information, no detailed net benefit can be provided.

With regards to facility services, it does not exist yet in Malawi. However, there is an intention expressed by the government to initiate a PPP arrangement for a one UN House.

4. Rwanda

4.1. Overall summary for Rwanda

11.2

Table 30 - Overview Rwanda

In USD	Procurement	ICT	HR	Facility Services	Overall
Benefits **Cost savings**	USD 413,287	n/a	n/a	USD 630,500	USD 1,043,787
Benefits **Qualitative**	Improved processes Increased capacity building	n/a	n/a	n/a	n/a
Costs	USD 2,000	n/a	n/a	n/a	USD 2,000
Net benefits	USD 411,287	n/a	n/a	n/a	USD 1,041,787

On track with BOS plan?		Delayed			
On track going forward?					

4.2. Rwanda Procurement

4.2.1. Benefits/Cost savings

The BOS plan expected overall cost savings in the area of procurement of USD 1.6 million between 2013 and 2018 while also improving overall quality[37]. The baseline for LTAs in 2013 was 7 and is expected to reach 20 by 2018. Rwanda is currently on track to achieve this with 12 LTAs already in place, 3 new LTAs in the process of being established and 3 additional LTAs to be completed by the end of 2015.

Table 31 - Overview of selective procurement LTAs38

LTA category	Status
Travel	Implemented since 2012 with 8% discount through bulk procurement, i.e. USD 90,734 to date with USD 1,000 cost for implementation
Transport	Implemented since 2013 with 3% discount through bulk procurement, i.e. USD 7,436 to date with USD 1,000 cost for implementation
Fuel	Implemented since March 2015 with 4% discount through bulk procurement expected and significant cost savings through harmonizing tax exemptions.
Audit (HACT)	Implemented since January 2015 with 5% discount through bulk procurement, i.e. USD 4,523 to date
Translation	Implemented with 5% discount through bulk procurement, i.e. USD 4,152 to date
Hotel	Process Ongoing
Printing services	Process Ongoing

The implementation status and feedback from the country suggests that it is on track to achieve the

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[37] Rwanda BOS Final Draft.docx
[38] Feedback from country on questionnaire and initial BOS plan

projected cost savings of USD 1.5 m by the end of 2018. The participation in the LTA categories is high (mostly 7 agencies participate in all LTA's apart from the Audit HACT where currently 3 agencies participate). Once the Hotel and printing LTAs have been established the volume of what is procured with LTA's is expected to increase significantly. Currently the volume of what is procured through LTA's is USD 2,596,773 and will increase to USD 20,768,631 by the end of the BOS cycle.

The key benefits to date are stemming from reducing transaction costs mainly in the areas of time savings and efficiency gains in the procurement process (interview suggest cost savings until the end of April 2015 of USD 282,600. It is estimated that transaction cost savings represented up to 70% of the overall estimated cost savings until the end of the BOS period. Other cost savings stem from bulk discounts (representing about 30% of the overall projected cost savings). To date bulk discounts have produced cost savings of USD 130,687 and are expected to generate cost savings of USD 730,686 once all LTA's have been established. Thus, adding the transaction cost savings together with the cost savings from bulk discounts shows that savings were about USD 413,287. This suggests that the projected costs savings of USD 1.5 m by the end of 2018 are achievable.

The implementation of the LTA's had several positive impacts on the qualitative improvements:

- The volume of workload prior to the BOS implementation was significantly higher. The implementation of the LTA's has resulted in staff having a more manageable workload and re-focusing more on strategic procurement thus identifying further areas for efficiency gains.
- A stronger market voice (market influence has increased).
- Procurement risks have been reduced and managed better through common processes.
- Improved procurement planning and coordination across agencies.
- Supplier relationships have improved as a result of togetherness.
- Parallel procurement processes across agencies have been reduced.
- Internal share of procurement expertise across agencies has increased.

4.2.2. Costs

There were some minimal upfront costs of USD 2,000 (as shown in table above). The budgeted costs for advertisements and labour were reasonable according to country feedback.

A cost category that was not initially included were staff coordination costs for managing LTA implementation across agencies and their related reporting. Furthermore costs of coordination that are not accounted for include the working group meetings and meetings with OMT Chair.

4.2.3. Net benefit

This is an effort resulting in estimated net benefits of USD 411,287.

4.3. Rwanda ICT

4.3.1. Benefits/Cost savings

A projected $2.0m in cost savings is expected in ICT resulting from common ISP and telephone services and a single maintenance of equipment. Interviews suggest that these projected savings are achievable by the end of the BOS cycle.

At present several initiatives appear to not be on track. These include the One ISP, VLAN, IT equipment maintenance contract and reducing the number of VSATs. Currently, the process is being re-launched for having one internet service provider. Other identified common services (single maintenance of equipment, VLAN, etc.) are under preparation or contingent upon one ISP being hired or all agencies being based in the one UN House. The evaluation of the ISP provider is at an advanced stage after which swift progress is expected.

The initiative that is on track is the CUG (closed user group) services. The ToR has been finalized and the procurement process is underway.

4.3.2. Costs

No detailed data is provided.

4.3.3. Net Benefit

No detailed data is provided

4.4. Rwanda HR

4.4.1. Benefits/Cost savings

The projected savings for the UNDAP cycle is $500,000. While the foundation for implementation has been laid, Rwanda has faced structural bottlenecks. The initial projections are expected to be reviewed as part of the formal annual/midterm review. Savings are expected for the end of the BOS cycle.

The joint recruitment framework target of having a joint roster in place is still work in progress. The Joint Recruitment MOU has not yet been endorsed. Agencies are not compiling annual recruitment plans, instead processes are initiated on an ad-hoc basis. Agencies have different recruitment procedures, so harmonization may need to begin at HQ level. Furthermore, there is no database in place for the roster that may be accessible to all agencies. Going forward, it is expected that the agencies will sign the new Amendment to the MOU. It is also expected that the agencies will share their recruitment plans for 2015 so that some recruitment process can be administered jointly. Furthermore, an e-recruitment system will be considered that could contain a database for preselected applicants on the roster.

The joint learning programme with a target of having 500 staff trained annually through joint learning by 2018, is not on track. The agencies have not been compiling annual learning plans. A joint UN learning plan can only be compiled following a joint Learning Needs Assessment. Going forward, a learning needs assessment questionnaire is to be approved and launched at all agencies. Based on results of the learning needs assessment, a joint learning programmes is to be compiled; agencies will pay only for learning activities their staff participate in.

The harmonized service contract modality with the target of having one UN SC user guide by 2018, is not on track. The WG believes they were over ambitious in setting this goal at local level, as for instance, UNDP and WFP SC modalities are global policies that cannot be amended locally. Going forward, this outcome will be reviewed for whether it can actually be implemented. Instead, the recommendation is to rather focus on harmonizing local/national consultant rates. Currently there are different consultancies rates being paid amongst the agencies and therefore there is a need to put in place a ONE UN fee scale.

4.4.2. Costs

No details are available

4.4.3. Net Benefit

No details are available

4.5. Rwanda Facility Services

4.5.1. Benefits/Cost savings

The projected cost savings for facility services are $2.5million.

The construction of One UN House is planned through Innovative Public Private Partnership. A procurement process for contracting an investor is under finalization. The process is being led by the Government of Rwanda in collaboration with UN Rwanda and support from the TTCP in New York. Total cost saving up to April 2015 has been USD 630,500.

Key cost saving areas overall for the BOS cycle are: security USD 375,840; fleet management/leasing option USD 1,191,600; rental USD 159,792; One facilities management USD 260,000.

4.5.2. Costs

No details are available

4.5.3. Net Benefit

No details are available

5. TANZANIA

5.1. Overall summary for Tanzania

Table 32 - Overview Tanzania

In USD	Procurement	ICT	HR	Facility Services	Overall
Benefits **Cost savings**	USD 1,196,690 transaction cost savings No data on cost savings on bulk procurement discounts	• 70% reduction in cost per Mbsp • 26% reduction in mobile costs • No absolute figures available	n/a	n/a	USD 1,196,690
Benefits **Qualitative**	Level of satisfaction with LTAs at 78% (vs. 66% plan)	• Increase in speed • Reduced downtime • Quality of bandwith improved	n/a	n/a	
Costs	USD 33,842 one-time costs	USD 215 000 investment costs	Costs of coordination	n/a	USD 248,842
Net benefits	USD 1,162,848	USD – 215,000	Not significant	n/a	USD 947,848

On track with BOS plan?	On track	On track	Delayed	n/a	
On track going forward?	On track	On track	Delayed	n/a	

5.2. Procurement

5.2.1. Benefits/Cost savings

The BOS plan foresaw the biggest financial benefits in the area of procurement by establishing up to 88 LTA's[39]. A common procurement implementation structure has been agreed upon and its operation is being monitored. The group is active, having held 19 meetings in 2014 and is supported by the RCO.

LTA's are established and are being used. Data shows that the percentage of purchase orders utilizing LTAs has increased from the baseline of 20% to 45% already in 2013, thereby exceeding the planned target of 40%[40].

The utilization of these LTA's should have also resulted in significant cost savings due to better-negotiated prices. Interviews suggest that cost savings in LTA's have been observed, but there is no mechanism in place to document these, as such these were not considered in this study.

Interviews highlight that the key benefits are transaction costs avoided. The table below shows transaction cost savings of USD 595,980 in 2014 and USD 600,710 in 2013 and also highlights that to date the cumulative BOS targets have been met[41].

Table 33 – Overview of transaction cost savings

In	2011	2012	2013	2014	2015

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[39] LTAs June 2015.xlsx
[40] TOP target status.xls, UNDAP Matrix
[41] Country survey

USD					
Yearly	670,241	703,824	600,710	595,980	TBA
Cumulative		1,374,065	1,974,775	2,570,755	TBA
BOS target		703,000	900,000	1,200,000	1,500,000

The level of satisfaction with LTAs has increased over time. The baseline in 2012 was that agencies rate 60% of all LTAs at least 4 and above for price and quality. The target of 66% in 2014 was exceeded and reached 78% in 2014.

Furthermore, a supplier database is in the process of being implemented. This compares to the baseline of having only agency-specific databases. Supplier information has been collected through a market survey, but due to delays the database has not been fully developed[42].

5.2.2. Costs

The initial budget indicated that investment costs of USD 33,843 would be required in 2013/2014. The funds allocated have been used to undertake a common market survey, capacity building workshops for vendors and the establishment of a supplier database.

Interviews also suggest that additional coordination costs need to be taken into account. This is the case especially for the lead agency. The work of setting up the LTA's is performed by the lead agency and thus resourced by the lead agency and then provided freely to everyone. The question was raised whether this approach is sustainable, as costs and benefits are not shared equally amongst agencies.

An estimate for workload share indicates that 25% is BOS-related work, while the remaining 75% time is spent on agency-related work. However, this estimate needs to be treated with caution as the share proportions differ according to one's role and whether one is a lead agency or not.

5.2.3. Net benefit

The utilization of the LTA's suggests that this work is on track and progressing. The USD 1,196,690 for 2013/2014 in transaction cost savings appears to outweigh the costs of setting up the LTA's of USD 33,843.

5.3. ICT

5.3.1. Benefits/Cost savings

In ICT, three common services were established: internet (common ISP), a LTA for mobile phones and a SharePoint (pilot) service with 9 participating agencies.

Table 34 - Overview of ICT

ICT priorities	Current status
Internet (common ISP)	On track – agencies receive double bandwidth (14 Mbps) than during baseline (7Mbps)
Mobile Phones LTA	On track – LTA in place
SharePoint	On track – key investments into infrastructure and software completed

For common ISP, the baseline cost for 1Mbps was USD1,400. At current time, this has decreased to USD400 for 1 Mbps, which is a 70% decrease in costs. This is expected to further decrease in costs to around USD200-USD250 per 1 Mbps. Additional benefits beyond cost savings include an increase in speed, reduced downtime, quality of bandwidth improved and better service management overall.

For mobile phone tariffs, the price per second of telephony has decreased by 26% from an average of TZS 7.43 to TZS 5.5 per second. Going forward, the price per second is expected to further decrease by TZS 2 for all international destinations.

In terms of knowledge management, a SharePoint facility has been established. This is expected to bring benefits of increased information sharing amongst agencies, less duplication in terms of work initiated and a greater transfer of knowledge.

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[42] TOP target status.xls, UNDAP Matrix

Shared IT assistance has also brought the benefit of improved capacity planning.

5.3.2. Costs

To achieve the cost savings in common ISP, an initial monetary investment of USD 200,000 for towers, wireless equipment, servers and software had to be made. Initially, there were recurring maintenance costs, which have been reduced to nil as a result of all wireless links being replaced with fiber links. In terms of labor costs, an additional IT consultant was hired. Other recurring labor costs include mobile phone costs for the IT assistant at USD 25 per month.

For mobile telephony, a monthly recurring cost depending on usage is expected to be incurred.

To establish the SharePoint facility an initial investment of USD 11,000 was made in hardware and software. A recurring license fee of USD 4,000 is expected as well as costs from the depreciation of the hardware.

There have been additional coordination costs that have been incurred as a result of the BOS for the ICT working chair. It is roughly estimated that in terms of workload approximately 30% is accounted for by BOS related work, 20% DAO related work and 50% agency-related work.

In addition, there has been an indirect fixed cost of hiring an IT assistant, who has been funded at 40% by the BOS and 60% by the DAO.

5.3.3. Net benefit

The three priorities for ICT in Tanzania seem to be on-track in their implementation, with slight delays in pockets of the overall implementation plan[43]. Overall the feedback appears to be positive, except for some agencies not joining the shared ISP services and the SharePoint facility due to cost issues and not being located on the same premises.

5.4. HR

5.4.1. Benefits/Cost savings

The working for Human Resources in Tanzania lists five priorities.

Table 35 - Overview of HR

HR priorities	Current status
A harmonised recruitment processes, job classification and contractual compliance	Delayed: The activities of previous years have mostly been implemented, but there are delays in rolling out common procedures manual44.
A harmonised approach to key staff entitlements is developed and operationalized	Delayed - definitions of entitlements defer from one agency to the next.
A harmonised approach to appraising staff contributions to inter-agency coordination is adopted and implemented	ON track - concept note finalized and implementation through inclusion of UNDAP objectives in Performance Appraisal documents of staff.
Priority capacity gaps in staff technical capacity identified and addressed	Delayed – needs assessment and concept note developed, but training postponed.
Common Consultant database is operationalized and regularly updated	Delayed – consultant database not operational.

While the target of adopting and implementing a harmonized approach to appraising staff contributions to inter-agency coordination is on track, the implementation for other HR priorities has been delayed.

The common consultant database has been delayed. The baseline in 2012 showed agencies maintaining individual staff/recruitment records, with no inter-agency sharing of consultants. The target for 2014 is a web based common database with staff/recruitment data available to all agencies. This has been partially achieved as the database was completed, but the final database was not approved. Thus, consultants have not yet been sourced through the common consultant database.

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[43] ICT Target Status, UNDAP Matrix
[44] Human Resources Target Status, UNDAP Matrix

Interviews also conveyed that the HR common service area lags behind others in terms of implementation. This is mainly attributed to decisions at field level not being approved at HQ level.

5.4.2. Costs

Interviews suggest that there were coordination costs to date, as several workshops and retreats were organized, but no more detailed information on the costs was available.

5.4.3. Net Benefit

Given the delays in implementation and the lack of costing information it seems that to date no major positive net benefits were achieved. Interviews suggest that bottlenecks hindering implementation are unlikely to be lifted quickly. The accrued delays also suggest that the overall benefits will not be achieved by the end of the BOS period.

11.3 ANNEX B – EVALUATION IMPLEMENTATION WORKPLAN

	Assignment phases and detailed activities	Details	Week commencing											
			27-Apr-15	4-May-15	11-May-15	18-May-15	25-May-15	1-Jun-15	8-Jun-15	15-Jun-15	22-Jun-15	29-Jun-15	3-Jul-15	10-Jul-15
Inception	**Inception report and detailed workplan**	translate cost benefit methodology	■											
		create data collection tools	■											
		define key hypothesis for research questions	■											
		Milestone I: Inception Report, detailed workplan (I May)	▣											
Consultation	**Desk based analysis (phase 1)**	country survey (due 4 May) findings analysed	■	■										
		initiave desk-based review of existing documents and literature		■										
		finalise data collection tools		■										
	Desk based interviews (phase 2)	perform desk-based interviews			■	■	■							
		analyse desk-based interview results												
		identify gaps and refine data collection tools			■	■	■							
	County consultations (phase 3)	perform country visits, perform interviews, collect data						■	■	■	■			
Analysis	**Data analysis from consultation phase**	clean and validate data, analyse and draw initial conclusions						■	■	■	■			
	Cost Benefit Analysis (CBA) and data assessment	country data returned						■						
		data assessment and CBA analysis for countries						■	■	■	■			
Drafting	**Draft report and interim presentation**	analysis, lessons learned identified								■	■			
		recommendations drafted								■	■			
		Milestone II: Submission of Draft Report (26 June)										▣		
Final	**Final report**	incorporation of feedback and final report writing											■	■
		preparation of final report and finalisation of all annexes											■	■
		Milestone III: Submission of final report (10 July)												▣

11.4 ANNEX C – EVALUATION MATRIX

EVALUATION MATRIX				
Criteria	**Primary question**	**Sub-question**	**Data collection method/sources**	**Indicators, Success Standards**
Relevance	1. To what extent has the implementation of the BOS in pilot countries added value to advance the common operations in support of programme delivery at country level?	1.1 To what extent was there broad support from all UN agencies to implement the BOS?	- Interviews of UN coordinators, country teams - Meeting minutes	- Key decision-makers can recall broad consensus from agencies at country level for BOS - Well documented decision making process engaging all partners and also host country
		1.2 To what extent have there been sufficient resources for the implementation?	- Interviews - Budgets and reports - BOS guidance note and documents	- Key decision makers confirm that the implementation of the BOS process was adequately funded - Budgets show required resource needs and reports show adequate resourcing aligned with budgeted needs
		1.3 To what extent did the BOS process add value to the host pilot country?	- Interviews - Country Survey - Desk review of progress reports	- Key decision makers can recall examples of how BOS has improved country engagement, planning and delivery of programmes - Documents show positive trends in BOS implementation
		1.4 To what extent are results sustainable and to be replicated beyond the pilot programme?	- Interviews - CBA templates - Country Survey	- Key decision makers attest to the robustness of positive outcomes as a result of the BOS
Efficiency	2.To what extent did the BOS pilot programme contribute to producing cost savings in the common operating services? *Note: cost refers to both monetary and labor cost savings*	2.1 To what extent where the expected costs savings described with KPIs and targets before implementation and aligned with BOS methodology?	- Desk review of available country BOS plans and progress reports	- Country plans are aligned with BOS methodology and guidance - Country plans are comprehensive with KPIs and indicators, a baseline and expected savings - Annual progress reports are available that monitor progress of implementation
		2.2 To what extent was an adequate data collection system established to facilitate a fair evaluation?	- Interviews - Desk review of progress reports	- Stakeholders recognize adequate data collection and monitoring system is in place to monitor and report progress of BOS implementation - Annual progress reports show details, KPIs and targets. Target deviations are explained

		2.3 To what extent where cost savings achieved through the implementation of the BOS pilot program (defined by HCLM costing types)?	- Interviews - Country Survey - CBA templates	- Positive perception of BOS results and the achieved costs-savings - Indicators suggest progress of expected cost savings - Data analysis suggests expected vs. actual results are aligned - Cost savings can be categorized according to HLCM costing types
		2.4 What cost savings can be projected going forward by common service area?	- Interviews - CBA templates	- Stakeholders indicate the sustainability of cost savings and expected results on cost savings going forward - Data analysis calculates projected cost savings
Effectiveness	3. To what degree did the implementation of the BOS Pilot Programme lead to a more effective delivery of programmes at the country level?	3.1 To what extent were the processes and tools used in implementing the BOS helpful in improving planning and implementation of country programs?	- Interviews - Country Survey	- Stakeholders recall examples and anecdotes of how implementation process improved overall coordination and planning of efforts - Surveys show positive feedback on BOS in improving planning and implementation at country level
		3.2 To what extent does the BOS provide adequate incentives for implementation?	- Interviews - Country Survey	-Stakeholders indicate adequacy of incentives in place
		3.3 To what extent did the quality and timeliness of country programme delivery improve as a result of the BOS? 3.3.1 How has the BOS impacted the quality of institutional collaboration?	- Interviews - Country Survey	- Positive stakeholder perception about how the BOS for common service areas has improved the programme delivery at the country level

11.5 ANNEX D – QUESTIONAIRE/SURVEY

Below is a summary of the key questions within the survey with various answer selection and written responses required.

The link to the survey can be found here: https://www.surveymonkey.com/s/DHXCYGN

SURVEY - BOS MID TERM EVALUATION 2015

As the first step in the country consultations that form part of the BOS mid-term evaluation this survey has been developed to gather initial insights from BOS Pilot countries on the challenges and bottlenecks, the opportunities identified or realized and the savings, both monetary and labor. The information provided through the survey will inform the next steps in the consultation namely the phone/skype interviews and the country visits.

We are asking for <u>one</u> joint survey response per country.

One joint survey per country is most effectively completed after the OMT and its working groups have jointly reviewed the questions and discussed their inputs.

The survey comprises 7 components:

A.   General
B.   Challenges and bottlenecks
C.   Opportunities
D.   Benefits
E.   BOS guidance
F.   Interagency collaboration

The survey contains 20 questions and should take no more than 20 minutes.

If you have any questions regarding the survey you can contact annlundwork@gmail.com and priya.ramasubbu@yahoo.com

The survey must be completed by <u>COB Monday 4 May 2015</u> (New York time)

Thank you

Introduction

This section aims to gather general information from each country to provide the context for the following sections that capture specific information regarding BOS.

A. General

1. Which country do you represent? Please selection your country from the drop down menu

2. Which agencies participate in the BOS? (check all relevant agencies)

3. What is the planning period for your BOS? (enter relevant period eg. 20?? - 20??)

4. Which common service areas are included within your BOS? (check all relevant)

B. Challenges and bottlenecks

We are seeking to understand what bottlenecks, if any, have been experienced in implementation of the BOS that may be restricting you from reaching planned milestones and key performance indicators. In turn, we are looking to understand what solutions may have been found for any bottlenecks experienced.

5. Please specify bottlenecks and if they are relevant to:

Implementation of the overall BOS

A specific service area of the BOS

6. If bottlenecks exist in a particular common service area indicate which bottlenecks are

relevant to which common service area

7. What solutions are being put in place to address the bottleneck/s? (specify the common service area where relevant)

8. What additional guidance, resources, action (at what level), if any, would be required to resolve the bottleneck/s?

C. Opportunities

This section aims to gather your views on opportunities that have not yet been realized but are foreseen as a result of BOS implementation. The section in particular will assist understand the perceived future impact of BOS in the different services areas and from different perspectives.

9. Please specify opportunities anticipated in specific common service areas as a result of BOS

D. Benefits

The BOS evaluation seeks to identify where monetary savings and labor gains/benefits have been realized through BOS implementation. Savings and benefits may be both quantitative and qualitative. Savings and benefits need only be 'indicative' at this stage prior to more detailed analysis within the evaluation process.

10. Quantitative Benefits - Please specify indicative monetary and labor cost savings in each common service area where applicable: (Monetary benefits to be expressed in $ terms). (Labor benefits to be expressed in % terms eg: Past practice 12 individual LTA; practice under BOS 1 joint LTA = labor benefit/gain of 90%.

11. Qualitative Benefits: Please indicate any actual qualitative benefit experienced as a result of implementing BOS (eg. increased quality and timeliness; strengthened policy; harmonized procedures) that can be followed up in the evaluation process).

E. BOS Guidance

This section aims to gather your inputs and views on the BOS guidance so as to consider its utility and any potential adjustments or improvements that may be needed and possible.

12. How satisfied have you been with the BOS Guidance overall?

13. With regard to the BOS Guidance, how have you found the guidance provided in the different sections?

14. Were there any specific elements of the BOS guidance that you found not relevant or practical to your country context?

15. Based on your experience, would you simplify the BOS guidance and required steps? How?

16. Please indicate specific suggestions for improving the BOS Guidance Note

17. Is there additional guidance or tools not available within the BOS UNDG Toolkit that would usefully support and guide the BOS process? If yes what would these be?

F. Inter agency collaboration

This section aims to gather some immediate and initial feedback from you regarding inter agency collaboration as it relates to BOS providing detail and insights that can potentially be discussed in greater detail in the later stages of the evaluation.

18. Are you satisfied that your OMT has the necessary capacity to implement the required activities?

19. Are you satisfied with the level of inter-Agency collaboration within the OMT regarding the BOS deliverables?

20. Do you feel individual UN Agencies provide sufficient and clear guidance to their respective staff with regards to their Agency's engagement in joint common operations service

11.6 ANNEX E – EVALUATION TERMS OF REFERENCE

CONSULTANCY: Mid Term Evaluation UNDG Business Operations Strategy pilot
programme

Location :   New York

Application Deadline :   March 25th 2015
Type of Contract :   Individual Contract
Post Level :   2 consultants
Languages Required :   English
Duration of Assignment :   10 weeks
Background
The QCPR 2013-2016 requests of the UN System to accelerate harmonization efforts of business operations, in particular reducing the duplication of functions, and administrative and transaction costs through the consolidation of support services at the country level [1].

The UNDG Business Operations Strategy (BOS) aims to enhance the cost effectiveness and quality of operations back office processes such as procurement, ICT, HR, Logistics and Admin and Finance in support of the UNDAF. It is a voluntary framework usually developed at the same time as the UNDAF, focusing on Joint Business Operations (Incl. Common Services). It enables UN Country Teams to take a strategic, results oriented approach to planning, management and implementation of Harmonized Business Operations at the country level. The BOS model allows for flexibility to scope the BOS to country needs and capacity, allowing for a localized approach that matches specific country capacity, needs and requirements. The BOS also includes a component aimed to reinforce the links between UN programmes and operational support needs.

The BOS guidance note was submitted to the UNDG for approval in July 2012. The UNDG subsequently requested to incorporate the BoS in the Standard Operating Procedures as part of the "Operating as One" pillar of DAO. In addition the UNDG requested to pilot the BOS and evaluate the approach with the aim to use the feedback to further enhance the BOS framework based on lessons learned from the pilot programme. Fourteen voluntary countries were included in the pilot: Afghanistan, Bosnia Herzegovina, Brazil, Copenhagen, Ethiopia, Iraq, Jamaica, Lesotho, Liberia, Malawi, Moldova, Rwanda, Tanzania and South Africa. Iraq withdrew later due to political dynamics at the country level.
Status BOS pilots
As of Feb 2015, 9 pilots have commenced implementation of their BOS frameworks: Bosnia Herzegovina (2014-
2017), Ethiopia (2013-2016), Jamaica (2013-2016), Lesotho (2013-2017), Liberia (2014-2017), Malawi (2014-2016), Moldova (2013-2016), Rwanda (2013-2018), Tanzania (2014-2017), Copenhagen (2014-2015) .

Three pilots are in the final design stages of their BOS, with their development process being delayed due to various reasons.
1.   Afghanistan: internal p o l i t i c a l dynamics at the country level and high turn-over caused delay.
Afghanistan re-initiated their BOS development process in Nov 2014. Estimated time of completion/implementation: April 2015
2.   Brazil: UNCT choose to first develop their Joint Operations Facility (JOF), and then develop the BOS as the managing strategy for the JOF. Estimated time of completion/implementation June 2015;
3.   South Africa: Due to internal turn-over the BOS process was delayed. Estimated time of completion/start implementation- April 2015.

As stated above, Iraq withdrew later due to political dynamics at the country level.

Objective
The evaluation of the BOS pilots is part of the UNDG Business Operations Working Group AWP 2015.
The objective of the BOS pilot evaluation is:
a.   Evaluate results achieved (linked to the CBA above) in terms of the relevance, effectiveness and efficiency of the operational support services delivered under the aegis of the BOS strategy at the country level;

Relevance is defined as value added provided by the BOS strategy to advance the common operations in support of programme delivery at the country level;

Efficiency is defined as the amount of resources used to produce the desired output (operational support services);

Effectiveness is defined as the degree to which the BOS contributes to reduced cost and enhanced quality (impact) of operational support to programme delivery at the country level.
b.   Establish and standardize the Cost Benefit assessments (as per Annex) of the operational support services actually provided to members of the UN Country Teams using these services in each pilot country;
c.   Identify key opportunities and challenges at country, regional and HQ level for the development the
Business operations Strategy and provide recommendations to address these;
d.   Identify Lessons Learned with regards to the BOS, process and instruments based on the pilot experience;
e.   To provide recommendations on improvements to the BOS framework, process and instruments with the aim to enhance relevance, effectiveness and efficiency of the Business Operations Strategy.

Scope
Country scope:
Given the variety of implementation status of the pilots and the limited timeframe, the evaluation will be limited a set of four countries that The scope of the evaluation is limited to the pilot countries that participate under the BOS pilot programme and that had at least 1 *full* year of implementation completed:
1.   Ethiopia (2013-2016);
2.   Lesotho (2013-2017);
3.   Malawi (2014-2016);
4.   Rwanda (2013-2018);
5.   Tanzania (2014-2017).
In the evaluation, the consultant needs to take into account the relatively short timeframe since implementation (1 year as compared to the full BOS cycle).

Common Service Scope:
Given the high variety of common services reflected in the BOS, the relatively short timeframe and the high transaction cost of data collection to support the evaluation, the evaluation will focus mainly on the four common service areas that are likely to have the largest material impact on cost effectiveness[2] (based on frequency, volume and estimated impact of services in the different BOS pilot frameworks):
1.   Procurement;
2.   HR;
3.   ICT.
4.   Facility Services (common premises related services);

Process
The engagement is to be executed by two consultants working under a single work
plan.

Oversight of the consultancy resorts with the UNDG Business Operations Working Group who will review and approve each milestone of the project as outlined below.

The process should at least contain the following three elements (i) desk review of documentation and (ii) interviews through phone calls and Skype and country visits to five (5) BOS pilot countries that started implementation in 2013/14, as outlined in the Scope section above. Using a country survey should be considered as an additional instrument for data gathering.

To ensure that all the above aspects are covered and carefully considered, it is important that all parties involved in the operationalization, management of and benefiting from the BOS approach are duly consulted and their views on the BOS are sought. These include:

Resident Coordinators
UN country teams;
UN agencies in their roles for operationalization, management and oversight Common Business Operations;
Regional UNDG Teams, including regional operations officers;
Relevant UNDG and HLCM mechanisms;

Scoping based on min 1 full year of implementation, frequency of occurrence of common service categories as reflected in the pilot BOS frameworks, and/or extent of projected savings
Central to the evaluation is a rigorous cost benefit analysis to standardize how country offices calculate, project and report on achieved results around common support services. In this context, the evaluation will use the CBA outline reflected in Annex I.

The assessment of the degree to which the BoS contributes to reduced costs and/or enhanced quality of operational support should be conducted at the UNCT/OMT level, taking into account individual UNCT agencies' views with due consideration of different business models of agencies' and their structure/presence at the country level. For those countries that have already realized some savings, the evaluation could also look into how the realized saving were used, where possible.

The timeframe of implementation of the BOS has been short. This means that many countries will have had limited time to actually generate significant impact at the time of evaluation, as they first have to set up the "programmes/initiatives" under the BOS which takes time. For example: for Procurement it means the UNCT first needs to put in place LTA's that will ultimately generate the cost reduction. On the average, an LTA takes anywhere between 4-6 months to have it up and running. The savings only will start being realized once agencies start buying using that LTA. The longer the period of time and the higher the frequency with which agencies buy against that LTA, the larger the saving. As most countries just completed putting LTA's in place, procurement against the LTA is likely to be limited due to the limited timeframe the LTA was in place. This is something to keep in mind when doing the evaluation: where this occurs, the consultant is requested to express an opinion on the likelihood of cost reductions that can be attributed to that particular service.

The consultant is requested to develop the most appropriate methodology in line with the deliverables outlined below and submit it to DOCO.

Deliverables of the engagement

This project requires the Consultant to deliver the following: Starting date 17th of April
Milestone 1: Inception report submitted within two weeks of the initiation of the engagement (1 May 2015). The inception report should be prepared before going into the full-fledged data collection exercise. It should detail what is being evaluated and why, showing how each evaluation question will be

answered by way of: proposed methods, proposed sources of data and data collection procedures. The inception report should include a proposed schedule of tasks, activities and deliverables.

Milestone 2: Submission of *draft report* within X weeks of the initiation of the engagement (X June 2015). This includes a presentation to the UNDG Business Operations Working Group on the results of the Cost Benefit Analysis (as outlined in the Appendix) of each BOS pilot in scope of the evaluation with a particular focus on whether or not the BOS has resulted in lower overall costs of the actual operational support services provided for the participating agencies.

Milestone 3: Submission of *final assessment report* with *recommendations incorporating feedback from above,* including a final presentation to the UNDG Business Operations Working Group within 10 weeks of the initiation of the engagement (26 June 2015)

Payment for services rendered will be made upon completion of each milestone (33%).

Timeframe

The assignment is envisioned to be complete within 10 weeks from its start (17 April 2015).

Required Skills and Experience

Competencies

Strong technical knowledge and understanding of UN Business Processes and determinants of process quality;

Proven understanding of the UN System, including knowledge of the mandates of UN agencies, UNDG and HLCM;

Proven understanding of the BOS, Monitoring and Evaluation concepts, RBM and reporting processes;

Strong analytical skills with conceptual understanding;

Strong, proven functional skills in analytical writing, and producing reports and, research and assessments;

Excellent demonstrated ability to be flexible and work under tight deadlines in an independent working environment;

High level of communication and interpersonal skills and experience in working effectively in a multi-cultural environment;

Proven capacity to conduct interviews;

Post graduate degree or equivalent in a relevant discipline;

At least 15 years of professional development related work experience at the international level;

Good understanding of UN common system and policies, including Delivering as One principles and functioning;

Fluency in written and spoken English;

Excellent technical writing skills;

Computer literacy.

Application Documents/Submission*

The engagement is to be executed by two consultants working under a single work plan.
Interested Offerors must include the following documents in their application:
1. A brief technical proposal (maximum 500 words/2 pages) responding to the terms of reference
2. Workplan, including a clear division of labor between the consultants
3. The Offer Letter, available from the following URL:
http://undg.org/docs/12777/Offeror's%20Letter1.docx.
4. Curriculum Vitae
*Please upload the Offer Letter and CV in a <u>single</u> Adobe PDF file during electronic application process.

Evaluation

Individual consultants will be evaluated on the cumulative analysis method – combination of the weighted technical and financial score - to obtain the total score. The candidate scoring the highest combined weighted score will be recommended for the award of contract. The designated weights for the technical and financial criteria are 70% and 30% respectively. The maximum score is 100 points.

Step 1: Technical evaluation of the Offerors CVs and Proposals. The minimum score required to pass the technical assessment is 70%. Aspects of the technical evaluation will include but is not limited to the following:
(a) Responsiveness to the terms of reference;
(b) Work experience with the UN;
(c) Knowledge of Business Operations Strategy and M&E mechanisms;
(d) Experience in developing Policy Frameworks and UN guidance documents;
(e) Experience in analytical writing and producing reports and research assessments;
(f) Ability/availability to complete the assignment within the prescribed timeline.

Step 2: Financial evaluation of those Offerors that pass the technical assessment. Offerors must submit the financial offer, as a lump sum amount covering the entire assignment, including the itemized costs. The lowest financial offer will receive the assigned maximum financial points (100). All other financial offers will receive points in inverse proportion.

The contract will be awarded to the candidate with the highest weighted total score subject to the financial cost being within the hiring unit's budget allocation.

UNDG is committed to achieving workforce diversity in terms of gender, nationality and culture. Individuals from minority groups, indigenous groups and persons with disabilities are equally encouraged to apply. All applications will be treated with the strictest confidence.

11.7 ANNEX F – COUNTRY COMMUNICATION TREE

Country level		UNCT	OMT	BOS Committee	Admin & Logistics	Business Continuity Management	Facility Services/Common Premises; One UN House	Finance	HACT	Host Country Agreement	Human Resources	ICT	Procurement
Ethiopia	chair	RC	UN Women	UNDP		UNECA	UNECA	UNDP	UNICEF	OCHA	WFP	UNECA	UNOPS
	co-chair		UNDP & UNOAU	UNOPS		UNOAU		UNICEF	UNDP	UNECA	UNDP	WFP	UNDP
1 - 2 June (updated)	members		FAO; ILO; IOM; ITU; UNAIDS; UNDP; UNDSS; UNECA; UNESCO; UNHCR; UNICEF; UNOAU; UNOCHA; UNOHCHR; UNOPS; UNWOMEN; WFP; UNFPA; WHO; RCO	RCO; WFP; UNOPS; UNFPA; UNWOMEN		UNDP; UNDSS; RCO; UNICEF; ILO; OCHA; UNOPS; UNWOMEN; WFP; WHO; FAO; UNHCC	RCO	IOM; UNECA; UNOPS; UNWOMEN; WFP; WHO	UNFPA; RCO	RCO; UNDP; UNOPS; UNICEF; UNOCHA; UNOAU; WFP; WHO; UNHCR	RCO; UNHCR; FAO; IOM; UNDP; UNDSS; UNECA; UNFPA; UNICEF; UNOCHA; UNOPS; ILO; UNOPS; WHO	WHO; RCO; UNDP; UNOPS; FAO; UNDP; WHO; UNFPA; UNICEF; UNOAU; UNWOMEN.	FAO; ILO; IOM; UNHCR; UNESCO; UNFPA; UNICEF; UNWOMEN; WFP; WHO
participated in consultations		RCO	UNDP; UNOPS								WFP	WFP	UNICEF; UNDP
Lesotho	chair	RC											
	co-chair												
	members												
4-5 June													
participated in consultations		RC; UNFPA; WHO; UNAIDS; WFP; RCO	UNDP; RC; UNICEF								UNV	UNDP	UNDP
Malawi	chair	RC	UNDP										
	co-chair		FAO										
18-19 May	members					UNICEF; WFP; WHO; FAO; UNFPA; UNAIDS; UNWomen		(Finance TWG includes common facilities) UNICEF; UNDP; FAO			UNFPA; WFP; UNICEF; UNDP; WHO; UNWOMEN; UNDSS;	FAO; UNDP; WFP; UNWOMEN; UNFPA; UNICEF; WHO	UNDP; UNICEF; FAO; WHO; UNWOMEN; WFP
participated in consultations			WHO; WFP; UNICEF; WFP; FAO; RCO			WFP; WHO; UNFPA; RCO		UNWomen; UNDP; UNWomen; WHO; RCO			WFP; UNDP; RCO	UNFPA; FAO; WHO; WFP; FAO; RCO	Joint Procurement Officer; RCO; WHO; WFP; UNICEF
Rwanda	chair	RC	UNDP			RCO	FAO				UNDP	UNICEF	UNDP
	co-chair						UNDP					UNDP	
20-22 May (updated)	members		FAO; ILO; IOM; UNAIDS; UNDP; UNDSS; UNECA; UNESCO; UNHCR; UNICEF; UNWOMEN; WFP; UNFPA; WHO; RCO				UNDPA; UNICEF; FAO; WFP; UNHCR; WHO; UNECA			WFP; UNDP; UNFPA; UNWOMEN; UNECA; UNAIDS; UNHCR; FAO; WHO; UNICEF	UNDP UNFPA; UNWOMEN; WFP; UNHCR; UNDSS; WHO; UNECA; FAO; UNAIDS; UNICEF	UNDP; UNFPA; UNWOMEN; WFP; WHO; UNECA; UNICEF
participated in consultations			UNDP (HR); WHO; UNDP (ICT); RCO; UNFPA; UNICEF; UNDP; FAO; RCO; WFP; IOM; UNHCR			RCO	FAO (Chair); WHO; UNICEF; WFP; UNDP; UNWomen; IOM			UNDP (Chair); WFP; UNV	UNICEF (Chair); UNDP; UNDP; UNFPA; WHO; MICT	UNDP (Chair) UNFPA; WHO; WFP
Tanzania	chair	RC	UNFPA			UNDP		UNFPA			UNICEF	WFP	UNDP
	co-chair		WFP			UNICEF							
28 - 29 May (updated)	members		UNDP; UNICEF;WFP; RCO;UNESCO; UNHCT; WHO; UNFPA; ILO; UNIDO; UNAIDS: FAO; UNIC; UNWOMEN; IOM; WB; ICTR; UNDSS			FAO; IFAD; ILO; IOM; UNWOMEN; UNAIDS; UNDP; UNFPA; UNHCR; UNICEF: WHO; UNESCO; UNEP; UNIDO		UNFPA; UNDP; FAO; ILO; WFP; UNICEF; UNAIDS; WHO; RCO			UNFPA; WFP; UNHCR; UNIDO; FAO; IOM; UNWOMEN; WHO; UNICEF; ILO; RCO	WFP; UNDP; UNICEF; ILO; UNHCR; UNESCO; WHO; FAO; IOM; UNFPA; RCO	UNDP; UNHCR; UNICEF; UNFPA; UNWOMEN; ILO; UNESCO; FAO; WHO; WHO; RCO; WFP
participated in consultations			WFP; UNFPA (chair); UNDP; UNIDO; UNAIDS; UNWomen; WHO								RCO	WFP	UNDP