

Business Operations – Info Note¹

1. What are Business Operations at country level?

Business Operations are the support services needed to deliver UN Programmes efficiently and effectively. They are operational processes ranging from personnel management to telecommunications, from banking to security, from procurement to building maintenance, and from travel to accounting etc.

2. Why Business Operations matter?

The Sustainable Development Goals (SDGs) and the demands for the UN to be 'Fit for Purpose' require the UN to deliver quality services in a cost-effective and timely manner. Fast-changing development, technology and financing landscapes further emphasize the need for UN business operations (sometimes referred to as back-office support) to be flexible and scalable. Business operations ensures the UN is implementing its programmes efficiently and effectively.

3. How does Business Operations work and what results have been achieved?

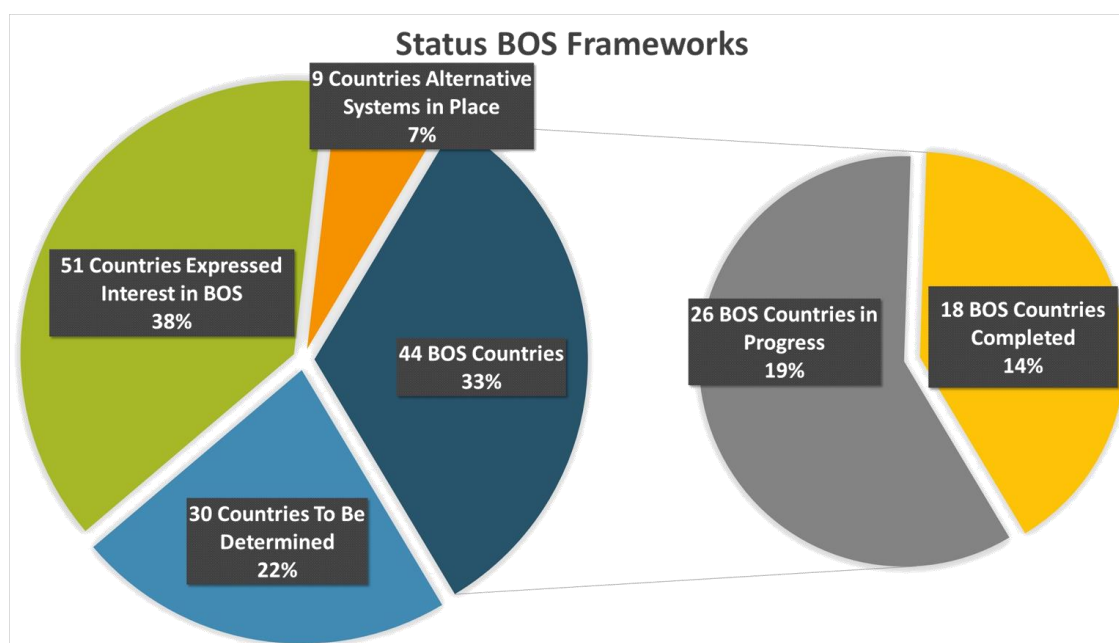
UN entities have been carrying out joint business operations for a number of years. In 2014, with the adoption of the UNDG Standard Operating Procedures in 2014, including the Operating as One pillar, demand to advance the harmonized business operations agenda at the country level increased significantly. UNCTs seek to implement appropriate solutions in the areas of Procurement, ICT, Human Resources, Finance, Logistics and Administrative Services. UNDG has the mandate to support UN country offices to implement the harmonized business operations agenda at the country level through a number of standardized actions: Business Operations Strategy, Standardized Common Services Packages, Sharing Offices, Sharing Risk and Integrated Services Centres, such as the Joint Operations Facility in Brazil:

a) Business Operations Strategy (BOS): The BOS guides joint UN business operations at the country level. It is the strategic planning tool of the Operating as One pillar of the Standard Operating Procedures for 'Delivering as One'. The BOS facilitates the strategic planning, management, monitoring and reporting of the UNCT's common business operations. It is a flexible tool that enhances the planning for cost-effective and high quality operational support services such as procurement, information and communication technology (ICT), human resources, logistics, facility services and finance, in support of the United Nations Development Assistance Framework (UNDAF).

As of September 2016, 33% of the UN Country Teams (of which there is a total of 131) already have a BOS or are developing one, while another 38% plan to create a BOS within the next 6 months. According to the Mid-Term Evaluation of the 5 pilot BOS countries in July 2015, there was a significant positive cost/benefit ratio from the five examined countries mainly relating to cost-savings from discounts from economies of scale and avoided transactions costs.

Additionally, efficiency gains are achieved through lead-agency approach, where services are provided by one UN organization for use by multiple UN organizations in order to reduce duplicate costs and improve quality of services. An example of cost savings achieved by using the BOS framework is Rwanda, which in 2015 recorded savings equivalent to \$3.5 million made on exchange rates and Procurement LTAs with Service Providers.

¹ Produced by UNDG Business Operations Working Group



b) Standardized Common Services (CS) Packages: The UNDG standardized CS packages aim to reduce transaction costs and increase the quality of support services by making available service solutions that have already been tried and tested at least in one country to all UN country offices. A Standardized CS package provides a ready-made best practice that any UN country offices can use to easily facilitate the common service. At present there are 3 UNDG standardized CS packages: Solar PV Solutions, GPS Tracking Solutions for vehicles, and LED Lighting Solutions for Offices. An example of a CS cost saving is Ethiopia which saves \$232,996 per year by using the GPS CS Package.

c) Integrated Service Centres: The Joint Operations Facility (JOF) in Brazil was launched in January 2016, and is based on three core principles: a) the simplification of business processes; b) the integration of operational services across UN organizations, and c) flexibility and adaptation of practices to country context. The JOF is designed to allow UN organizations to take a strategic results-oriented approach to the planning, management and implementation of programmes effectively and with cost savings.

The Brazil JOF is being piloted with the support of the UNDG and HLCM, to improve the management of common operational support services at the country level. The service centre is a step towards a common UN back office for all UN entities operating in Brazil. It will provide procurement, travel and human resources services as well as ICT services such as help desks, printing services and videoconferencing. Other models of UN Integrated Service Centres also exist in Copenhagen, Cape Verde, and Vietnam. The UNDG and HLCM monitors the performance of the Integrated Service Centres and will conduct an evaluation to provide evidence of the efficiency of this approach.

d) Sharing offices: UN organizations are increasingly co-locating in common premises, fostering closer ties among United Nations staff, promoting a more unified UN presence at country level, and facilitating collaborative programmatic efforts. Sharing offices also leads to cost savings through sharing of costs.

In 2015, the number of common premises increased by 12 premises, to a total of 141 — including five shared warehouses and one shared distribution centre. The UNDG Business Operations Working Group

supported this work through public-private funding modalities for common premises, and identified three countries where these modalities could be piloted. As a result, UN Country Teams in Malawi and Swaziland initiated public private partnerships — a modality where the government, the UN, and private developers come together to finance and build office space. The cost of these common premises are \$8 million and \$7 million respectively.

e) Managing risk through pooled funding: An increasing percentage of the world's poor are projected to live in conflict-prone states. The UN will continue to deliver development solutions in conflict-affected and fragile settings. Since the chance of failure in such contexts is high, so is the need for better risk management. To support UNCTs in this area, the undg Business Operations Working Group designed undg-approved guidance to support the design of new funding instruments. This guidance strengthens programme delivery in fragile states.

4. Opportunities moving forward:

The undg will accelerate action on higher performing common business operations, including the system-wide adoption of best practices. The following opportunities will be considered as part of the undg work plan for the following years, aiming for rapid and sustainable results:

- Mutual recognition by UN organizations of each other's business procedures;
- Where cost effective, scale up of Integrated Service Centres consistent with previous commitments;
- Scale up of common service packages (4 additional packages by the end of 2017);
- All countries rolling out UNDAFs (of which there are 31 in 2017 and 14 in 2018) should also consider implementing a BOS;
- Aim for coordination between UNDAF and BOS both at design and implementation stage;
- Consider options to enable reinvestment of cost savings avoided through application of the BOS.

Final note: HLCM and undg (Business Operations Working Mechanism) are both key actors advancing common Business Operations in the UN system. undg focuses on country level implementation of HLCM management policies, reinforcing consistent communication and messaging of common Business Operation policies at the global level and from the global to the regional and country levels. Together they ensure that global policy and standards are operationally sound, are scalable and have impact at the country level, in the form of either reduced cost, higher quality and higher effectiveness of operations support to programme delivery.