

# Addressing Country-Level Bottlenecks in Business Practices

High Level UNDG-HLCM Mission

**MISSION REPORT**

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## Executive Summary

1. The joint UNDG-HLCM high-level mission was undertaken in the months of March and April 2010 with the aim of identifying critical areas where further efforts in improvement and harmonization of business practices are essential to ensure the operational effectiveness of the UN system on the ground.
2. The mission was timely in view of the preparation of some ninety UNDAFs and of the changing nature of the work of the organizations of the United Nations system, as well as the need to provide more strategic support to country offices and accelerate progress towards the Millennium Development Goals (MDGs). In this context, the need for effective, streamlined and harmonized business practices and for integration of programmes and operations becomes even more urgent.
3. The mission, which visited Mozambique, Malawi and Viet Nam and is still scheduled to visit Albania, was launched by the Chair of the UNDG, the UNDP Administrator, and the Chair of HLCM, the Executive Director of WFP. The mission was co-led by Mari Simonen, Deputy Executive Director, UNFPA and Chair of the UNDG Advisory Group, and by Jan Beagle, Deputy Executive Director, UNAIDS and Vice-Chair of the CEB High Level Committee on Management (HLCM). The mission comprised high level experts from different operational functions in UNDP, UNICEF, UNFPA, WHO, and WFP, in representation of HLCM and UNDG inter-agency technical bodies, and was supported by the Associate Director of UNDOCO and by the Secretary of HLCM.
4. The mission responds to the continuing requests of Member States both in the context of the TCP/R and the System-wide Coherence discussions and resolutions for further simplification and harmonization of business practices, in particular those which will make a tangible difference to the United Nations' ability to deliver at the country level. The mission builds on the ongoing efforts of the UNDG and HLCM to work together to take to scale approaches to harmonization in business practices already developed and available to UN country teams, recognizing the scope of operational innovations developed locally, including those which can be taken to scale, and identifying further challenges that need to be addressed for increased operational efficiency and effectiveness of the UN development system at the country level.
5. This report synthesizes the extensive amount of information that the mission received through presentations and discussions within its short stay in each country, and outlines the key observations on **progress being made** by UN country teams and on the **challenges** and **opportunities** that can be addressed with either local or headquarters support. The report also contains a number of **actionable recommendations** towards improved and more coherent management of the UN system organizations' operations at the country level, and the **proposed modalities** to carry these recommendations forward through a coordinated action by HLCM and UNDG.



6. The mission noted that, in all countries visited, the UN country teams have taken a number of steps for improvement and harmonization of business practices to increase efficiency and effectiveness in their operations. **Approaches have been found in various areas to improving UNCTs' ability to deliver more efficient operational support to the organizations' programmatic mandates, some through actions that could be taken by the country team on its own, and others with headquarters support,** but significant challenges remain.
7. The mission observed that **country teams can already implement the package of basic common services and already approved UNDG guidance, along with context-relevant innovations that can be developed.** A number of **solutions to greater harmonization of business practices and joint operational modalities have been developed at country level within existing regulations and policies.** Specifically, a number of **successful innovations** have either been developed or implemented in the area of ICT, Procurement, and Harmonized Cash Transfer (HACT) as well as in basic common services. In all such cases, key to success has been the integration between policy guidance and headquarters support provided through HLCM, UNDG, the RC leadership, and dedicated change management capacity made available to the country team.
8. The experience observed in **harmonized and/or joint operational modalities in ICT** in the country offices visited includes one UN country team (Mozambique) having completed an ambitious project to establish a shared city-wide infrastructure. Driven by cost-efficiency goals, the general trend within the country offices is in terms of integration and consolidation of agency-specific infrastructure services. However, evidence shows that, once established, shared ICT services have value beyond contributing to overall cost-efficiencies.
9. All three country offices visited have undertaken steps towards **common procurement**, including joint bidding and contracting for Long Term Arrangements (LTAs) for the most frequently procured supplies and services. Business process reviews have been undertaken in some cases, including comparative analysis of procurement procedures and spend analysis, to determine which business needs should be addressed through collaborative procurement and would result in economies of scale. Streamlined procurement procedures were created with assistance from headquarters.
10. Progress and country level initiatives were noted in implementation of **Harmonized Approach to Cash Transfers (HACT)**. A number of replicable experiences in this area include: making HACT a joint venture between programmes and operations; conducting joint assessments and audits, joint identification of capacity gaps, joint spot checks; developing and delivering training of trainers to support training for agencies, government counterparts and other partners.
11. In all country offices visited, having a **strong tripartite relationship** appeared to be crucial. **Government support** and leadership is a key factor underlying achievements and progress on harmonization, including harmonization of business practices. Active and consistent support by the **donor community** is a fundamental enabling factor for change. **Strong leadership by the Resident Coordinator together with Heads of Agencies** is crucial in



driving the change process and ensuring progress on more coherent UN support, including, on business practices.

12. The issue of **leadership** deserves particular mention. Driving change requires tripartite leadership at all levels of the UN development system – global, regional and country level. The level of commitment to common and/or harmonized approaches to business practices varies from agency to agency and within agencies. The consequence of the varying commitment is that UN country teams receive inconsistent messages as to what they can do and/or should do, what are considered to be the indicators and measurement of increased efficiencies and the recognition of actions and initiatives taken by country teams. Such variation impacts the support that is available within country teams, even if solutions and approaches exist. More harmonized business practices at the country level should be institutionalized in all the UN agencies at country, regional and headquarters levels.
13. In addition, the role of the Resident Coordinator and the UN Country Team in championing change is fundamental. With strong political will and commitment, technical solutions can be developed. The **direct involvement and commitment of leadership in the Operations Management Team**, through a proactive championing role of the Resident Coordinator and Heads of Agencies on business practices harmonization, and their support in giving priority to the work of the OMT, is critical to put in place more effective, streamlined and harmonized operational modalities.
14. To ensure that the process of change is sustained, it must be institutionalized so that changes to the membership of the UNCT are not an impediment to ongoing / proposed business practice changes. **Coordinated succession planning of UNCT members** to avoid large time gaps in appointment of RC and agency heads is also helpful to the success of new programmatic and operational modalities.
15. All country offices should commit to a strategic approach to harmonization of business practices, which should be part of an **integrated programmatic and operational planning effort**. **Programmatic and operational activities should not be considered** separately. At the time of the preparation of the UNDAF and its implementation plan, an operations plan should be prepared concurrently, indicating the manner in which programmatic and operational efficiencies will be attained. A common approach to business practices should be prioritized above individual agency approaches.
16. The mission concluded that explicit, **dedicated investment and expertise in change management** at UNCT level is essential, particularly in the office of the Resident Coordinator. As part of this more **dedicated investment in change management and to support strategic decisions, a sound “business-like” approach to decision-making on business practices harmonization should be adopted**. This would require that systematic business processes analyses are conducted, that decisions are based on cost-benefit analyses including both financial and non-financial short term and long term implications of the options considered, and that efficiency indicators are developed and regularly monitored. A common methodology for business practices analysis and a simple



cost-benefit analysis framework should be developed at the global level, drawing on successful country-level experience.

17. The mission observed that the more effective and **harmonized business practices** that have been implemented in the countries visited **resulted in more effective, higher-quality and robust services**. Transaction costs and time dedicated to operations were reduced. However, there may be in the short term additional costs for business process analysis and redesign as well as additional workload on staff involved in activities aimed at improvement and harmonization. The main challenge at the country level is to balance the call for measurable efficiency and effectiveness gains in operations with realistic expectations of actual savings, from the perspective of a more efficient and effective UN development system at the country level rather than only from individual agency perspectives. Although measurement of savings from more harmonized business practices is considered to be complex, there is a need to demonstrate efficiencies and productivity gains achieved. For this purpose, as part of the cost-benefit analysis, **standard efficiency indicators should be developed at the global level**, to be used as relevant, while others can be developed at **the country level**.
18. The dedicated change management effort should be supported by the establishment of a **virtual forum for knowledge exchange** on actions being taken on harmonized business practices with other countries and among countries could represent a valuable tool for country offices to gain access to best practices for local adaptation and to facilitate a more informed engagement in joint activities and services.
19. While some basic **common services** are implemented in all the country offices visited, there is **need to bring these to scale** and make sure that all countries implement a significant number of basic common services and that they have a sense of the benchmarks to reach in these. UNDG guidance exists and should be implemented more systematically. In addition, **common services** should be looked at broadly, thinking innovatively about which services could be delivered to the UNCT in a common fashion. Beyond basic common services, potential opportunities to leverage joint provisions of services should be analyzed. For example recruiting, ICT, communication and other services could be jointly provided to the UNCT. Different arrangements to provide these common services could be explored, assessing human-resources and financial implications.
20. The demand for a **rationalization of reporting requirements**, towards both agencies and Governments, has been emphasized in all country offices visited, as multiple reporting requirements contribute to what is perceived as heavy and duplicate workload. Also, while a lot of headquarters guidance has been issued on a variety of areas, country offices find it challenging to utilize it. In addition, in the area of business practices, guidance implementation is perceived as voluntary. HLCM/UNDG should ensure that **all guidelines intended for country level use are streamlined and simplified** and, ideally, communicated as integrated packages.
21. **Harmonization of some of the priority human resource regulations and policies poses by far the greatest challenge. Several human resources management issues** continue



to pose major obstacles to the successful adoption of harmonized modalities to business practices. Among these, disparity in contractual arrangements and in grading and classification criteria, especially in inter-agency teams doing joint programming, joint communication or performing common services, create a sense of inequality which grows stronger when individuals from various agencies are working more closely together, and result in negative effects on motivation and cohesion, limiting their sense of belonging and commitment. This is particularly true in cases when non-staff contracts are used for personnel performing core functions. There is a clear need to build capacity in human resources management, which required reinforcement in all countries visited.

22. The work entailed in harmonization and coordination should be considered as integral to staff duties and responsibilities. Accountability and **explicit recognition of individual contributions to common endeavors** in both programme and business practices should accordingly be reflected in job profiles and performance appraisals.
23. There may be different modalities for cost-shared services, but certain factors are necessary. **UN Cares may be seen as a model programme** to be studied for applicability to other areas as it already integrates several key success factors: alignment between global, regional and country actions; full-time coordinator at HQ and country level, clear linkage to programme and integration in the UNDAF, fully cost-shared programme; and motivated focal points in the organizations.
24. The complexity and length of the process required to **review and clear legal agreements at headquarters level**, such as for common premises and MOUs for a common ICT system has been recurrently observed in the course of the mission. A recommendation is therefore made that agencies agree at the highest level that resolution of **country-related legal issues at Headquarters be accelerated**. In this respect, the **development of modular MOUs for use at country level**, beyond those already available for common services, without the need for HQ clearance would be of great benefit.
25. The **Harmonized UN Procurement Guidelines** at country Level were developed by the UNDG in collaboration with the HLCM Procurement Network. The Guidelines are designed to provide country offices with a step by step methodology toward procurement collaboration and integration. The Guidelines should be implemented as the default procurement procedure for country offices engaged in common procurement. The HLCM Procurement Network and Organizations' headquarters should incorporate the Guidelines into the UN Procurement Practitioners Guidelines and into the mainstream procurement manuals. This would ensure that the Guidelines become the norm for joint procurement at the country level and not just an exception.
26. **Prioritized financial policies and procedures** that impact country office operations should be harmonized. This should include **harmonization of definitions** for increased consistency in financial data gathering and reporting.
27. Increased harmonization and integration of ICT services is achievable. The recently issued "**UNDG Delivering as One in ICT**" Guidance is key to following a structured, business-



aligned technical change approach. In this area UNCT Mozambique has paved the way for similar initiatives by other country teams and has given the UN its process and technical blueprint on how ICT can be integrated or consolidated at country level. Beyond the technology issues, working on ICT governance issues and ensuring that management links and commitment are present are critical success factors. Once the shared infrastructures are established, ICT products such as supplier databases, procurement websites, data warehousing, programme development, budgetary framework development, monitoring and results reporting via Intranet or direct access can now be adequately supported, though more work with support from inter-agency headquarters teams will be required in this area.

28. **Harmonized Approach to Cash Transfer (HACT) needs to be strengthened**, including through **systematic implementation by all UNCT members**. In particular, issues of joint audit of implementing partners and of strengthening their capacity needs to be further examined and supported at the country, regional and headquarters levels. There is also a need to bring country teams together regionally for learning and further training to address specific issues that have risen as a result of implementation experiences, as well as to ensure a more systematic and timely adoption of HACT by all members of the UN country teams.
29. Given the complexity of setting up common premises, UN country teams need to remind Governments of their obligation to provide premises, and alternative local options need to be explored before accepting land for construction. At the same time, in view of a number of country offices desiring common premises, the **UNDG should establish a Public Private Partnership (PPP) task force which should look at all options for financing common premises and the lead UN agency that should be responsible for construction**. This team would require the active participation and inputs from the following disciplines: Legal, Financial, Procurement and Ethics, Security and Technical (TTCP). The team would be responsible for determining the viability of this modality within the United Nations framework of rules and regulations. If a PPP modality is to be viable, UN agencies must be willing to commit to long term lease arrangements (10 – 15 years).
30. **Promoting a culture of working together** at headquarters, regional and country level is the overriding factor to drive sustainable change. Changes in mindsets, attitudes and behaviors are essential. Change is a process and the experience gained in working together to develop new business models can itself lead to greater cohesion in the system and enhanced programme effectiveness. “Political will is most important – the rest is just technical” (ICT manager in Mozambique).



## I. General Findings

### I.1. Progress Being Made

1. The joint HLCM UNDG high-level mission was timely in view of the preparation of some ninety UNDAFs and of the changing nature of the work of the organizations of the United Nations system, as well as the need to provide more strategic support to country offices and accelerate progress towards the Millennium Development Goals (MDGs). In this context, the need for effective, streamlined and harmonized business practices and for integration of programmes and operations becomes even more urgent.

2. The mission observed that considerable progress has been made in the country offices visited, both on the basis of headquarters guidance and country level innovation. The most successful initiatives have involved close working relationships between country level and HQ staff. Solutions for greater harmonization of business practices can be and have been developed at country level within existing regulations and policies.

3. In some cases, in particular in the human resources management and legal areas, headquarters need to further simplify and harmonize regulations, rules and policies. While significant efforts are already underway in these areas, there is also a need to ensure that approaches are found to accelerate solutions already available for country offices and to promote context-specific innovations that can be implemented within the existing operational framework.

4. Solutions developed in Delivering as One and in other countries that have voluntarily adopted the Delivering as One approach - self-starters - as well as existing system-wide guidance, if implemented in systematic manner and at larger scale, will bring about significant harmonization of business practices in support of better development results. Relevant areas include:

- Human Resource Management (including UN Cares and learning);
- Common ICT;
- Finance (including HACT);
- Common procurement;
- Basic common services;
- Common premises.

5. In all country offices visited, **a strong tripartite relationship**, with Government support and leadership, emerged as a key factor underlying achievements and progress on harmonization, including harmonization of business practices. Active and consistent support by the donor community is a fundamental enabling factor for change. Strong leadership by the Resident



Coordinator together with Heads of Agencies is crucial in driving the change process and ensuring progress on more coherent UN support, including on business practices.

6. The **role of the Resident Coordinator (RC) and the UN Country Team (UNCT) in championing change** is fundamental. With strong political will and commitment, technical solutions can be developed. The direct involvement and commitment of leadership in the Operations Management Team (OMT), through a proactive championing role of the Resident Coordinator and Heads of Agencies on business practices harmonization, and their support in giving priority to the work of the OMT, is critical to put in place more effective, streamlined and harmonized operational modalities.

7. The country offices visited are exploring innovative ways of sharing services and are identifying alternative organizational arrangements to provide these common services. Some notable examples of such innovations are listed below.

8. An **integrated Communications team** has allowed moving from agency-based communications to issue-based communication, building a policy voice for the UN and creating a positive impact on how the UN is perceived by external stakeholders. This is one model of clustering staff of different agencies to work thematically/functionally together (Viet Nam). However, it has also demonstrated the need to find more systemic solutions in human resources to allow UN agencies at the country level to work more closely together both in programmes and operations.

9. **Dedicated change management capacity** has been set up in some of the Resident Coordinator Offices to ensure that the process of change is treated as a subject in its own right and progress on business practices is achieved. Resources with change management expertise have been specifically dedicated to plan, implement and monitor initiatives related to business practices harmonization, with a significant impact on progress made on business practices. These staff members are in some cases funded through special country-level funds. Where such capacity does not exist, the mission believes that progress will be slower.

10. As part of change management, systematic **business processes mapping and cost-benefit analysis** are being undertaken to identify areas for redesign and potential increases in efficiency and effectiveness (Mozambique). While Governments and donors have a desire to see the savings resulting from further harmonization of business practices, the mission noted that complexity and cost in doing so may well be high in relation to the benefits. The main challenge at the country level is to balance the call for measurable efficiency and effectiveness gains in operations with realistic expectations of actual savings, from the perspective of a more efficient and effective UN development system at the country level rather than only from individual agency perspectives.

11. **UN Cares** may be seen as a model programme for cost-shared services to be studied for applicability to other areas, as it already integrates several key success factors: alignment between global, regional and country level actions; full time coordinator at HQ and country level; clear linkage to programme and integration in the UNDAF; fully cost-shared programme; and motivated focal points in the organizations (Malawi).



12. **Different possible solutions for the provision of common services** are emerging such as common procurement (Malawi) and common ICT (Mozambique). In ICT, Mozambique took the lead in establishing a technical platform for launching business innovation. This experience represents a basic successful blueprint of how an integrated ICT can be used to enhance efficiency and effectiveness, particularly through country level shared ICT service development. In Procurement, the identification of a lead agency for the establishment of Long Term Agreements (LTAs) for access by all participating UN agencies is proving to be a successful model for joint/common operations. End-to-end business process reviews of several procurement sub-processes were conducted, identifying opportunities for improvements. However, up-scaling solutions identified in common ICT systems and common procurement will require cross-agency commitments and resources. Also, common ICT solutions need to be extended to ensure programmatic benefits through data warehousing for country level programme planning, monitoring and reporting, using the common ICT infrastructure.

13. Countries are looking into modalities **to work in a harmonized way with the national counterparts** through the use of national implementation systems, for example Vietnam where Harmonized Project and Programme Management Guidelines (HPPMG) have been developed and adopted by UNDP, UNFPA and UNICEF, to institutionalize a harmonized way of working operationally between the UN agencies and Government.

14. Considerable progress has been observed by the mission in the different functional areas of business operations. A detailed outline of such innovations is available in Section III of this report.

## I.2. Challenges and Opportunities

15. While some **dedicated change management capacity** has been made available to support more efficient and effective business practices in support of programme effectiveness, much more is needed if change is to be sustained. Noting that there is limited change management expertise available within the UN system, in most cases it is assumed that the change process will take place without resources specifically dedicated to analysis, planning, implementation and monitoring of change.

16. **Harmonization in business practices needs to have a higher priority at country level, using a strategic and phased approach to make operations more efficient and effective.** At present, country teams appear to adopt a short-term, low-priority and non-strategic approach to business practices, often accompanied by a marked separation between programme and operations.

17. The initial investment needed to work in a more coherent manner increases the already **heavy workload of staff**. Work on business practices harmonization is often not included in work plans and/or recognized in performance appraisals. This may lead to change “fatigue” and make it difficult to sustain the change process over time. In several cases, the drive and commitment to working together appears to be linked to individuals (with a “can do” attitude), rather than to institutional roles, with implications on sustainability and replicable change processes.



18. **Diverse contractual arrangements**, including the use of non-staff contracts for personnel performing core functions, particularly in the area of operations, may lead to lack of motivation and limit sense of commitment to working together. **Different capacity/size/resource capacity among UN agencies**, uneven participation in operations reform, delays when inputs are required from multiply agencies, represent important challenges to working together.

19. Staff who perform operations-related functions have often limited seniority, diverse responsibilities, as well as little time or authorization to dedicate to their work within the **Operations management Team (OMT)**. In some cases, operations-related functions are performed by staff from larger agencies, funds and programmes in the UNCT, who might give the impression of “dominating”. In addition, the work performed by the OMT seems in particular to be perceived as the add-on burden to normal duties and **receives limited recognition** vis-à-vis the work performed by teams dedicated to programme areas.

20. Country level staff, notably local staff, **do not feel empowered to find common solutions** or challenge the status quo. This lack of empowerment stifles innovation and delays implementation of joint working modalities on business practices.

21. While a lot of headquarters guidance has been issued on a variety of areas, country offices find it challenging to utilize it. In addition, in the area of business practices, guidance implementation is perceived as voluntary, something which results in limited achievements. Performance/efficiency indicators in the area of harmonized business practices have not been developed across the board. As result, **UNCTs do not have clear targets to achieve in the area of business practices harmonization**.

22. The demand for a **rationalization of reporting requirements** (for agencies and Governments) has been strongly put forward in all country offices visited, as multiple reporting requirements contribute to what is perceived as heavy and duplicate workload.

23. Working in joint operational modalities requires change in the way things are done. Driving change demands leadership at all levels – headquarters, regional and country. The degree of commitment to working together varies from agency to agency and within agencies. The consequence of the varying commitment is that **UN country teams receive inconsistent messages** as to what they can do and/or should do, what are considered to be the indicators and measurement of increased efficiencies, and varying recognition of actions and initiatives taken. Such variation impacts the support that is available within country teams, even if solutions and approaches exist.

24. **The process required to review and clear agreements among agencies** at the country level in areas that are not purely country-specific have legal implications and need to be resolved at headquarters are complex and time-consuming.

25. The detail of challenges and opportunities observed by the mission in the different functional areas of business operations is available in Section III.



## II. Recommendations

26. Following the outline of the key observations in terms of progress being made by local UN country teams, and of the challenges and opportunities that can be addressed with either local or headquarters support, this section provides a number of actionable recommendations to increase the efficiency and effectiveness of UN development system organizations in their business practices at the country level, and the proposed modalities to carry them forward through a coordinated action and support by each UN organization and interagency mechanism (HLCM and UNDG).

### Leadership

27. **Ensure strong leadership and consistent levels of commitment across agencies.** The need to send consistent messages on the importance and priority of joint/common programmatic and operational modalities was noted by the mission as an overarching prerequisite to ensure that the change process can successfully take place. Within all UNDG/HLCM organizations there should be clear incentives for developing and using common business practices and evidence that common business practices are recognized and valued. This is required at HQ, regional, and country level and implies that all organizations revise work plans and performance appraisal systems to include strong dimensions on working as one, harmonization and inter-agency collaboration. This also implies that all agencies amend and harmonize their own procedures, policies, training, and guidance, in favor of the common harmonized approach which must be given priority.

28. **Empower the Resident Coordinator and ensure leadership involvement in business practices.** The Resident Coordinator, the Resident Coordinator Office and the Heads of Agencies must provide leadership on business practices harmonization as much as on programme-related issues, including giving priority to the OMT. This is key to ensure that the necessary attention and focus are placed on business practices harmonization and that the appropriate linkages are created between operations and programmes. In particular, the RC/UNCT should be empowered to establish targets and context-specific 'efficiency indicators' which should then become part of the performance appraisals of country teams, including of the OMT and its sub-groups.

29. **Championing coherence has to be derived from headquarters and regional leadership.** If results in business practices are to be seen, there must be champions for it at the country level but also at the headquarters and regional levels. At headquarters level, important areas of harmonization should be taken on under senior-level leadership. The UNDG at the regional level should monitor the targets and results achieved by the UN country teams and include this as part of their performance appraisals.

30. **Ensure continuity in the UN country team.** Change management, including in business practices, requires time and the development of team spirit. To ensure that momentum is maintained, there is a critical need for the agencies concerned to pay attention to turnover in country offices and to coordinate succession planning. Building a team and trust to work together requires time. Large gaps in appointment of RCs and agency heads and departure of all or most



agency heads at the same time often leads to loss of momentum and considerable delay in achieving targets.

31. **Build capacity in the OMT and resource it adequately.** Strengthened and adequately resourced OMT with the requisite skills should be in place to ensure that business practices receive necessary attention. In view of the importance of staff in delivering the organizations' results, special attention should be given to building capacity in human resources management.

### Change management

32. **Invest in dedicated change management capacity.** Change takes time and resources. Dedicated change management capacity should be made available for a finite period for business process harmonization at the country level and, as needed, at the regional and global levels. This will ensure that a sound approach based on planning, labor division and monitoring is adopted. Setting up dedicated change management capacity will require that personnel with change management expertise and skills set are hired or, if possible, trained internally, to provide support to the change management process. It is recommended that the change management expertise is located in the Resident Coordinator Office and that it supports both programme and business operations reform initiatives. Various modalities need to be explored to fund dedicated change-management capacity. These include the mobilization of additional resources from donors at the country level, the allocation of resources from 'One Funds' where they exist, cost-sharing among agencies at the country level, provision of support by the regional level, and additional headquarters level allocations.

33. **Ensure that necessary resources to support the investment in change management capacity are available.** Various funding modalities to support the investment in change management can be explored, such as mobilizing additional resources from donors at the country level, allocation of resources from 'One Funds', where they exist, cost-sharing among agencies at the country level and with regional support; and additional headquarters level allocations. The country teams visited have already found innovative ways of sharing country-level costs. In conjunction with dedicated and skilled capacity in change management, the mission noted the need to strengthen the capacity of staff in some areas (human resources management, finance, etc.).

34. **Promote culture change.** Culture change is the overriding factor driving improvement and harmonization of business processes for more effective programme delivery. A change in mindsets, attitudes and behaviors are essential for sustainable change. "Political will is most important. - The rest is just technical" (ICT Manager in Mozambique) "It isn't over until the changes have roots" (John Kotter, "The heart of change").

35. **Develop standards and incentives for change.** Incentives need to be set in place to promote a culture that embraces and promotes change. These include the revision of staff job descriptions to ensure the inclusion of the work related to harmonization of business practices, the reflection of joint-work related results in the performance appraisal, the inclusion of colleagues



from other UN agencies among the sources of feedback, and the provision of positive feedback for staff who have given valuable contribution to business practices harmonization. The supervisors of RCs and UNCTs need to drive this change with inclusion of performance targets on business practices harmonization in appraisals.

**36. Ensure knowledge sharing/ training on change management.** To ensure capacity building on change management and institutionalization of more effective, streamlined and harmonized business practices, a repository of templates/methodologies on change management could be created and training provided. In this context, the UNDG Toolkit could play a key role in ensuring that best practices are shared and that few and simple necessary tools are available to support the change management effort at country, regional and global level.

### Strategic approach

**37. Adopt an integrated approach to programme and operations.** Programmes and operational activities cannot be considered separately. Harmonization of business practices must be in service of development results and thus carefully balanced to support better delivery of programmes. At the time of the preparation of the UNDAF and its implementation plan, an operations plan should be prepared concurrently, indicating how programmatic implementation and its operational support will be framed together.

**38. Analyze different alternative arrangements to define how harmonized business practices can be performed.** These options might include: outsourcing to an external partner; outsourcing to a lead UN agency; creating a joint structure, etc. Each option has different implications in terms of how services would be paid for, their human-resources arrangements, feasibility and accountability, and could be better suited for a specific function versus others (procurement, ICT, etc.).

**39. Look broadly at common services.** Common services should be looked at broadly, thinking innovatively about which services could be delivered to the UNCT in a common fashion. Beyond basic common services (travel, supplies, cleaning, building maintenance), potential opportunities to leverage joint provisions of services should be analyzed. For example, procurement, human resources (recruiting), ICT, communication and other services could be jointly provided to the UNCT.

**40. Identify the most suitable funding mechanism for common/integrated services and joint teams.** Lessons learnt in experiencing different funding modalities should be documented and reviewed to identify the most suitable funding mechanism. A review of the experience with different funding alternatives should be conducted. Options currently adopted include: additional funding from donors (i.e. Transformation Fund), user fees, cost-sharing formula (charged to administrative budget or charged to programme budget), One Programme One Budget (programme). The most suitable funding mechanism might depend on the nature of the functions performed by the team.



## Sound analysis

41. **Conduct business process and cost-benefit analyses to support strategic decisions on improved and harmonized business practices.** Business process and cost benefit analyses should be conducted with a view to simplifying and harmonizing to find ways of increasing productivity gains and reducing transaction costs. Once potential options on alternative organizational arrangements have been designed, decisions should be driven by a sound cost benefit analysis, aiming at assessing initial investment vis-à-vis potential longer term benefits. This analysis should include both financial and non-financial short term and long term implications. It is recommended that a simple cost-benefit analysis framework is developed to be applied consistently across all UNCTs, in order to help identify opportunities for efficiency and effectiveness gains and guide decision-making on business processes.
42. **Develop country level efficiency indicators for business practices.** As part of the cost-benefit analysis, 'efficiency indicators' should be developed at headquarters level and at the country level, as relevant, which would transparently demonstrate what is being achieved.
43. **Ensure that capacity needed is assessed and the right skill mix is in place.** Upon completion of the business processes analysis, a review of staff profiles needs to be conducted covering required skills, experience and competencies and the balance of capacities required. A holistic approach by the UNCT, rather than by individual agency, should be taken to assess the staff skills profiles that are needed in order to determine where there are gaps with the new operational requirements.

## Headquarters support

44. **Prioritize and accelerate harmonization of regulations and rules and policies and procedures at headquarters level.** While a number of solutions to greater harmonization of business practices can be developed at country level within existing regulations and policies, the acceleration of efforts at headquarters level is needed in some priority areas, if the harmonization of business practices is to take place within a reasonably defined time frame. This is particularly true in the areas of human resources, certain priority areas in finance and legal. Some efforts already undertaken (for example on the review of contractual modalities and IPSAS implementation) need to be accelerated and broadened to a wider spectrum of regulations and rules as well as policies and procedures.
45. **Rationalize system-wide guidance, prioritize interventions and define targets.** HLCM/UNDG should ensure that all guidelines intended for country level use are streamlined and simplified and, ideally, communicated as integrated packages. To prevent reform/change overload, and ensure that reform can keep momentum, there is a need to agree on focused, achievable yet realistic targets in order to ensure that the UNCT is not burnt out and incentives to change are maintained. While it must be recognized that 'no one size fits all' and all actions to be taken should ultimately be relevant to country-specific situations, there needs to be (i) agreements on what actions need to be universally applied and are mandatory; (ii) what actions are country-relevant and would be implemented within a set time frame. Country level benchmarks in



business practices will need to be established and monitored for which the UNDG and HLCM should clarify what are the expectations in the harmonization of business practices at the country level and what are acceptable practices in terms of common/ harmonized services for each key business – process area.

46. **Speed up review and clearance of legal agreements among agency representatives.** To reduce complexity and time needed for the review and clearance of agreements, it is necessary for the UN system organizations to agree at the highest level that agreements proposed at the country level would be fast tracked at Headquarters by the legal offices concerned. In addition, every effort should be made to explore the scope for developing model MOUs which would already have received legal clearance and could be used as the need arises, thus allowing UN agencies to work faster together.



### III. Progress, Challenges and Recommendations by Functional Area of Business Operations

#### III.A. Human Resources Management

##### Progress being made

47. Most of the progress noted by the mission focused on areas where coordinated action at the country level would improve the day-to-day work and personal lives of staff members and other personnel. Examples include: development of common databases; first-aid training to drivers; common induction training for all new staff, each agency providing specific training in other areas; common e-training on security, ethics, harassment, HIV/AIDS; obtaining from Government authorities streamlined procedures for all UN personnel for the re-issuance of drivers' licenses; introduction of a common LTA to be used by all agencies for the recruitment of short-term translators and interpreters on the same conditions (Mozambique).

48. Use of cross-agency panels to interview candidates for vacancies has become an accepted way of proceeding in some of the country offices. The finalization of a **common scale for remuneration of local consultants and of a common roster** of qualified local consultants, including qualified spouses of staff members, for the purpose of reducing the cost of screening and avoiding duplication of work were also noted a good examples of tangible, local-level coordinated action in the area of HR (Malawi). This work has been more formalized in Viet Nam under the EU/UN Cost Norms that have been agreed to cover scale of remuneration of local consultants among other aspects of harmonization in dealing with national consultants.

49. The co-location the communications personnel of five different UN Agencies into a “**One UN Communications Team**” represents a notable example of integration between programmatic and operational modalities (Viet Nam). The recommendations of an inter-Agency HR mission to address a number of unresolved HR challenges associated with common teams resulted in the creation of a Management Board as a governance structure comprising members of the UNCT; in the drafting of job descriptions using an agreed-upon format, with classification of posts by an inter-Agency panel of HQ classifiers using the UN Master Standards; and, in an agreement to use one common Performance Appraisal and Development system (UNFPA's PAD), which allows for multi-rater feedback from staff within and outside the Team.

##### Challenges and Opportunities

50. A general lack of capacity in the area of human resources management was observed in the course of the mission, together with a limited sense of ownership of HR issues, or the required leadership to deal with them in an effective manner.

Agencies use many contractual arrangements both for “staff members”, who may serve on permanent and fixed-term appointments, appointments of limited duration or other forms of short-



term appointments, and for other personnel who do not have the status of staff members and may be engaged under Special Service Agreements, Service Contracts, or other arrangements. Each contractual arrangement has its own entitlements and conditions of service. The resulting disparity has negative effects on motivation and cohesion. Diverse contractual arrangements at country level, particularly the use of non-staff contracts for persons doing staff jobs, lead to lack of motivation, commitment and sense of belonging.

51. A number of issues have been identified with regard to job evaluation for staff in the pilot countries: specifically, job descriptions often do not reflect the functions related to Delivering as One. In addition, there are discrepancies in the classified levels of similar jobs across agencies. The perception that there is not “equal pay for equal work” could become more apparent with the functional clustering of cross-agency teams.

52. Vacancies in one agency at the country level are typically reserved to staff of that agency. Staff from other agencies may either be considered as ineligible, or else considered only after it has been determined that there was no suitable “internal” candidate. There are also variations in agencies’ recruitment standards, especially in qualifications required for National Officer (NO) and International Professional (IP) positions.

53. Joint or common working arrangements require some changes to staff profiles, for example, in the enhancement of team skills, policy advisory skills and business acumen. This can cause anxiety among staff, who may fear loss of jobs, or, in a positive vein, can lead to staff demand for learning opportunities that will build their capacity to contribute. While there are some harmonized activities offered across Agencies, these are usually in mandatory training (e.g., UN Cares, security), while staff have limited opportunities to participate in training offered by other agencies, usually for financial reasons.

54. Finally, agencies use different performance appraisal systems. At the same time, staff working in inter-agency teams receive either inconsistent or no feedback for their performance in cross-agency activities.

## Recommendations

55. **Capacity and commitment to address HR issues.** It is recommended that OMTs enhance the membership of their HR Task Forces (HRTFs) and, for those without HRTFs within their OMTs, that they create them, with membership of staff from across the agencies who have responsibility for HR matters. Participation should not be based on staff’s grade levels, but on their functional responsibilities. The work of staff who serve on the Task Force should be included in their individual work plans and recognized in their performance appraisals. The HR Task Force can facilitate the elevation of critical HR issues to senior management of the Office (identifying those that can be handled at country level and those that need to be escalated to HQ). This will demonstrate management commitment to address HR issues and to build a “One UN” culture.



56. **Job Descriptions/Job Classification.** Job descriptions should incorporate the functions associated with working together and doing change in programme and business practices. As much as possible, there should be harmonization across agencies on the definition of competencies and their behavioral indicators. The UN Master Standards for classification of “professional” and “general service” jobs should be applied consistently by all organizations. Aside from ensuring fairness in evaluation of jobs across agencies, this would also result in consistency in performance expectations of staff doing similar jobs.

57. **Recruitment issues.** HR policies of individual Agencies differ in their **definitions of “internal” and “external” candidates.** Therefore, it is recommended that organizations’ HR policies be revised (if necessary) to recognize all local staff of other agencies as internal candidates for their vacancies. This will help address challenges associated with career development and mobility of local staff.

58. It is recommended that agencies harmonize the **qualifications for National Officer (NO) and International Professional (IP) positions,** and that the use of **generic job profiles** (where appropriate) and **harmonized vacancy announcement formats** is encouraged. All agencies in common premises and working in teams can use agreed-upon **assessment tools** for local staff recruitment purposes (e.g., competency-based interviews; other tests as necessary, e.g., clerical, accounting, IT, etc.) **Inter-agency participation in interview panels** is also recommended. This could lead to creation of shared rosters of pre-screened candidates, resulting in the following advantages:

- collaboration instead of competition for candidates;
- profiles and candidates serve UNCT as a whole, not agency-specific;
- cost effectiveness: less time and money spent on advertising, short listing and testing for individual vacancies.

59. **Cross-Agency participation in Local Central Review Bodies/Compliance Review Boards.** CRBs make recommendations to the Head of agency having delegated authority for recruitment of local staff. Some organizations’ HR policies make it possible for cross-agency participation in CRBs so, for those that do not, the recommendation is to revise those policies to harmonize the membership and TORs of the CRBs, making it legally possible for cross-agency participation and avoiding potential appeals by staff. Another option, more efficient in terms of staff time, would be the creation of a Standing CRB to serve all agencies.

60. **Use of non-staff contracts.** Personnel policies should clearly outline the types of functions and corresponding contract modalities for staff and non-staff functions. Agencies should review the practice of hiring staff to perform core staff functions on service contracts and other non-staff contractual mechanisms.

61. **Common Teams.** In cases of co-location of cross-agency functional teams, the UNCT will face the same issues that were faced by the One UN Communications Team in Viet Nam. While the structure of that team offers one model, the Viet Nam model still needs to be evaluated to



determine whether it is the most effective and efficient option. Cost-benefit analysis will need to be conducted for other possible variations, including outsourcing.

62. **Staff Capacity Assessment and Development.** Upon completion of the business process analysis, a review of staff profiles needs to be conducted covering required skills, experience and competencies and the balance of capacities required. A holistic approach by the UNCT, rather than by individual agencies should be taken to assess the staff skills profiles that are needed in order to determine where there are gaps with the new operational requirements.

63. In terms of staff development, offices can scale up joint learning activities (currently offered in such areas as UN Cares, security, etc.):

- Low or no-cost “learning afternoons” can be conducted on topics of common interest. Some organizations have low cost CD- and web-based training on topics of general interest (UN reform) as well as agency-specific topics (e.g., reproductive health) that could serve as knowledge-sharing tools;
- Team building activities can be organized across agencies or within teams to reinforce the understanding and commitment to the Delivering as One approach;
- A cross-agency learning committee can help pull together staff’s learning needs, with the aim of organizing training in areas of common interest, thereby also achieving economies of scale.

64. **Staff Management Relations.** Since UN reform and Delivering as One represent major changes to the way the UN system does business, it is important to ensure that staff-management mechanisms, in the form of local Staff Associations, are in place and are allowed a voice in the UNCT. This can facilitate the change process through open communication and dialogue in a collaborative and consultative way.

### III.B. Information and Communication Technology

#### Progress being made

65. ICT’s role at the country level is to provide modern capabilities to the UN team as a whole to allow it to carry out its business in the most efficient and effective way. The mission saw different degrees of progress in harmonized and/or joint operational modalities in ICT in the country offices visited, which was in part due to the a conscious decision that one of the pilot country offices would take the lead in experimenting and finding solutions to ICT to be replicated, as relevant, by other offices. The experience ranged from one UN country team (Mozambique) having completed an ambitious project to establish a shared city-wide infrastructure, to others which are in the initial stages of organizational preparations. Driven by cost-efficiency goals, the general trend within the country offices is in terms of integration and consolidation of agency-specific infrastructure services. However, evidence shows that, once established, shared ICT services have value beyond contributing to overall cost-efficiencies. By providing a sound base for



Intranets and communications tools, shared ICT can be an enabling factor to accelerate collaboration and communication for harmonization activities in other operational areas such as Procurement or HR. Second, the shared ICT capabilities can be used to provide communications and advocacy tools supporting programme objectives, such as the One UN website leading to a One UN voice, or to share information such as HACT databases with government and partners.

66. With the recent issuance of UNDG guidance on 'Delivering as One' in ICT, the framework exists for the replication of the Mozambique approach in other country offices as relevant. It will be a challenge to implement a common ICT at the country level in view of the resources that it will require, but the rewards are clear and the value is easily understood by all stakeholders.

67. Globally, agencies have developed their ICT capabilities in response to agency-specific needs, funding models and management systems. However, there are basic commonalities which provide good opportunities for harmonization yielding clear business benefits. As an example, the work undertaken by the UNCT in Mozambique is both a milestone in country level ICT harmonization, and an excellent example of working together at regional and global levels. It put in place a technically modern ICT infrastructure which serves as a showcase within the UN and Mozambique, and also established an inter-agency service delivery model using a common service catalogue, at par with international best practices. Delivering as One in ICT is therefore feasible and achievable.

68. The shared ICT services are envisaged to bring efficiencies by lowering long-term communications and support costs. They improve the UN's business continuity posture by providing all agencies with backups and contingency capabilities, further reducing potential costs to put in place these alternative services. Through the common UN ICT service catalogue, ICT services and support are made available to agencies with smaller presence which may not have the same level of ICT services as others. Change in ICT therefore contributes to business efficiencies in the long-term.

69. Shared ICT provides a technical platform to facilitate the UN's internal business processes. For example, the inter-agency procurement process can be supported through an interagency procurement unit's website containing shared vendor databases, contracts and news. One UN intranets are also a key tool in change management, delivering a collaborative virtual platform to unify UN activities and communications. Also, processes such as HACT implementation are supported providing a central database for partner evaluations and ratings, assessments and reports. It can be envisaged that the preparation, monitoring and reporting of the UNDAF and UNDAF Action Plan, the budgetary framework and consolidated annual work plans can be greatly facilitated through a common ICT platform at the country level. Therefore, shared ICT enables further harmonization processes as well as, more generally, more effective programme activities.

## Challenges and Opportunities

70. The mission found that, in the case of the Delivering as One countries, dedicated change management capacity is a key success factor. In ICT, this change management capacity, where it exists, typically addresses only service and technical issues. There is a need to address the



activity as both technical and organizational change initiative. It is also important to approach such a change with a project approach, with clear milestones, resources and ownership.

71. Limited capacity exists at local level within ICT to address both business and technical specialist requirements during the change process. Advisory-level specialist technical skills combined with business competencies and resources are needed as ICT services are re-configured from supporting one agency to supporting multiple agencies. Technical design and project management skills are required to accomplish the required technical changes. Business-development competencies are needed to establish ICT services as shared business services. The mission found that the combination of these skills is not easily found at country level.

72. In general, country level staff, notably local staff, do not feel empowered to find common solutions or challenge the status quo. This is relevant in ICT as there are many issues which impact by global agency practices or standards. This lack of empowerment stifles innovation and delays implementation of change initiatives.

73. Cost-efficiencies can be maximized through system-wide standardization of basic ICT components. Standardization does not necessarily imply having the same model of equipment or software for all agencies. Standardizing could mean having the same specifications for basic products such as desktops, laptops and basic software. The lack of standards inhibits country level groups to engage in standard equipment supply and maintenance contracts.

74. Harmonizing business practices means process optimization at the country level. Process optimization requires a prioritization framework in order to focus and accelerate change. Such a framework may be based various dimensions – optimizing operational or process costs, optimizing processes that take up the most time in dealing with stakeholders or optimizing the quality of output to stakeholders. The result is that, in general, ICT harmonization opportunities for optimization are not sufficiently recognized by management.

75. Joint working arrangements introduce technical and organizational challenges. Different technical configurations result in inconsistent services and fragmented support being delivered to clustered teams. Clustered business teams require a re-thinking of ICT support and infrastructures. A sustainable model to support unified teams will need to be developed.

## Recommendations

76. **Use “UNDG Delivering as One in ICT” Guidance as key tool to implementing a structured, business-aligned technical change approach.** The UNCT in Mozambique has paved the way for similar initiatives in other countries and has given the UN its process and technical blueprint on how ICT can be integrated or consolidated at country level. Issues seen in other ICT experiences reinforce the relevance of the project-based and business case grounded approach recommended by the guidance. Beyond the technology issues, working on ICT governance issues and ensuring that management links and commitment are present are critical success factors.



77. **Enhance capacity to support country level ICT change projects.** The difference in progress between the various country offices highlights the importance of providing not only policy but specialist support to local ICT projects. The UN needs to invest in this capacity at least in the short-term to accelerate adoption of joint, integrated and/or shared operational solutions in ICT.

78. **Enhance use of ICT as a programme enabler.** Initial ICT projects have focused on sharing infrastructure services driven by cost-optimization reasons. Once these shared infrastructures are established, ICT products such as supplier databases, procurement websites, data warehousing, programme development, budgetary framework development, monitoring and results reporting via Intranet or direct access can now be adequately supported, though more work with support from inter-agency headquarters teams will be required in this area. These can be re-purposed and made available to stakeholders, thereby being used as capacity building tools for government and local partners. For instance, implementing UN Extranets can ease communications and reduce response time with stakeholder communications. Extranets are websites that allow only access only to specific parties. UN and government or partner interactions can be consolidated and streamlined through the use of extranets, and will aid in showing a unified front to these stakeholders. For all these areas, further work and support from Headquarters will be needed.

79. **Define country level standard governance structure.** For country level change to gain management support, there needs to be a clear link between the working groups and the management team. Standard working groups need to be formed, and common terms of reference defined with the support of the OMT.

80. **Develop country level common service catalogues.** Each area can adopt a service catalogue approach to developing shared services. This will facilitate country level communications and will put in place a platform by which more shared services can be added, facilitating more change.

81. **Standardize specifications of basic ICT components.** Standardization of the specifications of basic ICT components such as PCs, laptops and basic software needs to be agreed to allow country level volume procurement.

82. **Adopt structured business process modeling and management.** A need exists to develop business process modeling and management (BPM) as an essential enabling tool for change. Best practices from industry are available to create standard process descriptions and facilitate discussions among change parties to discuss “to-be” operating visions. BPM can also be the basis for activity-based costing providing the framework for resource optimization.

83. **Establish agency pre-approvals for standard ICT service agreements.** Service agreements related to country level ICT integration will need to be pre-approved at HQs in order to streamline the sign-off process for each country office. Agency-specific legal issues and cost sharing modalities can be addressed in advance. The status of ICT assets deployed as a result of shared projects will need to be factored into the service agreement templates. These pre-agreements must take into account retirement of existing parallel services. One UN ICT infrastructure projects typically aim for cost-efficiencies based on consolidation of existing



services. The optimal values of these cost-efficiencies are realized only if existing agency-specific services are retired upon the introduction of new services. Duplicate costs must be reduced at the earliest possible opportunity. This requires exit strategies to be planned as part of introduction of approaches. In Mozambique, the business case developed in the ICT project assumed that existing parallel costs were going to be reduced and these need to be done promptly to realize the benefits.

**84. Implement Common UN Intranets at the country level to foster a single UN community/culture and share information.** Creating UN intranets at the country level can bring UN staff together through collaboration with tools such as a country level UN photo directory, common bulletin board, peer/working group discussions and communities of practice. It can serve as the platform for sharing more structure information such as databases and for implementing e-learning programmes to increase knowledge in Delivering as One.

### III.C. Finance and HACT

#### Progress being made

85. The experiences observed showed that when working together there arise a number of instances where costs need to be shared. Mozambique has arrived at cost sharing solutions for its common ICT. Malawi has found ways of sharing and recovering costs for common services based on the principles provided under the common services guidelines and made relevant as necessary to the country context. Similarly, Viet Nam has used cost sharing arrangements for shared services, in particular arriving at agreement on the sharing of the costs for the planned One UN House.

86. The challenge of finding simple ways of making 'small' funds transfer among agencies without the need of developing MOUs in each instance was noted in one of the offices visited. Since this challenge had already been identified earlier, the UNDG has recently issued guidance making this possible.

87. Common financial modalities like the use of the same bank or the use, where possible, of joint electronic funds transfer (EFTs) for payment, led to securing efficiencies thereby reducing burden and transaction costs (Mozambique).

88. Progress and country level initiatives in implementation of Harmonized Approach to Cash Transfers (HACT) was noted in all three country offices, who consider themselves HACT compliant, though some challenges were noted. The challenge includes the need to ensure systematic and full scale-up of HACT implementation by as many UNCT members as possible. Some replicable commonalities include: making HACT a joint venture between programmes and operations, creating a sense of joint ownership; joint LTAs for assessments and audit leading to cost reduction and time saving; joint identification of capacity gaps, with findings feeding into the UNDAF to allow for resource mobilization; joint spot checks (reduction of burden for government counterparts in line with Paris declaration); committed HACT focal point and strong committed



country team; training of trainers to support training for agencies, government counterparts and other partners; HACT Assurance Plan; and joint assessments of joint Implementing Partners.

### Challenges and Opportunities

89. The Government in Viet Nam has called for direct transfer of funds to the Ministry of Finance by the United Nations. The Ministry would transfer the funds to the relevant national implementing partners. Though raised in the context of one country office, this is an issue relevant for consideration more broadly. While sector budget support has been adopted by a number of agencies as policy, direct budget support would require further review and would need to be seen in light of relevance and risk in individual country offices.

90. HACT has been implemented in the country offices visited, but a number of challenges remain. These include the need for all organizations to expedite HACT implementation and make it more systematic. In particular, issues of joint audit of implementing partners and strengthening the capacity of implementing partners need to be further examined. There is also a need to bring country teams together regionally for learning and further training to address specific issues that have risen as a result of implementation experiences.

91. There is increased workload for specialized agencies vis-à-vis reporting on multi donor trust funds due to the six defined categories of expenditure reporting. As a result of different system limitations, manual manipulation is required to comply particularly for specialized agencies.

92. In the context of cross agency teams working in common services, ERP access poses challenges as it impinges on current accountability frameworks. This could negate potential savings in both financial and human resources and finding more efficient ways of working in teams. Moreover, when agencies are in common premises efficiency gains in finance can be limited if cross-agency agreements are not in place allowing access.

### Recommendations

93. **Harmonize a prioritized set of financial policies and procedures that impact country office operations.** This review should include harmonization of definitions for increased consistency in financial data gathering and reporting. This should also cover the scope of sector budget support channeled through the Finance Ministry, depending on the country context and should allow for removing anticipated future bottlenecks in the area of finance as agencies work more closely together. This work would be a progression from the work that has been undertaken within the UNDG on the harmonization of financial regulations and rules. In addition, the accountability framework in terms of approval of financial transactions needs to be reviewed to allow UN staff to approve financial transactions across systems and not just for their agency when they are working in teams.

94. **Expenditure reporting.** Work in the UNDG and HLCM FB Network on expenditure reporting should be accelerated to arrive at solutions for harmonized financial reporting including for multi donor trust funds.



95. **Strengthen HACT implementation.** HACT implementation has started in the country offices visited but there are some challenges that need to be addressed. Some of these challenges should be addressed through the existing UNDG mechanisms, which need to be strengthened with additional capacity and commitment by all agencies that have currently adopted HACT.

96. **Undertake a global assessment of HACT.** This should be carried out as a result of implementation experiences and to address common issues that have emerged and cannot be resolved within the existing guidelines and framework. That assessment should also look at harmonizing the cash transfer modality which, with the adoption of IPSAS, should allow for further harmonization in the future. The assessment could provide the basis for other UNDG agencies, as relevant, to adopt HACT across all country offices.

### III.D. Procurement and Common Services

97. All three country offices visited have undertaken steps towards joint procurement activities using different approaches and in varying stages of collaboration and integration. A couple of offices, where procurement is a significant activity, have established formal procurement working groups which reported to the Operations Management Team and are tasked to coordinate and organize procurement activities of the UN.

98. Business process reviews have been undertaken in some cases, including comparative analysis of procurement procedures and spend analysis, to determine which business needs should be addressed through collaborative procurement and would result in economies of scale. Streamlined procurement procedures were created with assistance from headquarters though in an ad-hoc and informal manner.

99. All three country offices have conducted joint bidding and contracting for Long Term Arrangements (LTAs) for the most frequently procured supplies and services, and these are made available to all interested UN entities. This eliminated the duplication of work which otherwise each agency would have to perform on its own, targeting the same commodities and suppliers. The different approval limits for contracts and different approval processes (e.g. regional or HQ) was not confirmed as a bottleneck for agencies wishing to place purchase orders against an LTA, though in one of the countries it was indicated that when a common LTA is not being used the different approval limits and time taken to secure the approvals can in some instances cause delays in programme delivery.

100. In one country, a feasibility analysis for a UN procurement hub has been commissioned to analyze past procurement spending and to develop a One UN procurement plan to identify areas where bulk procurement would improve efficiency and risk management through a common approach. The goal is to set performance benchmarks and quantify efficiency gains for each proposed common/harmonized procurement, and assign procurement to one agency with comparative advantage in this area.

101. The experience of one country of developing Cost Norms has resulted in common (to both UN and EU) pricing guides and benchmarks for professional (interpretation, consultant fees,



translation, project staff, etc.) and operational (transportation) services. These cost norms allowed the office to control costs and facilitate programme delivery.

102. In Viet Nam, the Harmonized Project and Programme Management Guidelines adopted by UNDP, UNICEF and UNFPA, cover the use of the national procurement system in acquisition of supplies which normally had to be processed through the UN procurement system. This approach is consistent with the Paris Declaration on Aid Effectiveness and will eventually lead to reduction in the transactional workload of the UN and, at the same time, support the Government in implementing its own national procurement regulations and rules.

### Challenges and Opportunities

103. Though all the three **country offices** visited have engaged in joint procurement activities, each one has done so on its own and with ad-hoc support from headquarters. There is no virtual forum for knowledge exchange among country offices who are engaged in joint procurement activities, though it is recognized that the solutions for common procurement have only recently been developed and issued as global guidance. Such a forum would represent a valuable tool for country teams to access best practices which can be adapted and facilitate procurement collaboration and integration.

104. A major challenge for a medium-size country programme is represented by the limited resources available to conduct a proper business process and spend analysis, to serve as a basis for a comprehensive business plan. The business plan should determine which elements of common services and procurement would result into high impact programmatic benefits

### Recommendations

105. **Look broadly at common services.** Common services should be looked at broadly, thinking innovatively about which services could be delivered to the UNCT in a common fashion. Beyond basic common services (travel, supplies, cleaning, building maintenance), potential opportunities to leverage joint provisions of services should be analyzed. For example, procurement, human resources (recruiting), ICT, communication and other services could be jointly provided to the UNCT.

106. **Implement Harmonized Procurement Guidelines at the country Level.** The Harmonized UN Procurement Guidelines at country Level, which were established by the UNDG in collaboration with HLCM, are designed to provide country offices with a step by step methodology toward procurement collaboration and integration. It is therefore recommended that the Guidelines are implemented as the default procurement procedure for country offices engaged in common procurement.



107. The HLCM PN and UNHQs should **incorporate the Harmonized UN Procurement Guidelines into the UN Procurement Practitioners Guidelines** and into the mainstream procurement manuals. This will ensure that the Guidelines become the norm for joint procurement at the country level and not just an exception.
108. **Develop cost norms.** Learning lessons from the Viet Nam experience, more generalized guidance should be developed on adopting cost norms in other country offices. This would greatly harmonize the operations of the UN at the country level when working with national partners.
109. **Create a local vendor database.** HLCM-PN should coordinate local vendor database development with HLCM-PN UN Global Marketplace Working Group, to ensure long-term alignment with HQ level initiatives and also avoid country level duplication of efforts.
110. **Set up a knowledge sharing forum / communication platform.** Effective and real-time communication between procurement practitioners in country teams and between agencies on all aspects of common procurement is essential to avoid re-inventing achievements already documented. A virtual common procurement 'community' should be established for building a team spirit and sharing of best practices in harmonized UN procurement at the country level. HLCM / UNDG can work together to develop a communication strategy and enhance existing communication tools to serve the needs of the country teams.
111. **Establish Contracts Review Committees.** All agencies need to be able to accept the outcome of a lead agency procurement process with reference to standard clauses in their respective financial rules & regulations or other relevant internal guidelines. Exception/waiver to the use of formal methods of solicitation when a proposed procurement contract is the result of the procurement decision of another UN organization or requesting another United Nations organization to carry out procurement activities on their behalf could be harmonized with a standard text.
112. **Develop a common services procurement catalogue.** The development of such a catalogue, with expected timelines and prices for various procurement categories (goods and services), as well as host training sessions with the participating agency's requisitioners, would represent a key tool to strengthen collaboration in this area.
113. **Develop a National procurement strategy.** A programme procurement strategy could be developed as part of the next UNDAF, identifying a few specific areas for this initiative and articulating which essential commodities could be 'targeted'. A process similar to 'HACT' was suggested, where national procurement assessment methodologies /partners would be required, as well as a process of standardized reporting and spot checks of verification. The HPPMG experience would be a valuable input into this.
114. **Use existing Long-Term Agreements as much as possible.** While the possibility of use of long-term agreements of one agency by another has existed for a long time, existing LTAs need to be used and, only on an exception basis, should agencies be allowed to enter separate LTAs or purchase outside the LTA when an LTA already exists.



### III.E. Common Premises

#### Progress being made

115. In a majority of UN locations there are numerous examples of bilateral and tripartite synergies being realized as a result of premises sharing. The establishment of common premises – a One UN House – continues to be pursued with great expectations. While fifty nine UN Houses have been established, no new initiatives have been successfully completed since 2004. The different country office initiatives for the development of a One UN House reviewed in Mozambique, Malawi and Viet Nam represent varying approaches and levels of completion. The mission noted the considerable enthusiasm of the UNCTs to be in common premises for increased coordination and coherence and the desire of national Governments to provide land for construction. However, in all countries financing for common premises is extremely challenging.

116. While the UNDG is working on using Public Private Partnerships for construction of new common premises on land offered by the Government, the mission noted efforts already underway in Malawi in this direction. When developed, it would have all the critical elements to introduce a Public Private Partnership, including Host Government offer of land parcel, a Government related Provident Fund available as a source of funding and offers of build-to-suit development from Government entities.

117. The detailed, analytical and comprehensive feasibility study commissioned by the RC and UNCT in Mozambique provides a template for other country offices considering a common premises initiative. Multiple land options have been offered by the host Government although suitability and final selection are yet to be determined.

118. The Green One UN House in Viet Nam continues to move forward. The “House” reflects the Government’s and the UN’s commitment to promoting green eco-friendly sustainable design. The eventual facility will not only house the combined UN agencies, the co-location initiative will act as an enabler of coherent and unified programmatic delivery. The building, which will pioneer a unique functional design, will also act as a Programmatic showcase of UN efforts into environmental sustainability on a global level. Tripartite cooperation between Host Government, Donor Countries and the UN has successfully addressed funding requirements. It is expected that the Green One UN House will be operational by 2012.

#### Challenges and Opportunities

119. The lack of identifiable funding resources within the UN system for common premises initiatives remains an important challenge.

120. Host Governments are deviating with greater frequency from basic agreements required for providing suitable facilities. Instead, land donation increases complexity for costly development projects, for which UN agencies have not been mandated.

121. The recent financial crisis and ensuing inflationary trends create a volatile environment and major risks for significant project development.



122. Many agencies have favorable rental arrangements with Host Governments (free or subsidized rents). However, despite such favourable agreements for some agencies, the business case for the UN House needs to take account of the programmatic and other benefits of coherence in the long term.

123. Programme countries have a limited market of appropriate real estate inventory that offer for sizeable and MOSS compliant options. Enhanced security requirements add to the costs of MOSS compliant common premises and at the same time limit the acceptable options available to a UNCT.

124. The Viet Nam model of common premises entails looking at alternative ways of clustering in inter-agency teams for a more efficient way of working. This will likely pose very specific challenges in the area of human resources and staff management. Advance preparation will be needed for a smooth transition to the alternative working modalities.

## Recommendations

125. **Host country obligation to provide appropriate premises.** Host Governments should be advised of their obligation to facilitate appropriate premises instead of land offers that lead to costly development projects. Given the complexity of developing common premises, agencies need to evaluate alternative common local solutions and weigh the options.

126. **Formally establish a Public Private Partnership (PPP) task force which should look at all options for financing common premises.** A Task Force to investigate the complex and least favourable option of common premises development should be established under the auspices of DOCO. This team would require the active participation and inputs from the following disciplines: Legal, Financial, Procurement and Ethics, Security and Technical (TTCP). The team would be responsible for determining the viability of this modality within the United Nations' framework of rules and regulations. If a PPP modality is to be viable, UN agencies must be willing to commit to long term lease arrangements (10 – 15 years).

127. **Obtain security clearance before accepting land for common premises.** Security clearance and a business case are needed before accepting land or buildings for common premises, taking into account longer-term changes (security and programme size/presence).

128. **Lead entity in UN to assume project development and ownership responsibility.** UNDG should identify which legal entity within the UN system to assume lead in project development and ownership.

129. **Common premises and working in teams.** There are alternative ways of working in teams and clustering staff (i.e. around themes) in common premises. This also raises a number of behavior change challenges. The issues that are likely to arise in this context should be identified by the country teams early in the process and support from headquarters and regional level should be sought to arrive at solutions.



## Annex I

### Addressing country-level bottlenecks in business practices Terms of Reference for a High Level UNDG-HLCM mission

#### Context and objectives

1. The Triennial Comprehensive Policy Reviews, the intergovernmental System-wide Coherence dialogue and 'Delivering as One' programme pilot countries have all highlighted the imperative for the UN system to harmonize and simplify business practices at the country level. Towards this end the HLCM through its '[Plan of Action for the Harmonization of Business Practices in the United Nations System](#)' and the UNDG have identified and are working on a number of priority areas.
2. Helen Clark, Chair of UNDG and Josette Sheeran, Chair of HLCM have agreed that a High Level HLCM-UNDG mission at the level of ASGs would be organized in 2010 to some of the programme pilot countries with a view to gaining a more in-depth knowledge of the priority bottlenecks in business practices through a dialogue with the governments, UN Country Teams and Operations Management Teams (OMTs). The mission would gain first-hand knowledge of the nature of the bottlenecks, their consequences for the UN to perform more efficiently and effectively and learn what solutions UN Country Teams and OMTs may have to address them at the country level and what efforts would be required at the global level. The mission would report to the Chairs of the UNDG and HLCM.
3. The purpose of this mission is to build on a number of simplification and harmonization initiatives in business practice that have already been driven by the pilot and other countries through the UNDG and HLCM and which have already been made available for global use. The mission would look specifically at a number of critical areas where countries believe further efforts in this direction are essential to lift impediments to the operational effectiveness of the UN system on the ground. The mission responds to the continuing calls from member states both in the context of the TCPR and the SWC discussions and resolutions for further simplification and harmonization of business practice, including those which will make a tangible difference to the UNs ability to deliver in countries. It builds on the ongoing efforts of the UNDG and HLCM to work together to bring those innovations at the country level to scale globally.
4. This mission would specifically focus on the experience coming out of the Delivering as One pilots and on the solutions that are being developed locally, with a view to finding fast track, system-wide solutions and at the same time identifying the further country-level bottlenecks.. This approach would ensure the alignment of country level operations with the strategic directions and priorities pursued at the policy level. It would further ensure that the needs of country operations are one of the cornerstones for harmonization of the business practices at the global level.



5. While there are a number of areas where improvements have been made such as in common services, common procurement and information and communication systems, programme country governments and the UN country teams have called for acceleration of progress and a more holistic approach to simplification and harmonization of business practices. Most recently the Kigali Outcome Statement notes a number of areas where further progress is being called for. These are:

- The UN system should operationally deliver as one.
- Greater use of and strengthen of national implementation systems and practices especially in the areas of procurement and financial management.
- While noting the distinct specificity of each country recognize the importance of and accelerate the push towards 'One UN House' as a means not only to reduce transaction costs and to ensure greater synergies among UN teams.
- Further simplification and harmonization of financial and administrative rules and regulations as well as human resource policies that would allow for more flexibility in countries and better alignment with national systems.

### **Specific objectives**

6. Meeting with the UNCTs, Operations Management Teams (OMTs), government counterparts and donors in the country, the mission will specifically explore the following aspects in the context of greater simplification and harmonization:

➤ *Procurement and common services.*

While the UNDG and HLCM have developed guidance on:

- common procurement including the setting up of common procurement teams in countries with a strong recommendation for the use of long term agreements entered into by partner agencies

The mission would explore:

1. The extent to which these solutions would actually improve harmonization of these business practices in the country and the benefits that could accrue;
2. The mechanisms by which these guidelines can be implemented in the countries; and
3. Harmonization at the country level of approval limits for contracts.
4. Use of UN wide Contracts Committees
5. Greater use of Long Term Agreements (LTAs) amongst the agencies to expedite the procurement while ensuring best value for money using a transparent, competitive and open process.



6. Additional possible areas for common services like vehicle maintenance, fleet of cars, travel agencies etc.

➤ *Information communication technology (ICT)*

The UNDG and HLCM have developed guidance on 'Delivering as One' in ICT, putting in place 'common' ICT systems, including the modalities in place to recover costs and maintain services, and a plan for implementation. The mission would explore the approach to the operationalization of this plan in all the countries and what would be the critical requirements and paths for achieving greater simplification and harmonization in ICT and the possible related costs and benefits.

➤ *Human resources*

This is a critically important area for harmonization. While Vietnam is experimenting with a One UN Communication Team (comprising of UNDP, UNFPA and UNICEF) there are a number of issues to be further explored:

1. Harmonization of grades of staff doing the same work, in particular when they are working in teams or clusters at country level. Related issue is common job descriptions and common job classification systems;
2. Internal vacancies to be open to staff of other agencies at the country level;
3. Common performance appraisal systems.

In exploring these issues, the mission should take into account the work of the consultant hired by the HLCM HR network to look at issues related to the harmonization of HR business practices at field level, including staff regulations and rules and inter-agency mobility.

➤ *Finance*

The Comptrollers of the UN, UNDP, UNFPA, UNICEF and WFP have been working on harmonization of financial regulations and rules. However, it is in the area of financial policies and procedures that there are considerable bottlenecks. The mission would explore the critical bottlenecks and approaches could be used to address them more systemically. Some issues to be explored are:

1. Planning and reporting of expenditures in accordance with national budgetary cycles without the need of simultaneous reporting along the UN's financial period;
2. Country limits on the approval requirements for financial commitments by the various UN organizations;
3. Financial reporting requirements and scope for simplification and harmonization;
4. Reduction of the transaction costs.



➤ *Common premises*

A number of pilot and other countries are exploring the possibility of being in common premises. In some cases, UNCTs have accepted land from the government and are under pressure to construct new building. Some issues to explore:

1. Financial constraints in constructing new buildings and alternatives such as public-private partnerships and how could these work;
2. Limitations imposed by no one agency having the mandate or capacity to undertake 'greenfield' projects with UNDP having withdrawn from this area;
3. Technical capacity for 'greenfield projects'
4. Extensive time taken for legal clearances from HQs
5. The scope for Public Private Partnerships in building new or renovating common premises.

➤ *Legal issues*

Obtaining legal clearances from the individual agencies where these are required can take up an inordinate time. Fast track solutions need to be explored for countries.

➤ *Holistic approach to harmonization of business practices*

While efforts are underway to find dedicated solutions for specific areas for harmonization of business practices, there may be a case for a more holistic approach with an implementation mechanism that is more broadly based. The Kigali meeting has called for the UN to operationally deliver as one. The mission would explore:

1. The manner in which UN at the country level could operationally deliver as one – What would this mean and what would be needed to do so?
2. An integrated approach to programmes and operations that would enable long-term strategic planning in operations for the duration of the UNDAF cycle.
3. Use of national systems for procurement whilst ensuring best value using an open, transparent and competitive procurement process; and
4. Review the way forward in terms of HACT and long term plans for transferring to the use of national capacity development plans (4 year horizon) and other UN agencies adopting HACT.

## **Mission composition**

The mission would be led by the Chair of the Advisory Group of the UNDG and the Vice-chair of HLCM. It would include other senior member in the technical areas drawn from both the HLCM and UNDG Task Teams to dialogue with countries and further advise the mission. In particular the



technical experts would cover areas of procurement, ICT, finance, human resources and common premises. DOCO Associate Director covering country office business operations, funding and finance and the Secretary of HLCM would also be members of the mission. The countries to be visited are: Albania, Mozambique and Vietnam among the DAO programme pilot countries and Malawi as the one non-pilot country.

### **Mission timing**

The mission would be undertaken during the months of March and April 2010.

*Revised 18 February 2010*



## Annex II

### Mission Members

| Name of Mission Member | Designation   | Functional area                               |
|------------------------|---|---|
| Jan Beagle             | Deputy Executive Director, UNAIDS & Vice Chair HLCM   | Co-Lead                                       |
| Mari Simonen           | Deputy Executive Director, UNFPA & Chair of UNDG Advisory Group   | Co-Lead                                       |
| Ali Al-Za'tari**       | Deputy Assistant Administrator & Deputy Director, Bureau of Management, UNDP  | Management                                    |
| Jerry Chomanczuk       | Deputy Director, Administrative Management Section, Division of Finance & Administrative Management, UNICEF & Chair UNDG Task Team on Common Premises | Common Premises                               |
| Ann Hasselbalch*       | Chief, Financial Management and Administration, Procurement Division, UNICEF Copenhagen & Chair Procurement Network Sub-Committee on Harmonization    | Procurement                                   |
| Remo Lalli             | Secretary, HLCM   | CEB Secretariat                               |
| Georgette Miller       | Senior Adviser, Human Resources Network, CEB Secretariat  | Human Resources                               |
| Ashok Nigam            | Associate Director  | UN Development Operations Coordination Office |
| Joselito Nuguid**      | Deputy Director, Supply Division, UNICEF Copenhagen & HLCM Procurement Network  | Procurement                                   |
| Ira Ovesen*            | Junior Programme Office, UNDP   | Finance, Mission Support                      |
| Elena Pirondini**      | Special Assistant to the Deputy Executive Director, UNFPA   | Mission support                               |
| Darshak Shah*          | Deputy Assistant Administrator, Deputy Director, Bureau of Management, Chief Finance Officer, UNDP & Chair UNDG Fiduciary Management Oversight Group  | Finance                                       |
| Florence Sykes**       | Chief, Planning & Policy Branch, Division for Human Resources, UNFPA  | Human Resources                               |
| Raul Thomas**          | Director of Finance & Administration, Eastern Mediterranean Office, WHO-EMRO Cairo  | Finance                                       |
| Edgardo Yu             | Chief, IT Policy, Strategy and Architecture (ODIP), Information Technology Division, WFP & Previous Chair of UNDG ICT Task Team                       | Information Communication Technology          |

\*Mozambique & Malawi mission only

\*\*Vietnam mission only



## Annex III — Mission Report Albania

### General Findings

1. The joint UNDG-HLCM high-level mission completed its fourth and last planned visit in Tirana, Albania, on 7-9 July 2010. This visit provided the opportunity to complement the information gathered in the previous visit with an analysis of the progress and achievements as well as of the challenges encountered in the implementation of the Delivering as One approach in the specific context of a middle income country with relatively small UNCT/UN presence.
2. The mission was co-led by Mari Simonen, Deputy Executive Director, UNFPA and Chair of the UNDG Advisory Group, and by Jan Beagle, Deputy Executive Director, UNAIDS and Vice-Chair of the CEB High Level Committee on Management (HLCM), and was supported by the Associate Director of UNDOCO and by the Secretary of HLCM. Advance input and guidance was provided in preparation for the visit to Albania by the high level experts from different operational functions that had participated in the previous visits, in representation of HLCM and UNDG inter-agency technical bodies.
3. This addendum mirrors the structure of the main report in synthesizing the information that the mission received through presentations and discussions within its stay in the country, and outlining the key observations on **progress being made** in a small middle-income country context and on the **challenges** and **opportunities** that can be addressed with either local, regional or headquarters support. The addendum also contains a number of **actionable recommendations** towards improved and more coherent management of the UN system organizations' operations at the country level. Such recommendations should be read in conjunction with those already outlined in the main report, which are not repeated here although their relevance and applicability is general and valid across the different local environments.
4. The general patterns in the implementation of the Delivering as One approach observed by the mission in the course of its previous visits, both in terms of key success factors as well as challenges towards business practices harmonization, were mostly confirmed in the context of a middle income country with relatively small UNCT/UN presence.
5. Among the already highlighted success factors, the critical role of the Resident Coordinator and the Agency representatives in driving the implementation of this new programmatic and operational modality; the spirit of initiative by the Operations Management Team in developing innovations within existing regulatory and delegation-of-authority frameworks; the importance of conducting structured business-process and cost-benefit analysis for the identification of harmonized and/or common services solutions that make business sense; and, the recognition, commonality of intent and momentum generated by the Delivering as One approach in the integrated, multi-stakeholder context where its implementation take place: UN development agencies, donors and Government.



6. Among the challenges re-confirmed by this mission, the limited awareness, understanding and acceptance at the Regional and Headquarters levels of member organizations of the inter-agency guidance already developed and agreed on many operational subjects; the “add-on” nature of UNCT and OMT work related to business practices harmonization vis-à-vis regular work, with still limited or only informal recognition; and, the limited integration of programmes and operations.

### Progress being made

7. The visit to Albania also highlighted a number of country-specific examples of successful approaches and initiatives which flag several aspects of the Delivering as One experience in Albania as replicable models for other countries. Such findings are consistent with the recently completed country-led evaluation.
8. Notable achievements have been obtained on harmonization and common services solutions across all management functions. Although in most cases such results have not been adequately publicized or simply shared with the broader community of DaO countries, tangible results were obtained through: 1) the use of a dedicated change management expertise in support of OMT functions, and 2) a structured approach within the OMT with task leaders and functional sub-teams “informally” but actively supported by almost the entire operational staff of UNCT member organizations.
9. The merits of consistent use by the OMT of a business case approach to harmonization of operations and adoption/recommendation of common services, with strong cost-benefit analysis, development of alternative scenarios and accurate measurements was found to be validated by the Albania experience.
10. The importance of leadership by agency representatives and in general substantive staff in the UNCT has validated the earlier observation that a good level of understanding and appreciation of the operational aspects (positive issues as well as challenges and bottlenecks) of the Delivering as One approach, is a significant contributory factor for progress in this area and well as contributing to the resolution of problems.
11. The importance of a strong tripartite partnership between Government, donors, and the UN development agencies was also validated. It is found that the able direction of the Resident Coordinator, provides an environment where Delivering as One programming and operational modalities are valued as the model to pursue, with each partner actively contributing to it on its part.
12. In the area of common premises, Albania has also shown a key achievement in the near-finalization of the One UN House, with the unanimous signature of a letter of intent, supported by a strong business and financial case, with very limited financial burden and respect of all most important criteria (quality, security, seismic, location and - potentially – environment).



## Challenges

13. In addition to the issues that are common to the experience of the other countries visited by the mission, some challenges emerged as specifically relevant to a middle income country with relatively small UNCT/UN presence. Among these, UNCT members indicated a persisting inconsistency in the interpretation and use of key programming documents such as the Country Programme Action Plan (CPAP) or equivalent and the Annual Work Plan (AWP), i.e. (i) as work plans for the Government, into which the UN agency provide inputs; or, (ii) as the UN agencies' own work plans. Different interpretations reflect the still ongoing debate on National Execution (NEX) vs. Direct Execution (DEX) vs. Cash Transfers to Government, and have considerable impact on the homogeneity of delivering models and accountability frameworks.
14. The mission also noted perceptions within the UN Country Team that the quest for harmonized approaches may have driven to too much focus on agencies' internal coordination at the expense of strengthening national and government ownership and capacity. Although this perception was not confirmed by the Government, the risk for such an unbalance could be monitored to avoid its actual emergence.
15. While recorded as a key achievement, the One UN House poses the risk of a temporary inertia with the deferral of opportunities for efficiencies and for better services until actual finalization of the One UN House. In this respect, business processes harmonization can be pursued in parallel to the One UN House, or at least plans for alternative scenarios should be developed.

## Recommendations

16. Following the outline of the key observations in terms of progress being made by the Albania UNCT, and of the challenges that can be addressed with either local or headquarters support, this section provides a selection of the country-specific, actionable recommendations in the quest for a more effective operational support to programmatic delivery in the context of a middle income country with relatively small UNCT/UN presence, such as Albania.
17. **Champion the improvement and harmonization of business practices and show linkages with programmatic effectiveness, through the development of an operational component integrated in the programmatic one in the next UNDAF.** In connection with this, the next UNDAF cycle should undertake a discussion of the UN role in middle income countries and pre-accession countries on how to strengthen government ownership/leadership. Also, the next UNDAF cycle should address the issue of Direct vs. National Execution (DEX vs. NEX), also considering the role and number of Programme Implementation Units, the usage of alternative models such as the one



adopted by UNICEF, and following any guidance on this issue as emerging from a discussion to be undertaken at the global level through UNDG.

18. **Accelerate the shift to joint programming and within that joint programmes where relevant.** This includes a shift from project based to programme based approaches, from UN to national programmes, from fragmented delivery of individual programmes by many agencies to lead-agency models, therefore reducing transaction costs for the UN and for national partners. This process should be accompanied by a shift from UN results based management to RBM within the national programmes, pursuing increased efficiency in programme monitoring and reporting. Such a shift is particularly important in a small country situation where the relative contribution of individual UN agencies is small. Governments would like to see the possibility of funds being pooled with one UN agency as the implementing partner, thereby reducing transaction costs and increasing efficiency.
19. **Ensure replacement and continuation of dedicated change management professional expertise in support of OMT.** Following the recommendation from the countries visited earlier and observed in a small country as well, it was suggested that DOCO should develop a funding proposal for donors for support to countries on change management in-country capacity for limited periods of time in each country against a defined set of deliverables.
20. **Pursue UNDG discussions for the preparation of a One Annual Report for further coherence in reporting and reduction of transaction costs. With the acceptance of the just adopted General Assembly resolution on System-wide Coherence, with respect to Common Country Programmes (CCP)** it may be easier to arrive at an acceptable approach for the One Annual Report. Further guidance may need to be developed by the UNDG on this matter.
21. With the agreement on the Common Country Programme, **UNDG to explore whether a joint UNCT annual work plan (AWP) for the Common Country Programme can be developed**, showing the work plan of individual agencies as aligned to the CCP.
22. **Fast track approval of the funding required for the One UN House in Albania.** The mission felt that with relatively small contribution required for the One UN House in Albania, urgency to take up the government offer of an existing building and the strong business case, accelerated efforts should be made to find the resources within the agencies. In this respect, the approach to cost sharing could be further reviewed in light of an analysis of the pay-back period for all agencies, according to their anticipated length of presence in the country. It was felt that given the relatively small amount of funding required in Albania and the positive business case that has been presented, agencies at HQs level should fast track approval of the funding.
23. **Regional Offices in this Region to reflect/plan how to disseminate Albania experience as Delivering as One more widely in the Region**, especially on



harmonized business practices. In this context, explore the possibility for OMTs in the Region to develop means to collaborate and exchange lessons.

24. In the context of a middle income country with relatively small UNCT/UN presence, **the scope for a single agency having signing authority across all agencies with staff trained in the different agency systems needs to be explored.** Such authority coupled with the agreement on small funds transfers across agencies can provide efficiencies in the handling of small sums of programmatic resources in such contexts. Such models are functioning in some other middle-income countries, the experiences from which should be shared.
25. **UNDG to develop/design network for communication of agreed guidance.** The objective is that the guidance already available should become more widely known at the country level. Country offices should also know where to find inter-agency technical resources for support in the implementation of guidance, if needed.
26. **UNDG to examine further the scope for designing generic agreements for small funds transfers or ‘fee for service’ to non-UNDG international agencies such as the World Bank.** Further explore the scope for development of agreement with the World Bank for their participation in MDTFs for use in development situations.
27. **UNDG to ‘package’ the relevant guidance on harmonized business practices** specific to the contexts and the requirements of ‘middle income countries with relatively small UNCT/UN presence’.

## Progress, Challenges and Recommendations for the Different Functional Areas of Business Operations

28. **Progress** in the development of innovative solutions for the delivery of coordinated and sometimes joint operational support to programmatic activities by UNCTs was remarkable across all different functional areas, with some highlights in the area of **Procurement**.
29. **A Local Procurement Authentication Committee (LPAC)** has been established, and several areas have been identified for the scope of common services, to examine potential for cost savings from collective negotiations and joint procurements, through Long Term Agreements. As of March 2010, **LTAs had been concluded in nine areas:** (i) communications, (ii) travel services, (iii) interpretation, (iv) translation, (v) fuel consumption and (vi) event management, (vii) MRDC, (viii) Security, and (ix) Pouch. Steps toward common banking have progressed to the prequalification stage.
30. In a combined effort to address coordination needs in the area of Human Resources, important progress has been made in the **establishment of Cost Norms** (Local salary scales, Service Contracts, Local Consultants, Translators).



31. **Inter-Agency recruitment panels** have been established for Joint Programmes and agency positions with UN system profiles, with many project positions being advertised internally among UN agencies present in the country. **All vacancies are advertised on the One UN Website**, an important achievement in the area of **ICT**, which is fully functional and has a potential for broader use as the DoA communication platform.
32. A **Business Continuity Plan** has been developed, which includes UN agency arrangements in the data back-up solutions. **A team of IT specialists provides support** to any UN agency in need.
33. Several **Challenges** also remain across all functional areas, for which the mission has offered some **Recommendations**, with a view to broadening their applicability to other country offices.

### Procurement

34. The issue of **procurement thresholds** continues to emerge, requiring UNDG/HLCM to clarify constraints in harmonizing approval limits and to possibly suggest procedural solutions, such as accelerated approval by agencies regardless of the different limits. Still in this area, the experience of UNCT Albania in the **use of national procurement systems**, including in fully electronic procurement systems, could be usefully shared for the benefit of other country teams.
35. In the absence of the scope for harmonizing procurement limits across agencies given their varying size of operations in the country, **indicators should be developed and monitored at the country level on the response time for regional/ headquarter offices providing approval** where this is required.

### Financial Management

36. **Financial reporting within the expense categories agreed upon for MDTFs** also remains an issue raised by the UNCT as requiring considerable manual work and still resulting in inconsistent reporting among different agencies. HLCM/UNDG should consider the opportunity of finding solutions in advance of IPSAS implementation across the UN system, possibly within the already established FB Network Working Group on Financial Reporting. As the first step the Working Group will review and attempt to improve the mapping of expenditure codes used by all organizations.
37. **The agreement and template for small funds transfers should be finalized** by UNDG and made available to all country teams. Concurrently, the availability and/or development of agreements for small funds transfer between the UN and other partners such as IOM and World Bank should be explored.



## ICT

38. In the context of common services, an operational solution would be required for **access to different ERP systems by staff of one agency**, allowing for an efficient division of labour within joint teams. This poses particular problems with “approval” functions in financial processes, but procedural solutions with ad-hoc agreements for delegation of authority should be within reach. The experience of Bulgaria in this area could represent a useful model for use across other country offices.
39. To build on the efforts to broaden the communication platform already available to the UNCT through the One UN website, HLCM should **assess the implementation status of the UN System Common Directory** and develop and assess possible funding plan to complete its implementation across the UN system.

## Human Resources

40. In the area of Human Resources, all the challenges identified by the Albania UNCT/OMT are in line with issues already highlighted by other Pilots during previous missions. Among these: different grading and job descriptions for similar functions, persistent use of service contracts for staff functions, differences in performance appraisal systems, etc.
41. The HLCM HR Network is currently undertaking a: *“Review of the contractual arrangements pertaining to the field workforce as well as a review of staff rules and regulations, policies and practices in relation to issues arising from the Delivering as One Pilot Projects”*. The preliminary conclusions of this review will be presented at the upcoming HR Network meeting in late July, with a view to develop actionable recommendations for HLCM.
42. The mission also encouraged the UNCT and OMT to identify issues that could be resolved locally, without intervention from the regional and/or headquarters levels. This could result in a significant improvement in the day-to-day work and personal lives of the staff.

