



General Assembly

Distr.: General
27 March 2019
Original: English

Seventy-fourth session

Items 23 (a) and 143 of the preliminary list*

Operational activities for development: operational activities for development of the United Nations system

Joint Inspection Unit

Opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled “Opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation” ([JIU/REP/2018/5](#)).

* [A/74/50](#).



Summary

In its report entitled “Opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation” (JIU/REP/2018/5), the Joint Inspection Unit reviewed how organizations with active field operations estimated the scale of resources devoted to the delivery of administrative support services in general and at the country level, drew lessons from past experience that should inform future arrangements and assessed the interplay between administrative support service arrangements at the country and global levels.

The present note reflects the views of organizations of the United Nations system on the recommendations provided in the report. The views have been consolidated on the basis of inputs provided by member organizations of the United Nations System Chief Executives Board for Coordination, which welcomed the report and supported many of its conclusions.

I. Introduction

1. In its report entitled “Opportunities to improve efficiency and effectiveness in administrative support services by enhancing inter-agency cooperation” (A/74/71)¹, the Joint Inspection Unit focused on reviewing the cost efficiency of administrative support functions of organizations with a country-level presence.

II. General comments

2. The organizations of the United Nations system broadly welcome the report of the Joint Inspection Unit and its findings and note that the report has the right tone and focus, emphasizing that inter-agency cooperation should be aimed not only at efficiency gains, but also at improving the quality of service providers so as to encourage the utilization of common services, and that timely guidance is provided in the report with regard to the system-wide reform efforts, as are a number of relevant recommendations.

3. The Joint Inspection Unit, in its report, rightly recognizes the complexity and multifaceted structure of the United Nations system, and that operational requirements vary significantly between knowledge-based organizations and those that are focused more on programme administration and humanitarian assistance.

4. The organizations appreciate the Inspector’s realistic perspective on the challenges relating to common service delivery models, whether local or global in nature. They commend the attempt to offer, in the report, an evaluation of potential efficiency gains and the measures required for their achievement, drawing on experience gained and the analysis of information gathered during the review. The organizations note, however, a gap in the investment requirements to deliver those gains.

5. The organizations further appreciate the emphasis placed by the Inspector on the complexity and time required to address and overcome the challenges of advancing common business operations. They also welcome the assessment made of the limited results achieved through business operations strategies and the subsequent recommendation to identify a default country-level service provider that has an appropriate governance structure and customer satisfaction measures to ensure service quality and input by users regarding service provision.

6. The organizations suggest revisiting the ambitious time frames of the proposed recommendations, in order to align them with those contained in the report of the Secretary-General on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (A/73/63-E/2018/8) and the work being undertaken on planning the implementation of United Nations development system reform, specifically by the Business Innovations Group of the United Nations Sustainable Development Group (see recommendations 4, 5 and 9). They also suggest giving consideration to indicating a suggested sequencing of the recommendations so as to avoid making too many significant changes at once, which might undermine the whole. In addition, the organizations note that all the recommendations that touch upon the work of the Business Innovations Group, namely recommendations 1, 3, 4, 5, 6, 9 and 10, should be coordinated to avoid parallel workstreams and duplicate work.

¹ The report of the Joint Inspection Unit is available under the symbol [JIU/REP/2018/5](#).

7. Some organizations note that the integration of services can only be realized at the lower administrative level if there is a common approach at the higher policy level, and that experience has shown that previous common approaches have not always been cheaper or more efficient compared with prior, existing processes. They therefore stressed the need for a comprehensive business case to drive any decision in this regard.

8. The organizations further concur with the Inspector's recognition that solutions cannot be developed solely with a local focus, nor be isolated from adequate corporate frameworks, and that such solutions may involve a large number of alternative arrangements that vary from country to country. In this regard, they note that the report could have further emphasized the high risk of operational fragmentation arising from the engagement of multiple service providers for different countries and the burden this may represent, in particular on small or medium-sized organizations, as they would need to invest in building capacity and managing fragmentation.

9. The smaller organizations underscore that the report could have better emphasized the following: (a) the risks associated with the inability to outsource all location-dependent services; (b) the importance of donor communications, in particular to manage their expectations regarding levels of cost savings that may not be significant or achievable; (c) the need for investment up front to achieve cost savings; and (d) the importance of fair, transparent, impartial and measurable customer and supplier contractual relationships.

10. The organizations further note that more granular data disaggregation would have allowed for a finer analysis in terms of the following:

(a) Services, including in relation to the definition contained in annex I to [JIU/REP/2018/5](#): at the moment, all services are considered equal, although some are transactional in nature and usually subject to the volume scale effect with a different skill set, compared with those that require more technical expertise or experience, for which a centre of expertise or excellence may be better suited;

(b) Type of environment (i.e. peacekeeping, humanitarian or development), as needs may be different in terms of the administrative services required;

(c) Geographic coverage (do all the organizations mentioned cover all countries or are there differences?) in terms of the type or level of personnel or services, to determine which skill set is needed where and what impact it would have on the existing local workforce and the transition to a new model.

11. The organizations observe that administrative services are not an end in themselves, but that they should support and enable the achievement of programmatic objectives and results, while the report's emphasis on efficiency and savings weakens the correlation between programmatic and support needs and the impact of the proposed recommendations.

12. Some of the organizations note that the linkage to assurance activities, namely the external and internal audit of each United Nations organization, should be better stressed, as any change in the delivery of administrative services will have implications for risk management and internal controls.

13. Lastly, the organizations note that the assumptions that form the basis on which the figures detailing savings were calculated for the report are not fully articulated, making a review of their reasonableness impossible.

III. Comments on specific recommendations

Recommendation 1

Executive heads, in coordination with the Chair of the United Nations Sustainable Development Group and with a view to a coherent system-wide approach, should, by the end of 2020, enhance existing systems or implement new ones to accurately identify resources devoted to administrative support services, irrespective of funding source or cost classification, and set out how efficiency should be defined and assessed.

14. The organizations support recommendation 1. This work has been initiated, in collaboration with the Business Innovations Group of the United Nations Sustainable Development Group, co-chaired by the World Food Programme (WFP) and the Office of the United Nations High Commissioner for Refugees (UNHCR), following the adoption of General Assembly resolution [72/279](#). The progress made in this effort will be presented to the Economic and Social Council at its operational activities segment in 2019.

15. The organizations underline the importance of aligning the timeline with the work of the Business Innovations Group, the revised data analysis being undertaken on the cost of back office functions and the mechanisms that will be developed to measure efficiency savings. Some organizations note that the proposed approach will need to be tested and piloted to ensure that it is appropriate for organizations that have different systems and cost structures.

16. The organizations note that the goal should be clarified up front to avoid the risk of collecting data without a purpose. The organizations caution, however, that a single measure of efficiency would be inappropriate, as different business models and mandates could give rise to different benchmarks.

Recommendation 2

The legislative bodies should request executive heads to develop performance indicators and targets to drive improvements in the delivery of administrative support services, and to post performance publicly.

17. The organizations note that recommendation 2 is addressed to legislative bodies, although a few of the organizations note that, given their governance structure, it would have been more appropriate to address it to their executive heads.

18. They further note that increasing transparency and accountability through the use of data analytics to monitor operational performance against key performance indicators, is a key part of both the United Nations development system repositioning process and the management pillar of the Secretary-General's reforms.

19. While several organizations already make this information available to their governing bodies, including through the International Aid Transparency Initiative web portal, United Nations system agencies would need to agree on performance indicators and targets, as well as on a harmonized measurement of performance, before making such information publicly available.

20. The organizations emphasize that these efforts do not just address the issue of savings, but, rather, respond to the need to ultimately ensure the delivery of high-quality services, and that the performance indicators agreed on will therefore need to track improvements in quality as well as efficiency gains, which, in turn, do not only involve monetary savings. Investment required up front will also have to be taken into account. The organizations also note that performance indicators will need to vary among functional areas, in order to ensure their relevance, and be aligned with

the time frames of United Nations reform and the work of the Business Innovations Group before being posted.

21. The system-wide efforts currently led by the Secretary-General in cooperation with the United Nations Sustainable Development Group, could help to inform related action by the legislative bodies.

Recommendation 3

The General Assembly should, at its seventy-third session, request the executive heads of the United Nations funds and programmes and invite executive heads of other field-based organizations to test the joint office model more widely, taking account of the previous target of 20 countries and drawing on the lessons learned from the Cabo Verde experience.

22. The organizations note that recommendation 3 is addressed to the General Assembly and welcome the Assembly's support and oversight regarding the full implementation of the related mandates in resolution [72/279](#).

23. The organizations observe that the lessons learned from Cabo Verde may be too narrow and may not be relevant to the entirety of the United Nations system or to the wide variety of country contexts that exists, owing to the small scale of Cabo Verde. In the bottom-up, demand-driven model for the presence of United Nations country teams, the organizations suggest that it would be preferable to allow sufficient flexibility for programme countries and the United Nations system to explore options more widely rather than to provide a new, narrow mandate focusing on only the Cabo Verde model.

24. Some organizations suggest that it may helpful to have the Business Innovations Group recommend a good practice model for roll-out as part of the United Nations development system reform effort. The Group could also act as the mediator and neutral platform for the scoping and key resourcing decisions regarding the model.

25. Some of the organizations underscore that, in order to test the joint office model more widely, it needs to be clearly defined and utilized in relevant contexts, with support services provided by a single entity, which may vary by country. Other organizations observe that the business case for joint offices should be developed as proposed under recommendation 6, with a thorough look at aspects of cost efficiencies, value for money and overall effectiveness before considering whether to proceed.

Recommendation 4

In order to overcome the bureaucratic barriers, the Secretary-General, in consultation with the Chair of the United Nations Sustainable Development Group, should initiate, by the end of 2020, the testing of a model under which a single agency provides hosting services for the others.

26. The organizations agree in part with recommendation 4 and note the lack of specificity as to the nature of the services recommended; for example, are they location-dependent or location-independent? They also question the meaning of "hosting", asking which of the following it refers to: (a) one agency serving as the lead service provider in all countries; (b) a lead agency by country, to be determined by the local context; or (c) common premises hosting.

27. More generally, the organizations note that options for a single-agency model for location-dependent administrative services will be explored as part of the implementation of the Secretary-General's proposals for a new generation of United Nations country teams, provided that they are in accordance with the work of the Business Innovations Group on global shared service centres, are cost-effective and align with their respective technical mandates and the priorities of their governing bodies.
28. Should the global service delivery model be approved by the General Assembly in a timely manner, the Global Shared Service Centres, once stabilized, could also be in a position to support this initiative.
29. In addition, the organizations urge that decisions on the entities' intentions and capabilities to provide services be promptly made and communicated to the organizations that will be receiving the services. In order to foster competition, consideration should be given to external entities as possible alternatives.
30. The organizations caution about the time frame of recommendation 4 and the required alignment with the work undertaken by the Business Innovations Group and note that the recommendation should apply to only the development context and not to the humanitarian context.
31. Lastly, the organizations underscore that the joint office model implies mutual recognition of rules and policies among the participating entities and that challenges remain in that sphere.

Recommendation 5

The Secretary-General should designate, by September 2019, a limited group of executive heads, which would include those of the United Nations Development Programme, the United Nations Population Fund, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund and the World Food Programme, to formulate a proposal for consolidated country-level administrative support arrangements, in accordance with the provisions of General Assembly resolution [72/279](#).

32. The organizations note that this work is already ongoing as part of the implementation of General Assembly resolution [72/279](#). It is being led by the Business Innovations Group, in close consultation with the transition team for the repositioning of the United Nations development system and under the overall guidance of the Deputy Secretary-General. The agencies listed in recommendation 5 are all part of this effort. An update on progress made will be presented to the Economic and Social Council at its operational activities segment in 2019.
33. While noting that the proposed time frame is ambitious, the organizations suggest that small and medium-sized organizations be given the chance to opt in and join the membership of the Business Innovations Group, which originally comprised large organizations, in order to accommodate any new operational business models. Some of the organizations support the idea that the exercise be tested on more standardized services, such as travel management, first. A clearly defined business case, with targeted savings and a post-implementation review of actual savings, should be developed for each initiative.

Recommendation 6

The United Nations Sustainable Development Group should refocus the common business operations of United Nations country teams on a more limited agenda, such as common premises, facility services and procurement. All country teams should be required, by the end of 2020, to put forward a business case on common premises. They should also be required to establish joint long-term agreements and service contracts by the end of 2020.

34. The organizations agree in part with recommendation 6. The Secretary-General's efforts to reposition the United Nations development system include specific targets for common premises and the back office, in terms of numbers and a timeline. Work is proceeding accordingly in the context of the business operations strategy.

35. While the organizations agree with the findings on common premises contained in the report, some of them note that it is not always possible to co-locate at the country level owing to a lack of availability, affordability or security compliance, and, therefore, other working modalities should not be excluded and should be allowed to be considered.

36. The service recipients observe that focusing on a more limited set of services may lead to a significant risk of not achieving expected savings and even of increasing both the administrative costs and the complexity of delivering the services, in addition to managing other service providers in various countries. Thus, from their service recipient perspective, they find it imperative that the pilots cover a full spectrum of services, with an end-to-end process.

37. The specialized agencies, which are often hosted by local authorities in rent-free or subsidized premises, do not find recommendation 6 to be cost-neutral, believe that it might imply additional costs which are currently not planned for and feel that the decision in this sense would possibly have programmatic implications regarding the relationships with the technical ministries.

38. Lastly, some of the organizations note that it would have been preferable if the word "required" in the last sentence had instead read "encouraged".

Recommendation 7

The Secretary-General, in conjunction with other executive heads of entities with field-based programmes, should, by the end of 2020, develop a specific proposal that defines how to apply mutual recognition as a vehicle for capacity consolidation, so as to reduce redundancy and rationalize physical presence.

39. Mutual recognition is an important strategy to enhance efficiency and programme delivery through inter-agency cooperation. To date, a high-level mutual recognition statement has been signed by the International Labour Organization (ILO), the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the United Nations Office for Project Services (UNOPS), the International Organization for Migration (IOM), the International Telecommunication Union (ITU), the World Health Organization (WHO) and the Secretariat, and other entities are being invited to sign on. The implications for operationalizing mutual recognition are currently being assessed and, as such, the timing may need to be revisited.

40. The high-level mutual recognition statement does not yet, however, operationalize mutual recognition, which may require each entity to review the procedural, legal and financial implications thereof and amend related policies and procedures to allow the use of other entities' policies and procedures. Furthermore, concerns were raised by some organizations with regard to creating a monopoly in the event that all entities use the same agreements and/or companies. In some cases, entities may still need to seek the approval of the lead organization, as some contracts are not designed for piggybacking.

Recommendation 8

The Secretary-General should work with the Executive Director of the United Nations Office for Project Services to ensure that the capacities of the Office to provide services are also fully considered in the formulation of administrative support service arrangements.

41. The organizations support recommendation 8 where it is cost effective and provided that UNOPS is able to offer such services at a competitive cost vis-à-vis other suppliers. In this regard, the active contribution of UNOPS to the ongoing discussion and work of the Business Innovations Group is key to determining the nature of its future engagement.

Recommendation 9

The Secretary-General, in consultation with the United Nations System Chief Executives Board for Coordination and the United Nations Sustainable Development Group, should review the inter-agency mechanisms to support cooperation on common business operations to ensure that they provide for the articulation between global and country-level measures, clear priority setting and methods of work conducive to results. The findings and measures taken should be reported to the Economic and Social Council at its 2020 session and to the General Assembly at its seventy-fourth session.

42. This work is already ongoing as part of the implementation of General Assembly resolution [72/279](#). It is being led by the Business Innovations Group in close consultation with the transition team for the repositioning of the United Nations development system and under the overall guidance of the Deputy Secretary-General.

43. Updates on progress made regarding this specific workstream will be presented annually to the Economic and Social Council at its operational activities segment. The organizations support the current arrangements and governance, namely work resulting from consultations within the context of the United Nations Sustainable Development Group and reported to the Economic and Social Council as part of comprehensive reporting on resolution [72/279](#), and do not favour adding complexity that may increase transaction costs and dilute accountability in this important work.

44. Lastly, the organizations underscore that the timing will need to be aligned with the work of the Business Innovations Group following further work on defining an improved business operations strategy, country typologies and the nature of location-dependent, location-independent and blended service.

Recommendation 10

The Secretary-General and the executive heads of organizations that operate global, multifunctional shared services centres or envisage one (the Food and Agriculture Organization of the United Nations, the Secretariat, the United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United

Nations Office for Project Services and the World Health Organization) and of the World Food Programme, as well as other executive heads willing to participate, should, by the end of 2019, constitute a shared services board to develop the business case for and operational design of global shared services.

45. The organizations support recommendation 10. The Secretariat is willing to explore the constitution of a shared services board, noting that progress in this area is contingent on the approval of the global service delivery model for the United Nations.

46. Some organizations favour a consultative arrangement rather than a board and recommend that the entities listed in recommendation 10 develop their offers for cross-United Nations agency service provision, building on the business cases developed within each organization. The Business Innovations Group could then facilitate the review and decision process.

47. Most of the organizations find that the 2019 timeline is not practical.
