



Joint Meeting of the Executive Boards of
UNDP, UNFPA, UNICEF and WFP
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Background document

FINAL DRAFT

Agenda item 3: Harmonization amongst the
UN Funds and Programmes: Business practices

CONTEXT

Simplification and harmonization of business practices in the United Nations system is not a new issue. On the contrary, in 1977 the General Assembly recommended in resolution 32/197 that:

“measures should be taken to achieve maximum uniformity of administrative, financial, budgetary, personnel and planning procedures, including the establishment of a common procurement system, harmonized budget and programme cycles, a unified personnel system, and a common recruitment and training system” pursuing the objective of “optimum efficiency and the reduction of administrative costs with a consequent increase in the proportion of resources available to meet the assistance requirements of recipient countries”.

In 2007, in its resolution 62/208 on the “Triennial comprehensive policy review of operational activities for development of the United Nations system” (TCPR), the UN General Assembly explicitly encouraged:

“...the continuing development of harmonized approaches such as the adoption of the International Public Sector Accounting Standards, the standardization of audit definitions and ratings, and the harmonized approach to cash transfers, calls upon the United Nations funds, programmes and specialized agencies to further harmonize and simplify their business practices, and recognizes the importance of harmonizing human resources management, enterprise resource planning systems, finance, administration, procurement, security, information technology, telecommunications, travel and banking...”.

PROGRESS

Responding to these resolutions, UN agencies’ important achievements included: the establishment of common premises and around 60 UN Houses; the adoption of a Harmonized Approach to Cash Transfers; and a common services programme.

The common services programme resulted in a number of tools, instruments and guidelines, e.g. Operational Guidelines for the Implementation of Common Services, standard MOUs and governance structures for Operational Management teams, which have been developed and introduced. These are all available on the UNDG website in the Common Services section. The programme also included a capacity building programme and led to the implementation of many common administrative services at the country level.

These accomplishments often resulted from work led by UNDP, UNFPA, UNICEF and WFP, then known as the Executive Committee of the wider UNDG. Notwithstanding these achievements, challenges remained. One critical one was the need for stronger links of the common services programme to UN system-wide work on the farther-reaching simplification and harmonization of the procurement, IT, finance and budget, and human resources rules, regulations, policies and procedures under the CEB and HLCM, involving the wider UN system. The potential in terms of increased efficiency and effectiveness of these past initiatives has not been fully realized in part because the initiatives did not include the involvement of the UN system as a whole.

The approach has changed over the last couple of years. While simplification and harmonization of business practices in the UN system are not new initiatives, the urgency and momentum, the scope, and the approach are now new aspects of those initiatives.

Changes in the external environment have increased the demand, in particular at country level from governments and UN country teams, for the UN system to be able to work more seamlessly and effectively with governments and each other. The ‘delivering as one’ pilot countries are some recent examples of such concerted efforts, but in many other programme countries progress has been made on different aspects of the simplification and harmonization agenda. There are calls by member states for UN system organizations to work more efficiently and for efficiencies to materialize as concrete manifestations of working better together. This has generated an environment of urgency and increased momentum.

Through UNDG, the UN system’s focus is on providing support to identification and operationalization of concrete solutions for streamlining, rationalizing, and optimizing the efficiency of the key business processes and practices at the country level, in particular in the delivering as one pilots, and to work with the pilot countries to resolve challenges that confront them.

This important effort is complemented by the system-wide work on business practices. Through HLCM, a plan of action for the harmonization of business practices in the UN system has been developed. This plan was endorsed by all Executive Heads of the UN system, led by the Secretary General himself. The scope is comprehensive and interdisciplinary in nature and includes 19 priority projects identified by the system in the areas of human resources, ICT, finance and budget, and procurement. Notwithstanding that the projects’ contents are focused on functions and processes for which responsibility rests within the purview of Executive Heads or in some cases, the Executive Boards of the Funds and Programmes, the General Assembly was informally briefed on the plan of action. The full implementation of this proposal within the envisioned time-frame requires extra-budgetary funding by Member States, although some preparatory work is being undertaken.

UNDG is now fully integrated into the CEB structure, together with HLCM and HLCP, and the secretariats of HLCM, HLCP and UNDG are working closely to coordinate interlinked work plans. In the area of business practices, UNDG is focusing on resolving specific issues related to the implementation of country programmes, including those for the ‘delivering as one’ pilot countries that are focusing on developing innovative solutions in several areas. Each UNCT is taking the lead in specific areas. In Tanzania for example the work is focused on developing recommendations and building necessary platform for common UN procurement at country level with a view to possibly establish one procurement team, joint procurement planning, and leveraging of various agencies’ long term agreements with suppliers. In Vietnam work is focused on resolving a number of issues related to the establishment of one communications team, such as roles and functions, reporting lines, job classification, recruitment process, and performance appraisal.

The HLCM machinery is informed about the UNDG efforts and the outcome is feeding into the HLCM work on UN system-wide harmonization of business practices.

All of this is a cause for optimism. Even so, the challenges ahead and the complexities of implementing such an ambitious simplification and harmonization effort should not be

underestimated – including ensuring that the efforts are appropriately and promptly resourced, and that there is some common understanding of the scope and expected results to be achieved. For these reasons, there is continuing need to critically and openly examine and discuss some of the interlinked challenges, some of which are highlighted below and could help to focus discussion at the Joint Meeting of the Boards of WFP, UNICEF and UNDP/UNFPA.

CHALLENGES

External environment

The UN system must align the internal efforts to simplify and harmonize its business practices towards increased use of national systems in line with the TCPR, despite intrinsic tension. The UN system organizations face requirements, including from their governing bodies, to be results-focused, transparent and accountable to their stakeholders. In the short term this limits the scope within which the UN organizations can reasonably be expected to adapt fully to a wide variety and diversity of prevailing national systems and an evolving aid environment including general and sectoral budget support. The external requirements also frame the degree to which the UN system organizations can harmonize their business practices in the short term, for example on harmonization of indirect cost recovery rates. There is a need to strike a balance between internal UN harmonization within a given governance framework and alignment to national systems that differ from country to country.

Business models and timelines

Business models are determined with a view to facilitate and, in the case of the UN system, to promote achievement of development, and programmatic results. Differences in business practices are frequently driven by differences in business models used by UN organizations; simplification and harmonization of business practices will remain circumscribed unless there is convergence in the underlying business model. For instance, some agencies are field-based, others are not; some provide cash assistance, others do not. Other times, the relative size of the organizations may influence the choice of business practice, such as determination of thresholds on audit and procurement. Choice of ERP and other IT systems also influences business practices. Full convergence in all business practices across the entire UN system would be costly and require major adjustments in work methods. That is therefore unlikely and indeed may not be desirable. However simplification and harmonization must be taken as far as possible and solutions must be found so that varying business models will not prevent UN system coordination and collaboration.

UN system organizations are undertaking numerous reforms in areas within their purview, as directed by their governing bodies or mandated by the General Assembly. At times such legitimate requirements mean that organizations are working with different timelines; some may therefore have to make decisions and move ahead even if changes are not initially part of a UN system-wide effort. What is increasingly clear, however, is that organizations are committed and aware of related system-wide efforts and hence in a position to achieve synergies where possible, and to shape internal reforms within the broader UN system and global context. Through information sharing, other UN organization benefit from the experiences of those that have already moved ahead.

Efficiency gains and transaction costs

Simplification and harmonization initiatives in the area of business practices are built on the belief that increased coherence in the working modalities of the member organizations will

contribute significantly to an ability to deliver better programmatic results, while in the medium and long term allowing for a substitution/reduction of costs to be derived by individual organizations.

That notwithstanding, there is a clear expectation that even in the short term the reform of business practices will lead to efficiency gains that can be deployed for programme areas. Calculating efficiency gains is not a simple matter – for example, if a change in business practices leads to the reduction of the need for a post, for how long should that “saving” be calculated – one year, two years? The gains must be weighed against the costs of achieving them. In addition, gains from inter-agency efforts may not easily be separated from organizational gains from related internal reforms. It must be kept in mind that while some of the efforts will clearly lead to desirable efficiency gains in the longer term, working more effectively together towards the realization of development goals is ultimately the main objective. Finally, deployment of efficiency gains into programmatic areas is dependent upon financial regulations and rules for each of the organizations and which then may eventually require a governing body decision.

Information sharing

Another challenge is to ensure full sharing of information and to manage expectations, both internal and external, about the progress by the UN system to deliver on reform of the simplification and harmonization of business practices.

Within the UN system itself it is critical that global efforts are informed by realities at the country and regional levels, and in turn that the country and regional levels are updated on plans and progress at the global level. Experience shows, as in the work on the common services programme, that when global agreement is reached and guidance is provided, they do not automatically result in momentum at country level. A sustained high-level commitment and communication that creates buy-in at the country level is needed to turn guidance and good intentions into concrete results. There is also a continued challenge to communicate around existing agreements and solutions that provide UNCTs with a various ways to move forward.

To a large degree, expectations are shaped and influenced by the internal and external environment, but also by the ability of the UN organizations and various governing bodies to communicate clearly and consistently. Interaction with member states, e.g. through the Joint Meeting of the Boards of UNDP/UNFPA, UNICEF and WFP, provides such an opportunity. Due to the long gestation period for the work on simplification and harmonization of business practices and the momentum generated, global and country level expectations in this area are high – hence there is a risk of disappointment. It must be underscored that given the scope and ambition of the agenda activities and progress will necessarily be staggered. It is envisioned that the planned work will produce results not only in the short term, but also in the medium and long term. The work by “delivering as one” pilot countries demonstrates that in the short term, with commitment and flexibility, efforts can result in concrete progress that can then be adapted to the entire system, without requiring one common set of rules and regulations, but rather pragmatic, common approaches.