



BUSINESS INNOVATIONS GROUP | BIG

Advancing Common Business Operations

UPDATE 5 *7 May 2019*



Below is a summary of the BIG Project Update provided at the UNSDG Business Innovations Strategic Results Group (BIG) meeting held on 7 May 2019.

Welcome & Introduction

The co-chairs High Commissioner for Refugees Filippo Grandi and the WFP Executive Director David Beasley briefed the meeting on the latest developments regarding the BIG, and congratulated the BIG Project Team on the progress made on the enablers such as the Mutual Recognition Statement that now has 14 signees, and the new draft principles for Client Satisfaction and Costing. All are enablers that seek to facilitate a required culture change for the work to proceed.

It was also noted that some of the work, i.e. Common Premises and the Business Operations Strategy, is about to move from the conceptual phase to piloting. In addition, to move the Common Back Office work forward, shortly requests for Expression of Interest would go out to the system to identify what services the different entities are willing to be provider or recipient of.

The co-chairs also reminded the participants of the importance of linking the work of the BIG to the other reform activities and innovations. They highlighted the Digital Solutions Centre being created by UNHCR and WFP and the humanitarian booking hub as examples of initiatives that the BIG should link up with and where other agencies are encouraged to be involved.

The co-chairs discussed the importance of having top level commitment from the system in order to advance the BIG work, and they encouraged members to ensure their Principals were well updated and that their respective agencies are actively involved and committing both money and time. Lastly, the co-chairs emphasised the potential for large savings from the ambitious but realistic targets but that they required significant investments and that we should all manage expectations as these savings could not easily be rolled back into the system.

The BIG Project Team lead updated the members on the progress made, starting with a real-life example on how Mutual Recognition is already making a difference; one entity had problems joining the new Humanitarian Booking Hub but when they learned that their Principals had signed the Mutual Recognition statement they overcame their internal barriers and entered the common scheme. Mutual Recognition is designed to enable technical staff to find solutions to technical problems without having to undertake additional due diligence.

BIG Project Team Update

The team lead introduced the documents shared in advance of the meeting on Client Satisfaction and Costing, and highlighted that the principles were motivated by previous studies that have shown that the main problems with common services in the past have been perceptions of poor quality and lack of transparency leading to mistrust on price and prioritisation of services. On the documents, high level input was solicited at the meeting, and members were invited to share their written comments with the Project Team within two weeks (deadline 21 May).

On **Common Premises**, the targets are extremely ambitious time-wise and will be costly in terms of project management and termination of leases if the 50% target is to be achieved by 2021. Accordingly, the proposed approach is to create a culture where consolidation is the natural default. This will achieve the target at a lower cost but at a slower pace. Messages are being prepared to UNCTs and for within entities to request that they seek opportunities for consolidation either through utilising excess space or co-location. The project team is working closely with the Task Team on Common Premises and Facility Services and together they will run pilots in 8 countries chosen from four different country typologies. While work continues on supporting UN Houses, it was noted they take time to establish and are costly. They can and should continue to be part of the strategy, but most opportunities for consolidation are at the subnational level where smaller common premises can quickly be established. The message across the system is to take every opportunity to co-locate, and that co-location should be the default except where security considerations, operational needs or costs justifies not doing so.

The Project Team is working with the task team on common standards on what minimum services entities should be able to expect in common premises. The team lead reminded the members that common premises are not just about savings. It is as much about working together, being and being seen being one UN and about our reputation.

The 100 per cent of UNCTs with a **BOS** by 2021 is an achievable target. An inter-agency team simplified the guidelines and created an online tool which will be tested by end may. The aim is to reduce complexity and to allow us to better track changes and savings. A BOS team is being proposed to ensure continuation, HQ quality assurance and support to country office. A draft Terms of reference for an inter-agency Task Team has been shared with members and they are invited to provide comments in writing within two weeks. Work currently being done needs to continue and a formalised interagency group is seen as the best the way to do this.

The **Common Back Office** is the most complex issue the BIG Project Team is undertaking. With an interagency group, the Project Team has worked on a Cost Benefit Analysis and identified six countries in which to test it. Field missions and HQ data gathering will seek to create a business case for a common back office based on real and detailed data to define which functions to consolidate. HQ involvement is needed to ensure we get data at both HQ and at country level.

For the **Global Shared Services Centres**, to understand the actual scale of the opportunities, the next step is to send out a request for Expressions of Interest to learn what entities wants to be provide to others and/or buy from others. As recommended by JIU, the Project Team is also working on a Governance Board for GSSCs and the Project Team will revert with a proposal. In closing this update, the co-chairs welcomed the imminent arrival of a **communications** person to the project team and reiterated that going forward strong communication is important both internally and externally.



Summary of discussion

Following the update the floor was opened to members for their high-level comments.

UN **DOS** welcomed the development system's approach to shared services and briefly described some of the challenges the Secretariat is having in establishing their efforts towards this, the GSDM, and asked the Project Team if they could examine the opportunities to build on the already existing mature service centres both through opening for services to other entities and also perhaps to look towards merging existing GSSCs that are already in the same locations. The Secretariat was very open to work together with other UN entities on a common way to ensure all can benefit from GSSCs.

UNDP shared their support of the direction of the principle papers and supported the idea that the principles for now should be high-level and leave the mechanics for later. UNDP currently is prioritizing client satisfaction and significant work is underway to improve their systems. She also welcomed clear costing principles to enable clear and fair business cases without any hidden costs or subsidies. She concluded by suggesting that the UN GSSCs could be open not just to other UN entities but to other partners as well.

UN Women reiterated their strong commitment to the reforms discussed today. Two thirds of their administrative services are received from other UN organisations and more than 60% of the offices are in Common Premises. For them, realistic costing is important as they were concerned about overpricing. He reminded the project team that UN funds and programmes are currently in negotiations with their Boards on definitions of indirect costing and that the agreements reached in these discussions should be incorporated into the work of the BIG. He also highlighted the need for an effective dispute resolution mechanism possibly linked to the governance structure.

UNDCO highlighted the large visibility and therefore political importance of UN Houses in communicating and demonstrating UN reform at the country level. He called for a definition of UN Houses that somehow included a requirement for a 'critical mass' of UN entities to participate, rather than the current definition of '2 or more entities co-locating'. Furthermore he welcomed guidance on UN Houses in particular, not just on Common Premises. Lastly he suggested some of the countries chosen for the CBA pilots may not currently be the best destinations for missions due to political changes on the ground.

UNOPS indicated that they will be submitting written input to the suggested principles as they had some concern with parts of the definitions used.

UNEP shared that they will imminently sign the Mutual Recognition statement, and that they as a Non-Resident Agency would like to echo the concerns raised by UN Women on dispute resolution mechanism.

UNESCO shared their agreement with the high level principles, but highlighted the need to have uniformity in the eventual implementation at country level. For them, costs tended to be prohibitive for Common Premises as they usually are housed for free with government ministries. Transparency in services costing will help them understand how the suggested market place will work. She indicated the need to incorporate indirect costs and that transparency was very important. Replacement of investments and assets should also be included.



FAO appreciated the work undertaken and indicated that it would be happy to provide written comments to the proposals. On shared services, FAO is mature within the UN system and have centres in Budapest, Santiago and Bangkok allowing them to deliver services around the clock. They welcomed the client satisfaction principles and KPIs to track these in the marketplace. This will allow entities to shop around and keep service providers on their toes. She reminded of the need to incorporate investments into pricing. If FAO were to offer services, they would need to invest and cost-recover these investments. FAO welcomes common premises for locations where their staff are not incorporated into ministries or have offices provided for free by governments. Lastly, they welcomed more guidance on how to provide input into the CBA exercise for the Common Back Office that will be launched soon.

In wrapping up, the **project team lead** shared that the request for Expressions of Interest is indeed to map out and demonstrate the scale of the landscape for the new marketplace, including which of the mature GSSCs are willing and able to provide services to others.

He indicated that the project team will continue to provide high level principles but does not plan to get into details, guidance, and methods. Nor do they intend to get into dispute resolution mechanism details. Rather, these should be included in the SLAs.

On Common Premises, he reiterated that the default should be common premises, but that entities could have compelling reasons not to participate, either through particular financially beneficial arrangements or operational needs in a given location. However we should remind ourselves that the reason to collocate is not primarily one of costs. It is rather to enable benefits from better coordination and programmatic coherence, and a shared identity – both internally and in communicating with the external world. We are trying to generate a culture change, and single entity offices should become the exception to the rule. UN Houses are not the priority as they take a long time to establish. However they are an important part of the strategy and the team has been working with the EOSG to have high-level targeted support directly from Member States in countries where the data suggests the UN could benefit the most from a UN House. A recent example - and possibly a good practice - is in Uzbekistan where the SG was provided data and talking points to request to the President for a UN House. The President subsequently instructed his MFA to provide this.

In closing remarks, the **co-chairs** repeated the need for high-level commitment and shared that they would raise this point in the subsequent UNSDG Principals meeting.

Action points

Members to provide feedback to the principle documents and the BOS Task Team terms of reference by 21st May.

