"THE UNITED NATIONS NEEDS TO BE NIMBLE, EFFICIENT AND EFFECTIVE. IT MUST FOCUS MORE ON DELIVERY AND LESS ON PROCESS; MORE ON PEOPLE AND LESS ON BUREAUCRACY"

António Guterres
Secretary-General of the United Nations
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Foreword

“The proposals put forward by the Secretary General will enable the United Nations development system to be more effective and better support countries in delivering the 2030 Agenda. While focused on improving overall effectiveness, accountability and cohesion, these change measures have the potential to also achieve cost savings that could be redeployed into development activities.”

UNDS Repositioning Explanatory Note#10, 29 March 2018

In his report to the ECOSOC Operational Activities for Development Segment 2019, the Secretary General reaffirmed that the reforms underway in the UN development system will produce a wide range of benefits. In the short term, these benefits will take the form of streamlined processes, better quality analysis and reporting, greater transparency and savings. In the longer term, these benefits must take the form of faster and better progress towards the Sustainable Development Goals. The latter is the overriding rationale for these efforts.

Member States for their part, want and need to be able to place a value on these benefits that is tangible, measurable and easily understood. Clear evidence of the returns from these efforts needs to be documented within months, not even years, of the effort getting under way.

"It is abundantly clear that a much deeper, faster and more ambitious response is needed to unleash the social and economic transformation needed to achieve our 2030 goals." - United Nations Secretary-General António Guterres.

Being able to document that due to reform the same amount of financial resources is being used to achieve more and faster results is a key component of the narrative. This is the efficiency dimension of these reforms.

Being able to document that changes in systems, policies, even organizational culture of the UN development system are leading to both tangible benefits felt by clients and improved performance for better results is another key component of this narrative. These enhancements need to be measurable and ‘valued’. This is the effectiveness dimension of these reforms.

The narrative on effectiveness and efficiency is therefore be linked to the value-proposition of enhanced UN coordination and leadership. Improvements and benefits will be partially attributable to the fact that the UN development system is working more closely together, and with greater discipline, rather than a result of ongoing corporate efforts to improve business practices. In other words, the impact of UN programmes at the country level is directly related to the effectiveness, efficiency and cost of the operations that support them.

The impact of UN programmes at the country level is directly related to the effectiveness, efficiency and cost of the operations that support them. This new iteration of the Business Operations Strategy (BOS) is a critical instrument to reinforce that link between efficient business operations supporting more effective programmes. The BOS is a results-based framework that focuses on joint business operations with the purpose of eliminating duplication, leveraging the common bargaining power of the UN and maximizing economies of scale. It is facilitated by the principle of mutual recognition and it constitutes a reliable evidence-based foundation for the establishment of common back offices.

The new iteration of BOS is backed by an online platform that guides OMTs through the five steps of the BOS development: kick-off, stock take of current collaborative services, analysis of opportunities, planning and sign-off. The platform is meant to reduce complexity and transaction cost for BOS development. AT the same time the new BOS platform will unlock new ability for OMTs, UNCTs and regional and global management to monitor, analyze and report on impact of the BOS, both from a cost reduction and quality perspective.

We hope this new guidance, revised based on years of country experience contributes to a new chapter in UN Reform in Business Operations and makes it easier for UN Country Teams across the globe to develop a Business Operations Strategy that meets their needs, while at the same time enhancing efficient and effective service delivery that adds value to our programming efforts.

New York, 14 October 2019
A. BACKGROUND

The Business Operations Strategy (BOS) is a results-based framework that focuses on joint business operations with the purpose of eliminating duplication, leveraging the common bargaining power of the UN and maximizing economies of scale. The BOS was created in 2012 as a response to a call for simplification and harmonization of the United Nations system. The Secretary-General mandates all United Nations Country Teams (UNCTs) to ensure compliance with an improved BOS by 2021, in support of a more effective programme delivery on the 2030 Agenda.

The BOS focuses on common services that are implemented jointly or delivered by one UN entity on behalf of other UN entities. Building on lessons learnt and feedback from numerous country offices that developed a BOS since 2012, this guidance outlines the improved approach to BOS.

The BOS is now:

Online - The online platform supports the development, monitoring, review and reporting of the BOS using country specific data. The platform is pre-loaded with common service data from previous strategies to better guide UNCTs and Operations Management Team (OMTs) through the process.

Dynamic and adaptable - It encourages brainstorming, innovating and researching new opportunities to collaborate in response to programmatic needs. It is reviewed and updated yearly to ensure it remains relevant in changing country contexts.

Focused on quality and cost - It strives to improve timeliness, responsiveness, flexibility and professionalism while streamlining processes and reducing direct costs. The Cost Benefit Analysis has been revamped and standard quality and cost KPIs have been developed to provide a measure of impact for all common services.

Results oriented - It has a stronger focus on the implementation of selected common services and on simplified annual reporting of results, tracking cost avoidance and quality enhancements.

Promotes environmental sustainability - Highlighting the potential of common services to improve sustainable development practices bringing us a step closer to the achieving our Sustainable Development Goals (SDGs).

Dedicated support – A Task Team for BOS has been set up to provide dedicated support to UNCTs.

The foundation for Common Back Offices – It aims to build quality into the planning, implementation and reporting of BOS to support a reliable evidence-based foundation for the establishment of Common Back Offices worldwide.

This guidance replaces all other guidance on BOS and aims to support UNCTs to establish quality and cost-effective common services at the country level. This guidance should be read in conjunction with the principles of mutual recognition,¹ which substantially facilitate the cooperation between signatory UN entities.

The BOS Executive Summary accompanies this guidance and targets Resident Coordinators (RCs), UNCT members, and OMT Chairs/members to support their oversight, implementation and advocacy towards meeting their obligations to roll-out BOS, as set down by the UN Secretary-General.

A.1 Accountability and keys to success

The success of the BOS rests on the consultative and collaborative interaction between the RC and the UNCT. In line with the Management Accountability Framework, "The RC and UNCT jointly (including with the Head of Mission in contexts where the RC is serving as the DSRSG) advance country-specific measures to promote UN common business operations including common premises and back-offices, to enable joint work and generate greater efficiencies, synergies and coherence and compliance with an improved Business Operations Strategy by 2021."² This is to be implemented through regular discussions between the RC and UNCT members to identify efficiencies through the pooling of assets locally or off-shore with decisions on common services.

Taking into consideration the collaborative nature of BOS, at country level, the RC is accountable to the Secretary-General for advances towards UN common business operations to enable joint work and generate greater efficiencies, synergies and coherence. The UNCT provides overall oversight of the BOS process, approval, and mobilization of necessary agency and joint resources. It is also responsible for endorsement of the final BOS and its annual reporting. The OMTs and its working groups are responsible to facilitate the development and implementation of the BOS at the country level.

¹ See the statement in Annex 1
² Management and Accountability Framework of the UN Development and Resident Coordinator System
The Development Coordination Office (DCO) is responsible for coordination, guidance, and support to RCs and UNCTs on the BOS.

Two key elements are essential for a successful BOS: the leadership of the RC and the active engagement by UN entities (both resident and non-resident) through the assignment of relevant human resources and common services budgets.

For detailed information on roles and responsibilities on the BOS, refer to Annex 2.

A.2 BOS linkages with the United Nations Sustainable Development Cooperation Framework (UNSDCF)

The impact of UN programmes at the country level is reliant on the effectiveness, efficiency, and cost of the operations that support them. Overtime with the BOS implementation it is likely that, with better quality and lower cost business operations, more resources remain within the programme budget. Although it is no longer mandatory for the BOS to be aligned to the timelines of the country programmatic framework, UNCTs may still choose to align the two at specific points where this interaction is particularly valuable. This could be at the planning or the review steps where the BOS can be adjusted to better support programme operations.

A.3 Mutual Recognition

The principle of mutual recognition facilitates the development and implementation of BOS. It allows entities to use or rely on another entity’s policies, procedures, system contracts and related operational mechanisms for the implementation of activities without further evaluation, checks or approvals being required. Agencies at the corporate level have committed and endorsed the statement of Mutual Recognition to ensure a global facilitation of this commitment.

A.4 Environmental sustainability

The 2020-2030 UN Strategy for Environmental Sustainability in the area of management commits UN entities to raise its collective aspirations in the areas of greenhouse gas emissions (reduce emissions from use of electricity, energy sources, air, and ground travel); waste management (reduce single-use plastics across UN compounds, minimize, and properly dispose of all forms of waste); air pollution (ensure UN premises and fleets do not exacerbate local air quality issues); water and wastewater (conserve water and avoid release of untreated water into the environment); and biodiversity degradation (conserve biodiversity and avoid adverse impacts).

Developing a BOS provides an opportunity for UNCTs to increase and improve sustainable development practices, bringing us a step closer to achieving our SDGs. The functions of facilities and events management, procurement, logistics, human resources, risk management, and ICT are identified as core functions for mainstreaming environmental action. For all common services, OMTs are strongly encouraged to integrate environmental sustainability considerations at the earliest opportunity, so as to enhance resource and cost efficiencies of UN operations and limit adverse impacts on the local environment. Specific KPIs monitoring progress towards environmental sustainability are clearly marked in the online platform.

A.5 Common service lines

The BOS is results focused and structured around six common service lines. The figure below depicts the six common service lines that form the basis of cooperation in the BOS.

- **Common Procurement Services**
- **Common Finance Services** (Including Harmonized Approach to Cash Transfer - HACT)
- **Common Information & Communication Technology Services**
- **Common Logistics Services**
- **Common Human Resources Services**
- **Common Administration Services** (Including Facility Services)
A list of common services was added to the platform as examples of common services from the many different collaborating experiences included by countries in their BOS. The common services are grouped into categories to facilitate the selection process.

The common services included in the online platform are meant to guide and inspire UNCTs and OMTs to collaborate and not meant as a prescriptive list. OMTs are encouraged to collaborate on the services that would be most beneficial in terms of quality and cost-efficiency in their country context. OMT working groups can search for common services within the common service lines. If a specific service is not found on the list, a context specific common service can be added.

A.6 BOS country typologies

It is recognized that country contexts differ, and one size does not fit all. Country programming and humanitarian responses benefit from collaborating on different common service lines. In recognition of the diversity of UNCTs globally, a country typology comprised of three main country/multi-country types has been defined to indicate the recommended minimum requirements for BOS. The three define typologies are: small operations of a maximum overall UN investment overseen by that particular UNCT, medium operations with an expenditure between 40 – 100 million USD, and large operations with an overall expenditure of over 100 million USD. The country typology is based on the overall UN investment overseen by that particular UNCT for one country or multiple countries (total amount).³

UNCTs are recommended to discuss and consider opportunities to collaborate on all common service lines and to take steps to identify a minimum of two common service lines for collaboration. The table below outlines suggested areas of collaboration that have proved to provide a higher return on investment based on feedback received from previous BOSs for each particular country typology. The table below is not prescriptive, and the extent of collaboration is ultimately the decision of the UNCT.

Agencies are strongly encouraged to participate in all common service lines selected for collaboration by UNCTs, but their involvement is ultimately on an opt-in basis considering quality assurance and cost-effectiveness.

<table>
<thead>
<tr>
<th>BOS Country Typology</th>
<th>Suggested areas for higher cost avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Operations: &lt;USD40M expenditures</td>
<td>Administration &amp; Facilities Management</td>
</tr>
<tr>
<td>Medium Operations: USD40M – USD100M expenditures</td>
<td>ICT</td>
</tr>
<tr>
<td>Large Operations: &gt;USD100M expenditures</td>
<td>Procurement</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
</tr>
</tbody>
</table>

B. PREPARING THE BOS

Steps for BOS preparation

The kick-off provides UNCTs the opportunity to initiate the BOS in their country. This step is focused on building a basic common understanding of BOS across all parties involved in its development and implementation at the country level.

B.1 – Kick-off

The BOS preparation has five key steps that take between 8 to 16 weeks. The actual time requirement will depend on local level capacity, the number of common services identified, access to verifiable data and approval times. UNCTs complete their BOS by providing inputs into each step of the BOS online platform.

³ Statistics on the total UN investment in country can be found on the HLCM website: https://www.unsystem.org/content/FS-100-07
UNCT meeting where OMT Chair briefs on the BOS, using the UNCT Kick-off presentation. The OMT Chair introduces the focal points for the specialized working groups and discusses next steps. It is at this point that members of the UNCT reconfirm their commitment to the process, allowing staff time to lead and/or participate in the interagency processes of developing and implementing the BOS. This is done by defining the Participating Agencies and completing the Accountability Framework, one of the most important steps of the BOS.  

### B.2 – Stock take

The stock take records common services that are already being done collaboratively at the country level, either through an existing BOS or as independent initiatives. This step assesses the performance of existing common services. Here the OMT working groups meet separately to discuss current service collaboration and their respective efficiency and effectiveness. This is an opportunity to build on strengths and expand common services, to discontinue inefficient practices and to address any bottlenecks.

As a result of the discussions, OMT working groups record the details of the current cooperation in the BOS online platform:

- **Modality**: define whether this service is implemented in house or outsourced
- **Managing Agency**: the name of the UN Agency that manages this common service on behalf of one or more other UN Agencies. Multi-agency management is also a possibility and can be added to the platform.
- **Action to be taken**: depending on the current performance of cooperation on this service, working group should decide whether collaboration on this service should continue, be scaled up or discontinued.  

### B.3 Opportunity Analysis

This step of the BOS encourages innovative thinking. The analysis might involve brainstorming sessions, exploring and calculating new ways of working, researching new technologies, and working together, to imagine new and improved levels of collaboration.

The opportunity analysis identifies new services that could be done collaboratively through the BOS, considering quality enhancements and cost effectiveness.

**Selecting new opportunities**

As a result of OMT working groups’ discussions on their area of expertise, new forms of collaboration will be identified and selected through the BOS online platform. Once selected, OMT working groups will need to define the common service for their specific context through providing:

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4 For more detailed information refer to Annex 2.
5 For more details on the terminology refer to Annex 3.
6 Similarly, new common services identified in the Opportunity Analysis will be moved to the stock take section once they have been done collaboratively for 4 years.
Description: a short description of the common service in their local context; Opportunity statement: the reasons why this common service is selected. Here the OMT can link a potential common service to programmatic-related needs (in line with the UNSDCF) or non-programmatic needs (based on corporate requirements); Expected quality improvements: describes the quality enhancements anticipated as a result of implementing the new common service. In some cases, the quality considerations of a potential new common service may out-weigh the cost avoidance considerations. Quality considerations may include the:
- Urgency of common approaches in a particular field
- The reputational or visibility value to the UN resulting from implementation of any one common service
- Capacity (time and competency of staff) that may or may not be available

Managing Agency: the name of the UN Agency that manages this common service on behalf of one or more other UN Agencies. Multi-agency management is also a possibility and can be added to the platform;
Way forward – indicates the new common services selected for inclusion in the BOS;
Implementation start date: defines the planned date of implementation of this service;
Participating Agencies: the list of UN Agencies participating in this common service;
Cost Benefit Analysis: each Agency BOS focal point should complete its own CBA, if applicable.

Adding new common services

The BOS online platform provides OMTs and OMT working groups with a list of common services meant to inspire collaboration in the different areas. OMTs are strongly encouraged to double check whether their desired common service is, or is not, on the list prior to submitting a request for a new common service. There are two ways to search for a common service:
- Use the search engine to look for keywords. The search engine will search for key words in the common service name and description and under all the common service lines.
- Review the common services list, which can be downloaded under Reports: Common Services

For example, country offices wanting to add cooperation on a LTA for the supply of office stationery will not find the common service under Procurement Services – Goods and Services but under Administration – Administrative Services. This is because procurement is the way to obtain supplies, but office stationery is the duty of administration.

If OMTs find that the desired common service is still missing, a new common service can be added. To do this, click on "New Common Service", complete the form and submit it for validation. Validation is a form of quality assurance and may take a few days to be processed to ensure all the elements added are precise. A message will be sent to the OMT Chair and the OMT working group focal point once the common service is validated.

During this step, users should select new common services for collaboration. The platform pre-loads all the common services that were identified to be scaled up during the stock take analysis.

For step by step guidance click in the online platform.

B.3.1 Cost Benefit Analysis

A Cost Benefit Analysis (CBA) helps OMTs decide whether potential common business operations would be cost effective, and informs their prioritization, based on either cost avoidance, or enhanced quality of the proposed service.

The CBA examines the costs and benefits from both a monetary perspective (direct USD cost avoidance) and a labor perspective (labour time saved converted into a USD value). A CBA will also be conducted for existing common services that are expected to scale up.

<table>
<thead>
<tr>
<th>CURRENT COSTS</th>
<th>Undertaken by Agency A</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT COSTS</td>
<td>Undertaken by Agency B</td>
</tr>
<tr>
<td>CURRENT COSTS</td>
<td>Undertaken by Agency C</td>
</tr>
<tr>
<td>FUTURE COSTS</td>
<td>COLLABORATIVELY</td>
</tr>
<tr>
<td>COSTS BENEFITS</td>
<td></td>
</tr>
</tbody>
</table>

For more details on the terminology refer Annex 3
Calculating anticipated cost avoidance

To identify cost avoidance, the calculation compares the cost of a service undertaken by a single agency’s ‘current costs’, with the cost of providing the service jointly as a common service ‘future costs’. The difference between ‘current costs’ and ‘future costs’ determines the cost avoidance.

- ‘current costs’ are calculated by summing the total monetary and labour costs of all agencies implementing a service in a given defined area. For example, calculating the costs of all agencies procuring fuel.

- ‘future costs’ are calculated by summing the total monetary and labour costs of establishing and implementing that service in a collaborative manner, with one UN entity taking the lead in implementing the common service on behalf of other UN entities.

The difference between the ‘current’ costs and the ‘future’ costs determines the cost avoidance for that common service. The quality of the data in the cost calculations directly influences the reliability of the analysis.

When to do a CBA?

To facilitate the work of OMTs, the BOS online platform has attributed a specific CBA calculation to each common service based on its potential for cost avoidance and quality improvements. Some common services do not need a CBA, as they are selected mostly for their quality enhancements. The platform guides users through the common services that need a simplified CBA. For more complex services, a detailed CBA is recommended. See Annex 4 for the detailed CBA methodology.

1. No CBA necessary

The BOS online platform will automatically calculate the cost benefit using the figures added.

While some common services have a high potential for cost avoidance, others benefit country offices from a quality perspective by being delivered in a better and speedier way. A number of pre-loaded common services do not require a CBA.

2. Simplified calculation

Building on lessons learnt from previous strategies, the BOS online platform classifies common services that traditionally result in cost avoidance through collaboration. Pre-defined cost drivers are uploaded to facilitate the CBA process for these common services.

Cost drivers have also been uploaded for specific services that will be implemented through a long-term agreement, where OMT working groups are asked to provide cost estimates for the total annual procurement, informal procurement with and without a LTA as well as the labour cost of establishing and renewing a LTA.

OMT working groups add their cost estimates to the cost drivers and the BOS online platform will automatically calculate the CBA.

<table>
<thead>
<tr>
<th>Simplified CBA calculation</th>
<th>Common services implemented through LTAs consider:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplified calculations consider:</td>
<td>- the time and resources taken to set up and renew a LTA, and</td>
</tr>
<tr>
<td>- the current cost (labour and recurring monetary costs),</td>
<td>- the cost avoidance through the negotiated rate of the service through the LTA.</td>
</tr>
<tr>
<td>- the investment costs (if any), and</td>
<td></td>
</tr>
<tr>
<td>- the estimated future cost with the collaboration (labour and recurring monetary costs)</td>
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</tbody>
</table>

Cost drivers are pre-populated in the platform to guide country teams through the simplified CBA process.

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3. Detailed calculation

Certain common services are more complex in their implementation and, therefore, a more detailed CBA is needed to ascertain the estimated cost avoidance. This is the case, for example, when initiatives require a high up-front investment. The detailed Cost-Benefit Analysis considers the cost of up-front investment (both labour time and/or monetary cost) and translates all inputs (e.g. staff time, money) and all outcomes (e.g. staff time savings, cost avoidance) into a common unit of comparison (USD). It aims to assess the cost avoidance (‘money not spent’) of a proposed solution.

Cost avoidance is when an action is taken to avoid future costs. Such actions may cost more in the short term but will reduce overall costs in the long-term. Avoided cost may be monetary (e.g. direct cost avoidance in joint procurement initiatives) or non-monetary in nature (e.g. quality enhancements of services or reduced lead times for processes resulting in less staff time involved in executing a process). Quality benefits are also considered and facilitate justification of initiatives that have a high initial cost with a late return on investment.

Given that detailed CBA calculations require in-depth studies of the programmatic needs, the service capacity and the country context, guidance is not standardized. Instead, OMT working groups may refer to the methodology in Annex 4 and reach out to the BOS Task Team for necessary support.

When a detailed CBA is done OMT working groups upload the study and add aggregated figures of one off, recurring and labour costs to the platform.

Calculation of labour costs

When calculating the labour costs for the CBA exercise, OMTs may want to refer to the Universal Price List (UPL) or the Local Price List (LPL) as a reference tool. The use of the UPL or LPL is purely to facilitate the calculation of labour costs when conducting a CBA.

The UPL service cost drivers are: (a) staff salaries; (b) time spent by personnel in providing transactional services, and (c) for Special Development Situation countries, general operating expenses. UPLs reflect the last available pro-forma salary costs for each applicable UNDP office location at the time of their publication. The staff time allocation reflects full costs by including leave entitlements. In addition to the standard services contained within the UPL, a LPL might have been established for recurrent services, negotiated and agreed to locally by Agencies.

OMTs are also welcome to calculate their own labour costs through the use of process maps for the different common service lines.

The BOS online platform will provide a link to the most updated UPL to guide users through the labour cost calculations.

B.3.2 Selection of common services

Prioritization

While performing the cost-benefit analysis, the priority ratio is calculated by taking the total benefit over the total cost (total benefit/total cost). The higher the ratio, the greater the benefit and value of that particular common service for the country. The common services with the higher ratio reflect the higher cost avoidance.

Additionally, there are other benefits that should be taken into consideration when prioritizing common services to be included in the BOS, for example:

- Urgency of harmonization efforts in a particular field;
- Availability or lack of financial resources required for up-front investment;
- Capacity available (time and competency of staff) to develop and implement business solutions;
- Opportunities for enhanced reputation and/or enhanced quality and visibility for the UN system;
- Risk of reputation deterioration if going ahead or discontinuing some services;
- Opportunities for the establishment of innovative systems, services or new technologies that will increase quality and/or cost avoidance;
- The cost avoidance of implementing the service outweighs the cost of developing and delivering a service individually.9

In this step, the OMT working groups make recommendations to the OMT on their common service lines. The OMT makes the final decision as to which common services are included in the BOS Results Framework and in the Implementation Plan.

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9 This includes new common services where there may be an initial high cost of implementation (i.e. such as for implementing new common IT platforms) but that result in a reduced cost over time.
In the BOS online platform, OMT working groups should define the way forward for each common service opportunity approved by the OMT: further analysis required, include in BOS or do not include in BOS. All common services marked with 'include in BOS' will be automatically included in the Results Framework and in the Implementation Plan.

**B.4 – Planning Framework**

**B.4.1 Results Framework**

The Results Framework is the basis for implementation, monitoring and review of the BOS, ensuring accountability in accordance with standard principles of UN Results Based Management (RBM). It captures the joint priorities of common business operations for cost avoidance and quality enhancement. It supports the joint planning and budgeting of the OMT and its working groups.

The information added during the stock take and the Opportunity Analysis contributes to the completion of the Results Framework.

The Results Framework is embedded in the Planning Framework page of the BOS online platform.

Key Performance Indicators (KPIs) are a powerful tool for monitoring the continued added value (cost avoidance) and standards of quality over time, especially when compared to previous years (trend analysis).

Each common service category has **two mandatory KPIs** for each common service: one measuring cost avoidance and one measuring quality improvement. OMTs are also able to select additional KPIs from a list of pre-drafted KPIs or add specific ones based on country context. Sources of verification are different depending on the type of KPIs selected:

- Quantitative KPIs are monitored using verifiable data sources identified in the BOS Results Framework.
- Qualitative KPIs are monitored utilizing a client or agency satisfaction survey circulated at the time of annual reporting.

KPIs are the means to measure that a target has been reached, i.e. what the cost avoidance and quality enhancements have been.

OMTs are strongly encouraged to select specific KPIs monitoring progress towards environmental sustainability. These are clearly marked in the online platform.

**Context specific Key Performance Indicators**

When developing context specific KPIs, it is important to remember these points:

- KPIs need to be SMART: Specific, Measurable, Attainable, Relevant, and Time-bound.
- KPIs should use plain language, and not indicate the direction. For example, do state 'staff time spent on a procurement activity'; do not state 'reduced staff time spent on a procurement activity'. The intended direction is set in the difference between the baseline and the target.
- Beware that KPIs should only be added if there is a real need to monitor progress on a specific aspect. OMTs should avoid selecting/developing too many KPIs as this can result in heavy reporting duties for the country office.

**For all mandatory and additionally selected KPIs, OMTs must establish:**

- A baseline that indicates the reference point against which progress is assessed;
- A target that indicates the goal to be achieved annually;
- The source of verification that will be drawn on to provide the data to measure results.

For step by step guidance click in the online platform.

**Risks and assumptions**

The successful implementation of the BOS is conditioned by risks and assumptions. Risks are potential future events that are fully or partially beyond control and may (negatively) affect the achievement of the results. Assumptions are the variables or factors that need to be in place for results to be achieved.

Risks and assumptions relate to different elements such as: operational, financial, political, reputational, etc.
They can be internal (e.g. staff capacity, management capacity, delegation of authority etc.) or external to the organization (e.g. country context, political environment etc.). Once identified, the response and likelihood of risks and assumptions need to be classified to ensure the appropriate level of management by the UNCT.

OMT Chairs are asked to define one set of risks and assumptions for their BOS and specify their respective mitigation plans.

Risk mitigation involves the development and implementation of plans designed to manage, eliminate, or reduce risk to an acceptable level. Mitigation plans should be continually monitored, and if necessary adjusted, for maximum efficacy. Risk mitigation handling options include:

- **Accept**: Acknowledge the existence of a particular risk and make a deliberate decision to accept it without engaging in special efforts to control it. Approval of the UNCT is required.
- **Avoid**: Adjust operational requirements or constraints to eliminate or reduce the risk. This adjustment could be accommodated by a change in funding, timeframe, or technical requirements.
- **Control**: Implement actions to minimize the impact or likelihood of the risk.
- **Transfer**: Reassign organizational accountability, responsibility, and authority to another stakeholder willing to accept the risk.
- **Monitor**: Monitor the environment for changes that affect the nature and/or the impact of the risk.

For assumptions, it is important to define their level of impact (significant, insignificant, unknown) and their likelihood (likely, unlikely, unknown).

OMTs are required to record overall risks and assumptions for the strategy through the BOS online platform. This forms part of the Planning Framework.

Annex 4 provides a detailed list of terminology on the Planning Framework.

### B.4.2 Implementation Plan

The implementation is one of the most important parts of the BOS. This is when UN Agencies start collaborating and moving towards more efficient and environmentally sustainable operations. The BOS implementation is led by the OMT and supported by the OMT working groups and task teams. An implementation plan is created to help them coordinate, implement, monitor, and include any costs required to achieve a particular service. The implementation plan tracks the progress made towards each activity and is reviewed and updated on a regular basis.

The implementation plan tracks the progress made towards each activity and is reviewed and updated on a regular basis.

The online platform enables the creation of an implementation plan which monitors progress towards planned activities.

For step by step guidance click the online platform.

### B.4.3 Budget

The BOS budget is managed by the OMT and includes any costs required to coordinate, implement, monitor, and review common services as outlined in the Implementation Plan.

The budget is administered by one UN entity or the OMT on behalf of all participating and contributing UN. The way in which the budget is administered is the decision of the UNCT. In some cases, UNCTs may seek financial resources from other sources to fund specific common service opportunities.

The common budget includes:

- The cost of upfront investments required to establish new common services;
- The recurrent costs associated with the ongoing implementation of common services.

The common budget does not include:

- Regular staff costs\(^{10}\) factored into agency budgets;
- The cost of preparing the BOS, if any.

---

\(^{10}\) These costs are already factored into agency budgets and, therefore, are not an 'additional' cost for BOS.
The budget is set up by the OMT working groups at activity level when completing the implementation plan. It can be reviewed and updated on a regular basis. Once the implementation plan and budget have been completed, the OMT can present it to the UNCT for discussion and financial support. Joint resource mobilization strategies are discussed at this time. Some OMTs use a common services account to manage pooled joint resources for BOS implementation.

At the sign-off step, the OMT presents the budget to the UNCT for endorsement.

The BOS online platform automatically generates the budget from the planned cost figures added to the implementation plan.

For step by step guidance click 🔄 in the online platform.

**B.5 – Sign-off**

**Quality assurance**

A thorough and coherent strategy is key to a positive collaborative environment that enhances the quality and efficiency of UN operations at country level. The BOS Task Team has been created, in part, to assist UNCTs in maintaining a desired level of quality in the development and implementation of the BOS.

In an attempt to facilitate the sign-off step, the BOS will be reviewed for quality assurance by a member of the BOS Task Team. This review is intended to ensure key aspects of the BOS process are followed and, when necessary, changes are introduced.

The quality assurance review is a mandatory step ahead of the sign-off and should be completed within 7-10 working days. Any delay can be escalated to DCO at regional and HQ level. For more information, please refer to the Quality Assurance Standard Operating Procedures available in the online platform.

Once all the steps of the BOS progress bar have been completed, OMT Chairs will be able to submit the final draft for quality assurance validation in the sign-off page of the platform.

For step by step guidance click 🔄 in the online platform.

**Sign-off meeting**

The endorsement of the strategy is fundamental to the collaborative implementation of services at country level. This step is only possible once the BOS has been reviewed and cleared for the sign-off by the BOS Task Team.

The sign-off meeting includes the OMT Chair, the UNCT and the RC. In this meeting, the OMT Chair is responsible for presenting the BOS to the UNCT for final endorsement. Once endorsed by the UNCT, the BOS is ready to be signed-off by the RC through the online platform. The RC signs-off on the BOS on behalf of the UNCT. As such only the RC’s registered account will enable the sign-off on the BOS online. The RC reports the completion of the BOS as part of their annual reporting obligations. Below is a depiction of the roles and responsibilities of the sign-off meeting:

<table>
<thead>
<tr>
<th>Roles</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMT Chair</td>
<td>BOS Presentation</td>
</tr>
<tr>
<td>UNCT</td>
<td>Endorsement of the BOS</td>
</tr>
<tr>
<td>RC</td>
<td>Sign-off through the online platform</td>
</tr>
</tbody>
</table>

An agenda for the sign-off meeting would typically include:

- **Introduction** – the purpose of the meeting, as well as the overall proposed value (quality and cost) of the BOS;
- **Accountability Framework Organigram** – the responsibilities and levels of accountability of all actors;
- **Results Framework** – agreed set of common services (existing and new) – highlighting KPIs, targets, and involved agencies;
- **Implementation Plan** – defined activities, responsibilities, timeframes, and budget to implement each common service identified;
- **Budget** - common budget requirements and proposed resource mobilization approaches;
- **Monitoring and Review Plan** – outlining all responsibilities for the monitoring, reporting, and review plan.

The online platform generates summary reports for each step of the BOS to support presentation to the UNCT for endorsement.

The sign-off is not finalized until the box the RC completes all the steps of the sign-off page. A link to final report will be sent to all staff registered through the accountability framework.

For step by step guidance click 🔄 in the online platform.
C. REPORTING ON THE BOS

Monitoring and reporting on progress towards collaboration is key for country offices to better align efforts and maximize efficiencies. The BOS has two types of reporting:

**Annual Reporting** focusing on the conclusions drawn from the monitoring of annual targets (quality and cost avoidance reached) as well as identifying bottlenecks to activity implementation. Annual reporting is mandatory and is done by the OMT Chair, OMT working groups and the participating agencies.

**Evaluation** focusing on analyzing and reporting on the results of the BOS over a period of several years in line with BOS evaluation methodology. This is an optional step and can be done at the request of the UNCT.

C.1 Annual Reporting

The OMT is required to monitor and report on cost avoidance and the quality improvements realized, including through reporting on the funds spent, and on the progress made towards the annual targets set within the Results Framework. OMT Chairs and working group focal points are also able to add feedback in relation to progress name on each of the activities.

Managing and Participating Agencies as well as OMT working groups are responsible for the annual monitoring of the KPIs for their specific common service line. Monitoring is undertaken by applying verifiable data and quality surveys to determine the status of the KPI targets against their baseline. In this step, OMT working groups review the common services, KPIs, and targets and add the actual values of the progress made thus far. OMT working groups inform the OMT of the conclusions of their annual monitoring and flag any issues that require attention at the OMT or UNCT level.

The BOS online platform will generate an impact level reports from implementation of the BOS to ascertain the benefit of the BOS at the country level. These reports will enable the stakeholders to notice the impact that BOS brings to the UN system by collaborating. The reports will also showcase the active participation by Agencies and their performance on BOS implementation.

C.2 Evaluation

OMTs may also choose to assess the BOS impact through an evaluation. Given the annual monitoring and review step, conducting an evaluation is not a mandatory step of the BOS but it might be helpful to do a multi-year evaluation of the BOS to guide OMTs through the review process.

A BOS evaluation should focus on the relevance, efficiency, effectiveness, and sustainability as defined by the UN Evaluation Group (UNEG)\(^{11}\). A sample structure of an evaluation with guiding questions is available in Annex 5.

Who does what?

The **OMT working groups** report to the OMT the achievements (progress towards targets, including cost avoidance and quality enhancements) of their common service line, against agreed targets on an annual basis.

The **OMT** reviews the inputs provided by the working groups and reports the achievements and challenges of the BOS to the UNCT against agreed targets annually.

The **RC** annually reports on the outcome of BOS to the UN Secretary-General.

### Notes

\(^{11}\) UNEG Norms for Evaluation in the UN System, www.unevaluation.org

The BOS online platform supports the reporting on annual targets by reminding the OMT of this step and highlighting the status of progress on annual targets.

Reporting is done through the Planning Framework page of the platform. Here OMT working groups and individual Agencies will need to report on the status of the activities, the budget spent and the actual progress towards the KPI targets.

All information entered will be available in the yearly report generated through the platform.

The BOS Online platform generates periodic reports and dashboards with BOS data to support annual reporting.

Evaluations on the BOS can be uploaded through the BOS online platform.
D. REVIEWING THE BOS

D.1 Annual review

The BOS is a dynamic framework that seeks to enhance the quality and cost effectiveness of business operations at country level. To ensure it remains relevant and updated, OMTs are required to conduct an annual review of the BOS.

Taking in consideration the findings reached during the reporting phase, the OMT is responsible for launching the BOS annual review with the participation of the OMT working groups. This is a good opportunity to address any bottlenecks or delays with solutions and to set priorities for the year ahead. Discussions with the UNCTs should also take place to outline the management support needed and the budget allocation required. During the annual review, the OMT, and the working groups, are able to revise and update all the steps of the BOS. Updating the BOS should be faster than developing the BOS from the onset.

The steps to review the BOS are the typically the following:

**Kick-off** – review and update the list of participating agencies and the accountability framework. Ensure that any staff changes and contact details are reflected online.

**Stock Take** – the OMT working groups should go through the identified common services and discuss whether changes should be made, or new services should be added.

**Opportunities** – the OMT working groups should further discuss new opportunities for collaboration. Please note that services that have been done collaboratively for 4 years will be automatically moved to the stock take section.

**Planning Framework** – OMT working groups should review and update KPIs, targets, and involved agencies. Review and update the implementation plan including common service activities, responsibilities, timeframes, and budget for implementation.

The OMT briefs and consults the UNCT throughout the review process to ensure the BOS is in line with the country priorities. Once the review process is finalized, the BOS should be submitted for quality assurance validation.

Once validated, the OMT, building on the findings and achievements of the previous year, presents the revised version of the BOS to the UNCT for endorsement. The sign-off is then completed by the RC through the BOS online platform (see section on sign-off above).

D.2 What to do if the country context suddenly changes?

If the country context changes, - either an emergency hits, or the situation stabilizes – the UN adapts its operations to best fit the country needs. Flexibility and adaptability are some of the main new characteristics of the BOS allowing it to be updated and revised in the middle of the implementation step to ensure it properly supports programme priorities.

For the BOS to be unlocked for review during implementation step the RC, with agreement from the UNCT, should write to the BOS Task Team through the UNCT, OMT, and the Kick-off presentation through the BOS online platform. The request will be examined by the BOS Task Team and the BOS will be unlocked in the system for an earlier review.

E. WHAT NEXT?

New to BOS

The development of this guidance and the online platform took into consideration lessons learned and feedback from numerous country offices that developed the BOS since 2012. This guidance outlines the improved approach to BOS, which is streamlined, and results focused. UNCTs that are new to BOS, and will be developing it for the first time, can refer to the checklist below to guide them through the first steps.

- The RC, UNCT and OMT members should register through the BOS online platform. User access to the platform will be granted by the office of the RC.
- OMT Chair to familiarize himself/herself with the resources section of the BOS online platform that includes videos, recorded webinars, and presentations on the BOS.
- OMT Chair to distribute the BOS Guidance, Executive Summary, and the Kick-off presentation to the RC, UNCT, and OMT members.
- OMT Chair to convene OMT thematic working groups per common service line, if not already established and share BOS materials.
- Kick-off meeting with the RC and UNCT and ensure each Head of Agency allocates adequate human resources for the BOS development and implementation.
- Proceed with the development of the BOS.
Transitioning to the new BOS

With the first launch of BOS in 2012, there are a number of pioneers UNCTs that have already embarked on opportunities discussions and back office collaboration. For some countries, the transition to the new BOS has been made easy, as some of the documents and common service data has been added to the BOS online platform. A checklist is added below to ensure all UNCTs correctly transition to the new BOS.

- The RC, UNCT and OMT members should register through the BOS online platform. User access to the platform will be granted by the office of the RC.
- Review and update data on the BOS kick-off. Select the review date;
- Add the contact details of the accountable staff members to the Accountability Framework;
- Review and update the common services added to the stock take;
- Complete the Opportunity Analysis and the Planning Framework, including the implementation plan;
- Complete the quality assurance step and sign-of

F. RESOURCES AND SUPPORT

F.1 BOS resources

The BOS online platform brings together all resources for OMTs’ use when developing and implementing BOS through the BOS online platform. UNCTs can share their own BOSSs and BOS related reports, CBA reports, workplans and evaluations, with the rest of the BOS community.

F.2 Technical support

The development and implementation of joint approaches to common business operations require the ongoing participation of key individuals from involved agencies at working group and OMT level. In order to support UNCTs with the BOS, a BOS Task Team supported by DCO was established. The TORs of the task team include:

- Provide guidance, and support to RCs and UNCTs in developing, implementing and reporting on the BOS;
- Provide quality assurance on the proposed BOS by country;
- Identify, fine-tune, and share with UNCTs best practices within the common service lines.

F.3 Recommended incentives

BOS good practice indicates that the greatest quality and highest levels of engagement in BOS are maintained when incentives are present.

Good practice examples of incentive systems drawn from current BOS countries aim to encourage, support, and maintain the engagement of interagency networks in BOS, and to recognize commitment to common services. Examples include:

- Common service-related performance indicators included in staff performance appraisal systems and, therefore, highlighted in annual performance appraisals;
- Establishment of staff reward systems specific to those engaged in BOS and certificates of achievement;
- BOS and common services job requirements/capacities outlined in staff TOR and, hence, recognized as part of their substantive job requirement;
- Regular reporting to the UNCT on the cost avoidance and efficiencies realized by the OMT and its working groups, highlighting the agency staff participating in joint UN mechanisms.

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H. DEFINITIONS

**Baseline**
Information gathered at the beginning of a project, or programme, from which variations found in the project or programme are measured. The baseline represents the status of the KPIs at the beginning of the BOS. A baseline acts as a reference point, against which progress, or achievement can be assessed.

**Business case**
Where implementation of a common service requires considerable upfront investment, the UNCT may request a detailed business case to be developed to research the actual costs, to document anticipated quality enhancements and to provide detailed costing. In some cases, interested agencies may be requested to cost share the time of a technical specialist, to develop the business case if in house capacity is not available.

**Common business operations**
Common business operations are the jointly executed back office support processes, and the harmonization, and simplification priorities that support UN programme implementation at the country level, undertaken by one agency on behalf of two or more agencies. This includes harmonization processes such as the harmonized approach to cash transfers (HACT) and LTAs.

**Common premises**
Common premises entail the co-location of one or more resident United Nations entities present in a country. One (or more than one) common premises can be established at national and subnational level, usually supported by a range of common services, and enabled by agency co-location. Common premises are an integral part of the UN efforts to harmonize common operations at the country level.

**Common services**
Common services are common business operations provided by one UN agency for one or more UN agencies (clients), inclusive of joint procurement activity and management of long-term agreements (LTAs).

**Common service lines**

**Impact**
Impact includes changes in programme delivery through enhanced operational support, and, therefore, ultimately in people’s lives. Impact can include changes in knowledge, skills, behaviors, health, or conditions for children, adults, families, or communities. Impact are positive and negative long-term effects on identifiable groups produced by a development intervention, directly or indirectly, intended or unintended.

**Inputs**
The financial, human, material, technological, and information resources, used for development interventions.

**Key Performance Indicator (KPI)**
A KPI provides a unit of measurement that specifies what is to be measured along a scale but does not indicate the direction or change. KPIs are qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of a programme or investment.

**Multi-country office**
Regionally located office infrastructure, sometimes located in common premises that service more than one country and may deliver common services through joint operations centers. Examples include the Pacific and the Caribbean region multi country offices. Multi-country contexts are often denoted by joint UNCTs, Joint UNSDCF (incorporating multi country programming), and joint BOS.

**Mutual Recognition**
Is defined by the UN system as the principle that allows a UN agency to use or rely on another UN agency’s policies, procedures, and processes, without further evaluation, checks, or approvals being required. See Annex 1.

**Performance**
Performance is the degree to which a development intervention or a development partner operates according to specific criteria/standard/guidelines or achieves results in accordance with stated plans.

**Performance monitoring**
Performance monitoring is a continuous process of collecting and analyzing data for KPIs, to compare how well a development intervention, partnership, or policy reform is being implemented against expected results (achievement and progress towards targets).

**Results-based management (RBM)**
RBM is a management strategy by which all actors, contributing directly or indirectly to achieving a set of results, ensure that their processes, products, and services contribute to the desired results (outputs, outcomes, and higher level goals or impact) and use information and evidence on actual results to inform decision making on the design, resourcing and delivery of programmes and activities as well as for accountability and reporting.
Results Framework
The results framework explains how results are to be achieved, including causal relationships and underlying assumptions and risks. The results framework reflects a more strategic level across an entire organization, for a country programme, a programme component within a country programme, or even a project.

Risks and assumptions
Risks are potential future events that are fully or partially beyond control and may (negatively) affect the achievement of the results. Assumptions are the variables or factors that need to be in place for results to be achieved. They can be internal or external to the organization.

Target
A target specifies a particular value for an indicator to be accomplished (annually at the planning step) by a specific date in the future, e.g. total recruitment time reduced by 75 percent by the year 2010.

Transaction costs
Transaction costs are the costs associated with the processes and activities that the UN system engages in to deliver its programmes at country level. For business operations these transaction costs are mainly internal to the system. Transaction costs are defined as direct and indirect costs and include staff and non-staff costs. Transaction costs are one of those variables through which the efficiency and effectiveness of UN country operations can be measured, supplemented by an assessment of quality of operations support to programme delivery.
I. ANNEXES

Annex 1 - Mutual Recognition

Mutual Recognition Statement

Acknowledging General Assembly Resolution 71/243, which calls for entities within the United Nations development system to “operate according to the principle of mutual recognition of best practices in terms of policies and procedures, with the aim of facilitating active collaboration across agencies and reducing transaction costs for Governments and collaborating agencies”;

Recalling the Report of the Secretary-General, Repositioning the United Nations Development System to Deliver on the 2030 Agenda (A/72/684), and in particular in recognition that the roll out of the Business Operations Strategy at the country level requires “progress on the mutual recognition of policies and procedures by entities of the United Nations development system”, and responding to the Secretary-General’s call in the same report for all entities to accelerate their efforts to operate according to the principle of mutual recognition;

Recalling further the initiative of the UN Business Innovations Group to support the Business Operations Strategy as well as to foster UN Country Team common back offices, the formation of common service centers and to increase the number of UN common premises;

Noting that mutual recognition allows an entity to use or rely on another entity’s policies, procedures, system contracts and related operational mechanisms for the implementation of activities without further evaluation, checks or approvals being required;

Noting further that mutual recognition can serve to facilitate the implementation and administration of administrative support activities, create cost-savings and foster collaboration across United Nations entities;

Recognizing that principles for mutual recognition are that participating United Nations entities:

- maintain sound financial management and internal control systems to ensure that funds are used for the purposes intended with due attention to considerations of efficiency and effectiveness;
- subject their financial and administrative management systems to internal and external auditing arrangements in line with internationally accepted standards;
- reaffirm their commitment to the single-audit principle;
- ensure that appropriate mechanisms are in place to significantly mitigate the risk of fraud and corruption and to address allegations and proven instances of fraud and corruption; and
- undertake appropriate measures, including capacity strengthening, to mitigate risks posed by any weakness identified in their financial and administrative management systems and arrangements.

Affirming that our respective entities meet these prerequisites and wish to advance the Business Operations Strategy and to foster progress in the goals pursued by the Business Innovations Group;

Hereby commit to apply, to the greatest extent practicable, the principle of mutual recognition in respect of the administration and implementation of our entities’ activities;
Annex 2 – Accountability framework

Whilst every country context is different, the below organigram represents a typical structure relevant to the BOS with roles and responsibilities.

<table>
<thead>
<tr>
<th>Generic roles and responsibilities - refine to reflect country context</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Headquarter level</strong></td>
</tr>
<tr>
<td>DCO</td>
</tr>
<tr>
<td>- Resourcing and technical advice</td>
</tr>
<tr>
<td>- Secretariat of BOS Task Team</td>
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<tr>
<td>BOS Task Team</td>
</tr>
<tr>
<td>- Provide guidance and support to RCs and UNCTs in developing, implementing and reporting on the BOS</td>
</tr>
<tr>
<td>- Provide quality assurance on the proposed BOS by country while incorporating country typologies and differentiated approaches accordingly.</td>
</tr>
<tr>
<td>- Identify, fine-tune and share best practices with UNCTs</td>
</tr>
<tr>
<td>- Advice UNCTs regarding latest global guidance on common business operations</td>
</tr>
<tr>
<td>Agencies</td>
</tr>
<tr>
<td>- Reflect the commitment to BOS in strategic and operational plans</td>
</tr>
<tr>
<td>- Support agency heads at the country level in their engagement in BOS</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Leadership of BOS at the country level</strong></th>
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</thead>
<tbody>
<tr>
<td>RC</td>
</tr>
<tr>
<td>- Accountable to the Secretary-General for advances towards UN common business operations to enable joint work and generate greater efficiencies, synergies and coherence</td>
</tr>
<tr>
<td>- Final sign-off of BOS, on behalf of the UNCT</td>
</tr>
<tr>
<td>- RC’s office managed the user access of the BOS online platform at country level</td>
</tr>
<tr>
<td>UNCT</td>
</tr>
<tr>
<td>- Ultimate decision making for all matters related to the BOS</td>
</tr>
<tr>
<td>- Responsible for finalization of BOS and reporting against agreed results</td>
</tr>
<tr>
<td>- Responsible for outlining the medium-term vision for common business operations and providing the OMT guidance regarding the operationalization of the BOS</td>
</tr>
<tr>
<td>- Final decision making on issues that cannot be resolved at the OMT level</td>
</tr>
<tr>
<td>- Final endorsement of the BOS priorities and implementation plan including budgets</td>
</tr>
</tbody>
</table>
A member of the UNCT chairs the OMT

- Ensure commitment to and responsibility for BOS is included in agency strategic plans
- Ensure the availability of staff and funds to implement activities towards delivering BOS targets

Management of BOS
- Management and coordination of the development and implementation of the BOS
- Oversight of annual monitoring of the BOS to ensure common service delivery is in line with the KPIs and annual targets
- Regularly reporting to the UNCT on BOS progress and any issues arising that require UNCT decision making or policy advice.
- Design and implement required resource mobilization strategies and reporting on status to the UNCT.
- Coordinate monitoring and review guidance and capacitate the OMT task teams for a quality annual monitoring and review of the BOS.
- Oversee the work of the OMT task teams/working groups
- Oversee the work of any timebound BOS taskforces.

Technical implementation of BOS
- Support to the OMT in coordination and implementation of the BOS.
- Participate in the BOS development through provision of data, BOS planning, identification of risks and limitations and development of the BOS Results Framework.
- Responsibility for the annual work planning, budgeting, implementation, monitoring and review of their assigned BOS outcome areas
- Provide specialized technical expertise.
- Highlight of any resource mobilization needs/opportunities for the BOS to the OMT.
- Regular reporting to the OMT on progress in implementation of their BOS outcome area, highlighting any challenges and bottlenecks faced and proposed solutions.
- Create links with programme staff as needed to enhance the design and implementation of common services.

All engaged agencies
- Manage and implement BOS activities as assigned to their staff during the OMT working group meetings.
- Report on cost avoidance and efficiency gains for all relevant common services.

Annex 3 – Stock take terminology

*Action to be taken* – indicate the next steps to be taken with each common service:

**Discontinue** – there is no longer any identified added value for this common service, and it is, therefore, recommended for discontinuation.

**Continue as is (maintain status quo)** – no issues noted, and the common service is performing as anticipated. No action required beyond continuing the common service as is.

**Scale up (increase volume/activity)** – the common service is exceeding expectations in terms of increased quality and cost avoidance. There is a plan to expand volume by adding additional service users or expanding the common service.

**Scale down (reduce volume/activity)** – the common service (or parts of it) are not meeting expectations in terms of increased quality or cost avoidance and therefore the scope of the common service to be reduced.

**Modify (change the way it works or fix bottlenecks)** – the common service is generating increased quality or cost avoidance, but changes are needed for it to reach its full potential.

Annex 4 – Cost benefit analysis methodology

**ESTIMATED OR EXACT APPROACH**
Not all services require the same level of analysis. It is recommended that the level of detail corresponds to the complexity and/or investment cost associated with the common service. The more costly or more complex the

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13 It is recommended that the chair of the OMT attend UNCT meetings to provide ongoing update on BOS management and implementation. Links to generic TOR for OMT can be found in the tool kit.

14 BOS taskforces are generally time-bound with the responsibility of developing and finalizing a specific action relevant to the BOS on behalf of the full OMT.
investment, the more detailed the CBA needs to be. Cost can be assessed using two different approaches: the exact approach and the estimated approach.

**Exact approach:** If the data is available and it is cost effective to do so, an exact approach draws on actual and quantitative data from agency databases, actual data from business process maps (BPM) such as time expenditure/labour cost, and quality surveys. This data supports the establishment of cost-avoidance targets within the BOS Results Framework. The advantage is more accurate data. The disadvantage is higher transaction cost.

**Estimated approach:** If exact data is not available an estimated approach provides a valuable indication of trends and potential change. The CBA draws on approximate figures from alternate regional or country data for similar costs. The estimated approach provides more ‘directional data’, meaning a rough idea of the anticipated impact or change over time. The advantage is a faster transaction and lower transaction cost. The disadvantage is lower accuracy of data.

The OMT decides which approach to use in their specific country context. Local needs, capacity, and the cost of data collection generally influence which combination of approaches are used. Some services are analyzed with the exact approach, e.g. using actual procurement figures. Some services are analyzed using the estimated approach, e.g. business process maps, or activity-based costing using standard data for HR, or general costs for ICT from an alternate country or region.

**METHODOLOGY**

The detailed CBA starts with the identification of direct monetary and labour costs (one-time/investment costs and recurring costs) of a service being implemented individually by each agency minus the estimated cost of implementing the service collaboratively. The final amount is the expected cost avoidance.

**Monetary costs** - are the cash investments needed to establish and implement a service.

- **One-time monetary costs** – are the upfront one-time only investments that need to be made to establish the common service, for example the cost of advertising for establishing LTA, or the cost of procuring equipment or technical expertise to establish a service (IT equipment, solar panels, GPS technology, database software).

- **Recurring monetary costs** – are the ongoing costs of maintaining the established common service, for instance periodic maintenance of equipment or upgrade of software.

**Labour Costs** – refer to the cost of labour (staff) to establish and implement a service. Labour costs (time) are converted into a dollar value and calculated using activity-based costing or process maps to list all involved labour (process steps and time required) in any one service and to then estimate the total labour cost.

- **One-time labour costs** – the upfront and one-time only labour costs of establishing a service, for example the labour costs of rolling out a procurement process for establishing an LTA, or one-time installation of wiring for new shared technologies.

- **Recurring labour costs** – the ongoing labour costs of maintaining a common service, for example LTA renewal processes, staff implementation of any one common service e.g. reception or help desk services.

Examples of one time and recurring monetary and labour costs and cost avoidance:

<table>
<thead>
<tr>
<th>Cost type</th>
<th>Action example</th>
<th>Recurring</th>
<th>One time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary cost</td>
<td>Project equipment purchase</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Project infrastructure</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Short term consulting services</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Purchase of PABX servers for implementation of VOIP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental of project premises</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>License fees for software</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joint back up services (IT)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Labour costs</td>
<td>LTA renewal processes</td>
<td>✓</td>
<td></td>
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<tr>
<td></td>
<td>Request for proposal process for joint procurement</td>
<td></td>
<td>✓</td>
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<td></td>
<td>Ongoing cost of implementing common service</td>
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Annex 5 - Evaluation Sample Questions

With reference to Section C.1.3 Evaluation the following questions are tailored to BOS and could be utilized to structure the guiding questions within a BOS evaluation.

Reference: UN Evaluation Group (UNEG) http://www.unevaluation.org

Relevance - BOS addresses country or multi country priorities and opportunities
The extent to which the priorities of BOS are consistent with country needs, programming priorities, and BOS global commitments. The extent to which the BOS reflects the UN in the country’s ability to adapt to changing circumstances for common business operations and changing demands of the country context, so that the UN’s BOS interventions and results achieved continue to be relevant.

- Do the BOS outcomes address the country’s priorities for common business operations?
- Has the BOS been flexible to adjust to new common service opportunities?
- Have the BOS outcomes guided UN agencies in the context of UN system wide business operations goals and commitments?
- To what extent has global policy commitments to common business operations been highlighted in the BOS?

Efficiency - BOS is a coordination and partnership framework
The extent to which the UN in the country’s ways of working affected progress of results and implementation of the BOS. The extent to which outcomes are achieved through the appropriate amount of resources. The extent to which transaction costs were minimized in the implementation of BOS.

- To what extent has the BOS increased synergy between the operational practices of UN agencies?
- Has the efficiency of UN entities increased as a result of BOS and its common services?
- Are all roles and responsibilities in relation to BOS clearly defined? Are the different roles and responsibilities respected by everyone? If not, why not?
- Have the internal and external coordination structures of BOS increased efficiency and effectiveness and reduced duplication? If not, why not?
- Are BOS budget allocations aligned with BOS priorities?

Effectiveness: BOS implementation contributes to progress of the BOS outcomes
The extent to which each level of the accountability framework for BOS contributed to the outcomes defined in the BOS. The evaluation will note how unintended results, if any, have affected common business operations positively or negatively and to what extent these issues were foreseen and managed. The evaluation documents lessons learned for future BOS implementation and how BOS can continue business operations reforms.

- What progress has been made towards the realization of BOS outcomes?
- What lessons can be identified and used to guide planning of global commitments to common business operations?
- What are the main factors that contributed to the realization or non-realization of the outcomes?
- Where the expected outcomes realized given the BOS timeframe and available capacities and resources?
- To what extent and in what ways has the comparative advantage of UN Agencies been utilized in the country/multi country context?

Impact: BOS impacted the realization of global targets for common business operations
The extent to which the BOS has impacted global priorities for common business operations, notably the implementation of the SG’s global reform priorities.

- Are there any changes to the global business operations that can be attributed to this BOS?
- What contribution has the BOS made to working with key strategic partners through BOS implementation?

Sustainability: BOS results contribute to the sustainability of cooperation among individual UN agencies
The extent to which common business operations strategies implemented in the current BOS are likely to contribute to the sustainability of common business operations toward the establishment of a common back office.

- Has the BOS contributed to establishing common services that would be able to achieve positive results in the future?
- Have joint structures and processes strengthening happened?
- To what extent does the BOS promote ownership of common business operations?
Annex 6 - BOS Task team - terms of reference

Background

The UN General Assembly in its 2016 QCPR (Resolution 71/243) called for “integrating programmatic and operational functions in order to enhance coherence, effectiveness, efficiency and the impact of country-level efforts” and encouraged the UN entities to progressively implement the standard operating procedures and business operations strategies.

In its December 2017 report to the GA, the UN Secretary-General (SG) has called for scaling the rollout of the BOS, encouraging all country teams to ensure compliance with an improved BOS by 2021. In the same report, the SG requested the HLCM and the UNDG to prepare a strategy for the establishment of common back offices for all United Nations country teams by 2022.

At the same time, the UN RC function is now fully revamped and reporting to the DSG, bringing new challenges to a new generation of country teams that will require multi-faceted support from each agency management as well as interagency forums.

The UNSDG established the Business Innovations Strategic Results Group (BIG) to facilitate an Agency-led change process, co-chaired by the WFP Executive Director and the UNHCR High Commissioner for Refugees.

The BIG launched a short-term and time-bound full-time inter-agency BIG Project Team that is focused on designing and planning for delivering the SG’s reform targets.

While the BIG Project Team will work on design and implementation plans, there is the need to create re-activate the work of Task Team 1, an inter-agency mechanism for the BOS that can provide long term operational ownership, support, and quality assurance to the UNCTs.

Once established, and when the ad hoc project team has provided its design and implementation plans, this group can be used as a sounding board and can provide recommendations to the BIG on issues such as transition from BOS to CBO; strategies for Change Management and Communications; implementation of CBO; Operationalisation of Mutual Recognition and other areas where the BIG may need technical review and support.

Main Tasks

The Task Team is expected to focus on a number of interrelated tasks, specifically:

- Develop and update an overall BOS roll out plan aiming to achieve full roll out by 2021.
- Provide remote guidance and support to UNRCs and UNCTs in developing, implementing, and reporting on the BOS. Particular attention should be paid to the Change Management and Communications aspects of the implementation.
- Provide remote quality assurance support on the country BOS while incorporating country typologies and differentiated approaches accordingly.
- Identify, fine-tune, and share with UNCTs best practice within the different Common Service Lines.
- Provide regular reporting on BOS, including ensuring that data is collected and analysed in a structured manner. Advise and recommend changes/updates to the BOS guidance and to the BOS online platform to the UNSDG Strategic Results Group on Business Innovations.
- Promote full utilization of Mutual Recognition at the regional and country level.

Composition and working methods

- 1 Representative for each one of the major entities covering at least 90% of the in-country expenses – each agency to nominate their representative with a maximum of 10 members.
- Rotational leadership – two co-chairs should be selected from the members of the Task Team for a period of 1 year.
- Regular meetings – at least twice a month
- Mechanisms to collect feedback and queries from RCs and UNCTs directly
- The task team could require engaging informally with a wide network of thematic experts from the UN entities on specific issues.
- Data gathering and reporting online
- UNDCO will act as the Secretariat for the Task Team.

**Expected Results**

- Launch of the BOS in 2019
- 100% of UNCTs are compliant with the BOS by 2021
- Monitoring the implementation of BOS worldwide
- Recommendations to BIG on proposed strategy for establishment of common back offices
- Annual draft reports on the BOS component in QCPR 50d.
### Acronyms

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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>BOS</td>
<td>Business Operations Strategy</td>
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<td>Business Process Map</td>
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<td>CEB</td>
<td>Chief Executives Board</td>
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<td>CS</td>
<td>Common Service</td>
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<td>DAO</td>
<td>Delivering as One</td>
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<td>DESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
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<td>DCO</td>
<td>UNDG Development Coordination Office</td>
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<td>DSA</td>
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<td>ECOSOC</td>
<td>UN Economic and Social Council</td>
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<td>HACT</td>
<td>Harmonized Approaches to Cash Transfers</td>
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<td>Key Performance Indicator</td>
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<td>Memorandum of Understanding</td>
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<td>UN Quadrennial Comprehensive Policy Review</td>
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<td>Results Based Management</td>
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<td>Resident Coordinator</td>
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<td>SMART</td>
<td>Specific, Measurable, Achievable, Relevant and Time bound</td>
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<td>Terms of Reference</td>
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<td>Voice over Internet Protocol</td>
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