

# **UNITED NATIONS**

## **Business Operations Strategy**

**Version: December 2013**

## **Introduction**

### **1.1 Background**

The UN Country Team is committed to the use of UN resources in a manner that ensures that the organisation is efficient and effective in carrying out its mandate. The UN will only be efficient in the use of resources if it undertakes to analyse where its resources are deployed. The UN has a responsibility not only to its donors but its beneficiaries to ensure that all resources that come through the UN are utilised efficiently for the benefit of the people and development. The debate on cost reduction is not new, but following the resolutions of the Quadrennial Comprehensive Policy Review (QCPR), it has become important for the UN to critically examine its operations and common services.

The UN thus endeavours to increasingly harmonize its business operations, where this adds value and reduces costs, and increase use of national systems for operational purposes where possible. This Business Operations Strategy (BOS) provides strategic, medium to long term focus on common UN operations processes. The aim of the BOS will be to provide a basis for the UNCT in Zambia to move at greater speed towards harmonisation of common services. The approach takes the 7 major steps of coming up with common services from where the UN will derive benefit if the UN came together around that common service.

This particular BOS, will not be a detailed document, but the 'lite' version of the BOS. What this means in the particular case of Zambia is that, the BOS content will look at only the cost aspects of the chosen services to be pursued as common services. Ordinarily the document would examine an array of factors that contribute to costs of running the UN but in this particular case, the BOS lite will be concerned with financial and human resources savings for now.

The UN in Zambia began exploring common services in 2002 when the UN agencies started exploring ways of increasing collaboration on common services. This started with a discussion around the dispensary, then security, then it moved to banking services. The designation of the main UN office as the UN house further crystallised the need for the UN to start thinking about working as one on common operations, not only for cost saving purposes but also for efficiency in development assistance.

The UN has mapped thirty five (35) activities that are operations related. They fall in the various categories of common services such as Administrative Services, Human Resources, ICT, Procurement and Finance. Of these 35, sixteen (16) of them are already being carried out as joint activities. The BOS will facilitate the addition of 11 more activities to the common services category during the period 2013 – 2015 without losing sight on the ones being carried out jointly already.

### **1.2 Principles of Implementation**

The following principles will underpin the implementation of this BOS lite:-

- i. The BOS will focus on the harmonisation of common operations.
- ii. The UN agencies that pledge to abide by this strategy to the extent possible and live by the agreed resolutions governing the BOS make an undertaking to ensure that most common services are harmonised.
- iii. The BOS will be implemented on the understanding that all UN interventions have the ultimate goal of delivering on development and that all savings made on the operations side will be deployed into making the UN more efficient and effective in development assistance. It therefore means that the BOS will be directly linked to the UNDAF.

- iv. The UN will remain committed to other internationally agreed resolutions and declarations relating to efficiency and aid effectiveness, in carrying out their activities.

### 1.3 Management Arrangements and Participating Agencies

The BOS implementation will be over seen by the UN Country Team. The day to day implementation will be over seen by the Operations Management Team (OMT). Both the OMT and the UNCT will be supported by the Office of the Resident Coordinator (ORC). The OMT will create sub task teams to collect information on a regular basis for monitoring purposes.

The following agencies will be part of the BOS:-

FAO	Food and Agriculture Organisation
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
WHO	World Health Organisation
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Programmes
UNAIDS	Joint Programme of the UN on HIV and AIDS
UNFPA	United Nations Population Fund
IOM	International Organisation for Migration
ILO	International Labour Organisation
WB	The World Bank
IMF	The International Monetary Fund

### 1.4 Broad Strategic Outcomes of the BOS

As mentioned above, the BOS will cover all the services that have already been pursued by the common system. Under the guidance of the UNCT the following broad strategies have been identified.

***Strategy 1: Administrative Services: - Reduced financial and transaction costs on targeted administrative services of the UN in Zambia***

This strategy is targeting administrative services that will contribute to cost reduction as well as make the UN an efficient organisation. This will be achieved by examining the cost and benefits of service lines such as travel, mail delivery shared transport, common vehicle maintenance, clearing and shipping to mention a few. This will include the common interview panels, common advertising portals, sharing of common rosters for consultants. This, it is envisaged, will cut out on time and save financial resources.

***Strategy 2: Common Procurement: - Harmonised, cost effective and efficient UN procurement***

The focus is for the UN to streamline procurement. There is documentary evidence to the effect that costs related to procurement are quite high. This is the cost on staff time as well as financial costs. The idea with this approach is to invest time in negotiating long term agreements for service provision. LTAs will both save time and financial costs in that LTAs will be negotiated for the entire system. As LTAs are negotiated it is expected that vendors and service providers will see the benefit of

giving concessional rates to UN procurement. The focus of common procurement for the duration of this strategy will be on duty free fuel, stationery, conference facilities, mobile and internet service provision, common light vehicle maintenance services, common clearing as well as procurement of IT and other office equipment. Where one agency already has an LTA other agencies will ride on that LTA.

***Strategy 3: Effective Staff: - Occupational Health for a robust human resource***

UN staff are some of the most hard working staff in the world. Their undertaking to be available on call 24 hours a day. This implies that the UN staff go under a lot of stress and therefore need to constantly check their state of health. At the same time staff must be encouraged to live health lives by engaging in health lifestyles. This works to the advantage of the institution as the institution will not have prolonged downtime.

## **1.5 Monitoring and Evaluation**

The Operations Management Team will conduct service and quality assessment surveys on an annual basis. This includes regular reviews of the performance of service providers and of the services themselves in respect of meeting the service requirements and the clients' needs. This will both be internal and external clients. It is a known fact that the UN has a number of service providers in Zambia. At the same time we shall not forget the clients internally who include staff that are usually the interface between operation, programme and the outside world that includes programmes and projects that receive support from the UN.

This Business Operations Strategy is reviewed by the Operations Management Team at the end of the year, when the Annual Work Plans are being developed. An end of cycle report will be developed in 2015 against the outcomes of the Business Operations Strategy, identifying lessons learned and carry-over for the next programme cycle. This is in order to ensure that the next business operations strategy is aligned and is answering to the needs of the UNDAF 2016-2020. The interagency UN M&E working group will also play a key role in refining results so that they are easy to measure for both impact and quality. The idea behind is to enlarge the scope of UN CARE so to increase staff awareness also on the high impact of non communicable diseases on daily work and life, promote and encourage physical fitness among UN staff and to promote a safe and conducive working environment.

## 1.6 Results Framework

Sub Outcome Area	Indicators		Baseline	Target 2015	Risks and Assumptions
Interagency Consultancy Database	<ul style="list-style-type: none"> <li>Database being utilised by the UN Agencies</li> <li>Cost and time of hiring consultants</li> </ul>		<p>No database</p> <p><b>(Cost and Time baseline)</b></p>	<p>One database operational with system of updating in place</p> <p>50% reduction in cost of hiring; 50 time reduction in hiring.</p>	<p>The assumptions are that the database will be updated regularly and that the consultancy profiles will remain valid for all UN agencies to march the needs and time investment.</p>
Local Human Resource Services	<ul style="list-style-type: none"> <li>Proportion of common adverts</li> <li>Percentage reduction in cost of advertising</li> <li>Time of hiring</li> <li>Proportion of common interview panels for common positions</li> </ul>		<p>0</p> <p>USD?</p> <p>?</p> <p>?</p>	<p>100%</p> <p>10% reduction</p> <p>?</p> <p>?</p>	<p>The assumptions are that the current medium for advertising will remain the same way until 2015. The risk is that if the media outlets start being closed due to Government policy then the rates are likely to go up.</p>

Sub Outcome Area	Indicators		Baseline	Target 2015	Risks and Assumptions
Common Travel Arrangements	<ul style="list-style-type: none"> <li>Number of agreements signed with airlines</li> <li>Percentage reduction on prices of tickets for UN related travel</li> </ul>		<p>?</p> <p>Average for common destinations.</p>	<p>4<sup>1</sup></p> <p>10% reduction</p>	The current airlines will continue operating. The risk is that the airlines are not in control of fuel prices and those may affect the industry fares.

<b>Outcome 2: Harmonised, cost effective and efficient UN procurement</b>				
Sub Outcome Area	Indicators	Baseline	Target 2015	Risks and Assumptions
Supply of Duty and VAT free Fuel	<ul style="list-style-type: none"> <li>Number of filling stations with contracts to supply duty and VAT free fuel to the UN</li> <li>No. of UN agencies utilising the service</li> <li>Percentage reduction in combined UN fuel bill.</li> </ul>	<p>One filling station with VAT free and two with duty and VAT free fuel.</p> <p><i>All UN Agencies</i></p> <p><i>Subject to cost and benefit analysis data??? Duty free 34% and VAT 16%</i></p>	<p>All provincial capitals to have atleast one supplier of Duty and VAT free fuel</p> <p>One fuel company with countrywide coverage, Tom cards and centralised billing e.g., Total</p> <p>All UN Agencies continue</p>	We are assuming that the pricing policy of fuel remains that same. The current political stability will remain as it is. We are also assuming that the global economy remains stable. <i>There is however a risk that should the global economy not hold up, there</i>

<sup>1</sup> Emirates, Ethiopian, KLM and SAA

<b>Outcome 2: Harmonised, cost effective and efficient UN procurement</b>				
<b>Sub Outcome Area</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target 2015</b>	<b>Risks and Assumptions</b>
			using the suppliers for fuel.  50% reduction in the current fuel bill	<b>is potential to drive fuel prices up.</b> The Duty free and VAT percentage granted to UN decreased or withheld by Government. UN agencies not utilising the service is a risk that could drive the cost of doing business therefore make this business proposal not viable
Common Light Vehicle Maintenance	<ul style="list-style-type: none"> <li>▪ LTA signed with service providers</li> <li>▪ No. of UN agencies utilising the service</li> <li>▪ Percentage reduction in cost of light vehicle maintenance</li> <li>▪ Turn-around time for vehicles booked for maintenance and repairs.</li> <li>▪ No. of repeat job from a specific garage on vehicle maintenance</li> </ul>	<p>No LTA exists</p> <p>?</p> <p>?</p> <p>?</p>	<p>At least three LTAs exist</p> <p>All UN Agencies</p> <p><b>50% reduction in costs?</b></p> <p><b>3 days turn-around time?</b></p>	<p>The economic situation will remain stable in order for the prices to remain stable. UN agencies that sign up will utilise the LTAs in order to them to make business sense. Risk of selecting a service provider who is not financially and capacity stable to delivery as especially during economic crisis</p>

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	<ul style="list-style-type: none"> <li>No. of performance evaluations on quality services received from UN Agencies</li> </ul>			
Conference Facilities	<ul style="list-style-type: none"> <li>Number of LTAs signed with conference facility providers</li> <li>Percentage reduction in cost of conference facilities</li> <li></li> </ul>	<p>_____ LTAs signed</p> <p>?</p> <p>?</p>	<p>10 LTAs countrywide?</p> <p>10% reduction in cost for conference facilities as per negotiated against the prevailing market price</p>	<p>Risks are that the demand of conference venues far outstrips which will affect prices upwards. The other risk is Government policy conference facilities. The assumption is that the demand will remain the same. The second assumption is that more conference facilities will be developed therefore competition driving prices downwards.</p>
Common Procurement	<ul style="list-style-type: none"> <li>Number LTAs signed with office supply vendors</li> <li>Percentage reduction of cost of office supplies.</li> <li>Number of agencies utilising the same suppliers</li> </ul>	<p>?</p> <p>?</p> <p>?</p>	<p>10 LTAs for office supplies</p> <p><b>50%</b></p> <p>All UN Agencies resident in Zambia</p>	<p>Zambia being an import based country; a fluctuation in the world economy will affect prices in Zambia. The assumption is that the prices will remain stable. The other assumption is that there will be competition to manage price fluctuations. The UN agencies will</p>



<b>Outcome 2: Harmonised, cost effective and efficient UN procurement</b>				
<b>Sub Outcome Area</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target 2015</b>	<b>Risks and Assumptions</b>
	<ul style="list-style-type: none"> <li>Percentage of agencies with positive feedback on service providers</li> <li>.</li> </ul>	<p>?</p> <p>?</p>	<p>90% of the UN Agencies</p> <p>50%</p>	<p>participate.</p> <p>An inflexible clause in the contract that does not buffers the UN in case of a volatile economic climate in the country.</p> <p>Risk that not all UN Agencies will participate weakening the block negotiation advantage.</p>
Common Clearing and Shipping	<ul style="list-style-type: none"> <li>LTA signed</li> <li>Number of UN agencies using the clearing and shipping agency</li> <li>Percentage reduction in cost of Clearing and Shipping</li> </ul>	<p>?</p> <p>?</p>	<p>Two LTAs</p> <p>All UN Agencies</p>	<p>The assumption is that prices will remain stable and the macro economic framework</p> <p>Risk of selecting a service provider who is not financially and capacity stable to delivery as especially during economic crisis</p> <p>Ability of UN as a block to negotiate a suitable UN reduced rate</p>
Common Communication Agreements	<ul style="list-style-type: none"> <li>Internet backup agreements signed</li> <li>Closed User Group Agreements finalised and effected with Mobile Service</li> </ul>	<p>?</p> <p>One agreement signed</p>	<p>Agreements running</p> <p>Agreements covering all three mobile service providers.</p>	<p>The number of mobile and internet service provider will still remain the same in the period. There are no foreseen risks in this sector.</p> <p>The service provider may not adhere to the terms of</p>

<b>Outcome 2: Harmonised, cost effective and efficient UN procurement</b>				
<b>Sub Outcome Area</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target 2015</b>	<b>Risks and Assumptions</b>
	<p>Providers</p> <ul style="list-style-type: none"> <li>Up and Downtime for Internet</li> <li>Internet and Mobile Service quality</li> </ul>	<p>?</p> <p>User survey report baselines to be used</p>	<p>50% UN Staff on CUG</p> <p>80% uptime</p> <p>Good</p>	<p>the contracts thus being in breach</p>
Printing Facilities	<ul style="list-style-type: none"> <li>LTA for printing signed with leading printers</li> <li>Percentage reduction in cost of Printing Facilities in comparison to the prevailing market price</li> </ul>	<p>One LTA covering all UN agencies</p> <p>?</p> <p>?</p>	<p>Five LTAs</p> <p>Reduction of ____% time spent on procuring printing services.? ____ days turn around time?</p>	<p>The assumption is that printing services will continue being improved and streamlined and becoming quicker with improvements in technology.</p> <p>Risk of selecting a service provider who is not financially and capacity stable to delivery as especially during economic crisis</p> <p>An inflexible clause in the contract that does not buffers the UN in case of a volatile economic climate in the country.</p>

<b><i>Outcome 3: Healthy work environment and health staff</i></b>				
<b>Sub Outcome Area</b>	<b>Indicators</b>	<b>Baseline</b>	<b>Target 2015</b>	<b>Risks and Assumptions</b>
Occupational health and safety	<ul style="list-style-type: none"> <li>▪ Staff feedback regarding the work environment and personal fitness</li> <li>▪ Number of UN staff visiting UN Clinic for non-communicable diseases</li> <li>▪ Information sharing on health and safety</li> <li>▪ Staff taking regular medical check-ups</li> </ul>	<p>More than 30% of staff visited UN Clinic due to non-communicable diseases.</p> <p>Less than 10% staff involved in fitness activities.</p> <p>Information sharing erratic.</p>	<ul style="list-style-type: none"> <li>▪ Continuous information sharing to all staff via e-mail and ad hoc events regarding occupational health and safety issues.</li> <li>▪ Facilitate regular medical check-ups for staff and share information regarding use of existing medical insurance schemes</li> <li>▪ Organize a staff awareness month during which various resource people would make presentations, conduct medical screenings and organize inter agency games</li> <li>▪ Explore the establishment of aerobic classes</li> <li>▪ Partner with other</li> </ul>	<p>The major risk would be lack of interest from staff</p> <p>The assumption is that health issues are very important to all. Total cooperation is therefore expected from staff and other stakeholders</p>

<i>Outcome 3: Healthy work environment and health staff</i>				
Sub Outcome Area	Indicators	Baseline	Target 2015	Risks and Assumptions
			<p>organisations to ease the access to recreational facilities and activities where UN staff can improve their health through exercise.</p> <ul style="list-style-type: none"> <li>▪ Identify and partner with other stakeholders to promote the creation of protected bike lanes along major roads and highways</li> </ul>	