

Joint Operations Facility Brazil

Advisory Report

United Nations Development Group/High-Level Committee on Management

March 2014

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Executive Summary

The Joint Operations Facility (JOF) is a pilot project of the United Nations in Brazil that proposes to streamline key operational areas of participating agencies by consolidating support services into one facility at the country level. This consolidation is expected to reduce duplication of functions and lower administrative and transaction costs, while at the same time increasing the quality and effectiveness of these services.

The United Nations Country Team in Brazil developed a concept note in February 2013 outlining a vision for business operations harmonization in Brazil. The vision was driven by two main objectives: 1) reduction of the operational footprint in Brazil; and 2) enhancement of the quality and access to common services. The United Nations Country Team followed this up by preparing a Business Operations Strategy that proposed a Joint Operations Facility that would combine common business operations through a single service window to support programme implementation for United Nations and external stakeholders.

This advisory report analyses the Joint Operations Facility concept and makes recommendations for its organizational design (including institutional and process design, and related skills and competencies). This document is a combined effort of the United Nations Development Group (UNDG) and the High-Level Committee on Management (HLCM) and falls under the Business Operations Strategy pilot programme.

The Business Operations Strategy pilot programme is an initiative in response to the 2013 Quadrennial Comprehensive Policy Review (QCPR Res 67/226; 2013-2016). Business Operations Strategies have been recommended as voluntary tools for United Nations Country Teams to eliminate duplication of efforts and leverage economies of scale.

The United Nations Country Team in Brazil went one step farther, choosing to supplement their Business Operations Strategy with an integrated service delivery platform – the Joint Operations Facility. The Joint Operations Facility in Brazil is scheduled to commence operations on 1 January 2015.

Eight United Nations agencies are participating in the Joint Operations Facility pilot phase - UNAIDS¹, UNDP, UNDSS, UNEP, UNESCO, UNFPA, UNOPS and UN Women. Another four agencies - FAO, PAHO, UNICEF and WFP - are considering participation.

While UNDP will provide administrative support to the Joint Operations Facility, the regulatory framework for service delivery consists mainly of harmonized solutions approved by inter-agency mechanisms and / or senior management, supplemented by locally developed interagency procedures and processes². Where harmonized solutions remain to be developed, the JoF uses the existing regulations, rules, policies and procedures of administering agency.

The Joint Operations Facility in Brazil will provide common services in procurement, human resources, information and communication technologies (ICT) and travel. The facility will be governed by a Joint Operations Steering Committee (JOSC), consisting of the partnering agencies and the manager of the facility. It will be chaired by the United Nations Resident Coordinator. This independent governance structure will ensure transparent and unbiased service delivery. The agency administering the JOF is UNDP.

While there are obviously costs associated with the establishment and running of a Joint Operations Facility, the benefits in both qualitative and quantitative terms are seen to outweigh them. The two main costs will be staffing and rent. However, consolidating operational functions in a single service window for

¹ UNAIDS is participating in the BOS exercise and is supportive of the JOF, but full participation on the JOF will depend on prices and modalities.

² These localised solutions need to adhere to the general principles set by the relevant agencies' rules and regulations. Agency senior management needs to approve the local procedures and processes.

all participating agencies will significantly reduce costs by leveraging the combined volumes of the agencies. The monetary savings is estimated to be in the range of 1,8 million dollars per year. In addition, the Joint Operations Facility will free up to 15 staff across the agencies (after JOF is staffed).

Among the qualitative benefits of the facility are:

- Staff specializing in and dedicated to common operations will increase productivity and quality.
- A single regulatory framework for clients will simplify and make more transparent the process and transaction costs of doing business with the United Nations.
- Duplication of functions will be reduced.

And importantly, the Joint Operations Facility is expected to enhance the perceptions of the government and partners of the United Nations system in Brazil as an efficient partner for development.

Summary of the cost and benefits

Each of the service lines outlined below in section 3 has its own, specific cost benefits reflected in their respective sections. However, there is a range of generic cost benefits associated with a JOF as a single service window.

Summary of JOF costs:

TOTAL COST (USD)- JOF			
Level	Cost	Nr of Staff	Total Staff Cost JOF
P4	263,051	1	263,051
NOC	147,168	1	147,168
NOB	111,492	2	222,984
NOA	94,031	1	94,031
G7	85,714	1	85,714
G6	65,343	7	457,402
G5	54,004	11	594,042
G4	44,265	3	132,794
		27	1,997,187

Summary of JOF benefits:

TOTAL BENEFIT - JOF		
Service Line	Net Monetary Gain (USD)	Net Freed up labor (<u>after</u> JOF staffing)
Procurement	720,853	10 FTE
ICT	65, 611	7 FTE
HR	N/A	1.25 FTE
Travel	1,059,800 ³	Minus 3 FTE ⁴
	1,780,653	15.25 FTE

In addition to these quantitative benefits there are qualitative benefits of the JOF:

1. **Single regulatory framework:** The use of a harmonized rule set for clients instead of multiple rule sets means that process and transaction cost of doing business with the UN is reduced as it is easier and faster to get the operational support required. What is being done is more transparent as a result of this simplification into one single rule set.
2. **Dedicated Capacity:** The JOF manages processes that are transactional in nature, freeing agency

³ Based on existing LTA. Includes only JOF participating agencies and only UNDP, UNESCO and UNFPA saving averages over the period 2009-2012 . Refer to Demonstrativo Grupo ONU - Maio 2009 2012

⁴ Extra staff due to expansion of scope to include non-staff travel (NEX projects). Labor benefit accrues mainly to NEX projects (government)

operations staff up to focus on the more strategic components of relevance to the agencies' mandate;

3. **Reduced cost:** Executing functions such as Procurement under a single service window for all participating agencies significantly reduces procurement or travel cost realized by leveraging joint United Nations volumes.
4. **Less process duplication:** Several agencies have functions that can be managed better and more cost-effectively by a single entity. One example is contract management. To date, not only has each agency managed its own individual contracts, but often they have been with the same suppliers. By combining this function under the JOF, dedicated attention is given to ensuring quality of service, more efficient contract management, better tracking of suppliers background and track records with the United Nations, while at the same time avoiding duplication of work.
5. **Independent service:** An independent governance structure, reporting to the JOSC rather than to a single agency head, promotes transparent, unbiased service delivery.
6. **Specialization:** Staff dedicated only to common operations will bring important learning effects, resulting in enhanced productivity and quality.

1. Background

1.1 Context

Recent assessments (primarily, the Quadrennial Comprehensive Policy Review (QCPR Res 67/226) 2013-2016 and related assessments⁵ call for higher-quality, more effective and cost-efficient support services in all United Nations programme countries by reducing the duplication of functions and administrative and transaction costs through consolidation of support services at the country level. This is proposed to be accomplished by delegating common functions to a lead agency, establishing a common United Nations service centre or, when feasible, outsourcing support services⁶.

In addition, the QCPR, called upon the United Nations system to improve the management of facilities and operations by taking into account sustainable development practices, building on existing efforts and promoting cost-effectiveness, while maintaining accountability, transparency and improved results-based management to Member States. This call to harmonize business operations with the aim to reduce operational transaction costs was also highlighted by the Executive Boards of most of United Nations agencies, funds and programmes.

In response to this demand, the United Nations Development Group (UNDG) and the High Level Committee on Management (HLCM) will strengthen its efforts to promote harmonization of business practices across the United Nations system, including general management issues, ensuring management coherence from global to country level. The Business Operations Strategy (BoS) was launched in 2012 as the UNDG's response to these needs and requests.

Therefore, Brazil has volunteered to pilot the Business Operations Strategy (BoS) as part of the broader BoS pilot programme⁷ under the UNDG Common Services reference group. The Business Operations Strategy (BoS) aims to enhance the cost-effectiveness and quality of operations back-office processes such as procurement, ICT, HR, Logistics, Administration and Finance in support of the UNDAF. The United Nations Country Team in Brazil developed a concept note in February 2013 that outlined the UNCT's vision for Business Operations harmonization in Brazil. In addition to the development of a regular BoS framework, the United Nations Country Team envisions the establishment of a joint governance structure for Common Business Operations by means of a JOF that will provide operational support to programme implementation for United Nations and external stakeholders.

1.2 Scope of services

The Joint Operations Facility in Brazil pilot project is being implemented in three phases. The facility will deliver services to client agencies in what is being termed a 'single service window' through which the management and provision of common services are centralized under a single unit.

Phase 1 of the pilot project focused on the identification of services to be prioritized⁸ for joint execution and management (see Figure 1). The services selected either needed to have the potential to reduce costs or enhance quality of operational support to programme delivery. Prioritization was based on the following:

- baseline analysis of existing common operations;
- needs analysis of common operations; and
- cost-benefit analysis based on volumes and values of common operations.

Phase 1 was completed in May 2013.

⁵ DESA Business Operations Assessment (2012) and the SG Report in anticipation of the QCPR 2012.

⁶ QCPR Res 67/226, mandate 152.

⁷ For additional information on the BoS pilot programme, refer to "Project Brief for the BoS Pilot Project", 27 November 2012.

⁸ For further details, refer to "Mission Report_UNDG_HLCM Mission Brazil_BoS_22July 2013".



Figure 1: Joint Operations Facility Service Lines⁹

Phase 2 focused on design, in particular developing the institutional and organizational design and identifying the skills and competency requirements and governing structure of a Joint Operations Facility. The main deliverable for this phase is a design that offers various options to the United Nations Country Team, which will ultimately lead to the final structure of the Joint Operations Facility. The choices made by the United Nations Country Team will allow the final design to match closely with local needs and circumstances. Phase 2 was completed on 31 March 2014.

Phase 3 is anticipated to start in April 2014. Phase 3 will focus on the transition and operationalization of the joint facility, based on the design developed in Phase 2. Phase 3 will include the development of Standard Operating Procedures, a transition plan and the recruitment of facility staff.

For further details on the approach, refer to Annex E project approach or Annex J Additional information.

1.3 Participation

Eight United Nations agencies and entities in Brazil have agreed to participate in the JOF¹⁰, project. These are: UNAIDS¹¹, UNDP, UNDSS, UNEP, UNESCO, UNFPA, UNOPS and UN Women.

FAO indicated it will participate in the analytical phase, but will make a final decision only after the results of the second mission are known. UNICEF participated in the data analysis, but will make a final decision based on the results of a cost-benefit analysis of the JOF. WHO/PAHO participated also in the data analysis, but needs more time to decide on participation. At this stage, WFP did not participate in the analysis and remains an observer.

1.4 Principles

The four guiding principles of the JOF are:

⁹ This scope of services can be expanded over time to include other services that have sufficient volumes and value to be executed and managed jointly

¹⁰ Ref: Letter of RC to UNDGHLCM_ "2270-13.Brazil BOS Pilot Project - Second Mission.pdf", 20 December 2013.

¹¹ UNAIDS is participating in the BOS exercise and is supportive of the JOF, but full participation on the JOF will depend on prices and modalities.



Figure 2: Guiding principles Joint Operations Facility

1. The JOF acts as a **single service window** through which the United Nations agencies can source operational services in support of the country programme. As such, the **JOF manages all common services to the partnering agencies** even if the actual service delivery may come from a lead agency or external sourcing partner. Whether the services are delivered by JOF (in house solution) or uses an agency to deliver the service (lead agency solution) or outsource service provision altogether (outsourcing solution), the JOF remains the managing agent for Common Operations, e.g. at the minimum, the JOF manages the relation with the service provider on behalf of the participating agencies, thus operationalising the single service window principle.
2. Services provided can be directly **delivered by the JOF**, by a **lead agency** or **outsourced** to an internal or external service provider. The role of the JOF changes based on this choice, ranging from providing services itself to acting as a contract manager (managing contracts and relations with sourcing partners).
3. The objective of the JOF is to **reduce operating costs** by leveraging economies of scale of operations handled and having the right level of staff doing the right job **and/or enhance the quality** of services provided by allowing access to services that may not be (cost) effective for individual agencies, having dedicated, specialist teams managing the selected operational processes and by allowing agencies to focus on the strategic decision making processes, rather than the transactional activities that make up a process.
4. The JOF provides common operations support in pre-specified operational areas, with the priority focusing on the areas identified during phase 1 scoping.¹² These services **complement agency level operational support services**. Over time additional service areas can be added to the JOF portfolio when a clear business case can be made to do so.

¹² Procurement, ICT, HR and Travel.

2. Governance Joint Operations Facility

The JOF is a governance model that defines how common operations are organized in order to deliver quality common operations in a cost effective manner to the client agencies in the United Nations system. The ultimate governance model for the JOF has two components:

1. **Governance of the *Joint Operations Facility* itself**, e.g. the governance of the JOF as an internal unit within the United Nations system (*ref. section 3.1: Governance JOF*);
2. **Governance option related to the *service delivery model***, e.g. the way the services Procurement, HR, ICT and Travel will be delivered and how service delivery will be managed (direct service delivery, lead agency and/or outsourcing of service delivery). This defines the relation between the JOF and its clients (*ref. section 3.2: Service Delivery Model JOF*).

2.1 Management arrangements

The JOF day-to-day operations are managed by the JOF manager. The JOF manager reports to the RC as chair of the Joint Operations Steering Committee (JOSC). The Joint Operations Steering Group consists of Representatives from the partnering agencies and the JOF Manager.

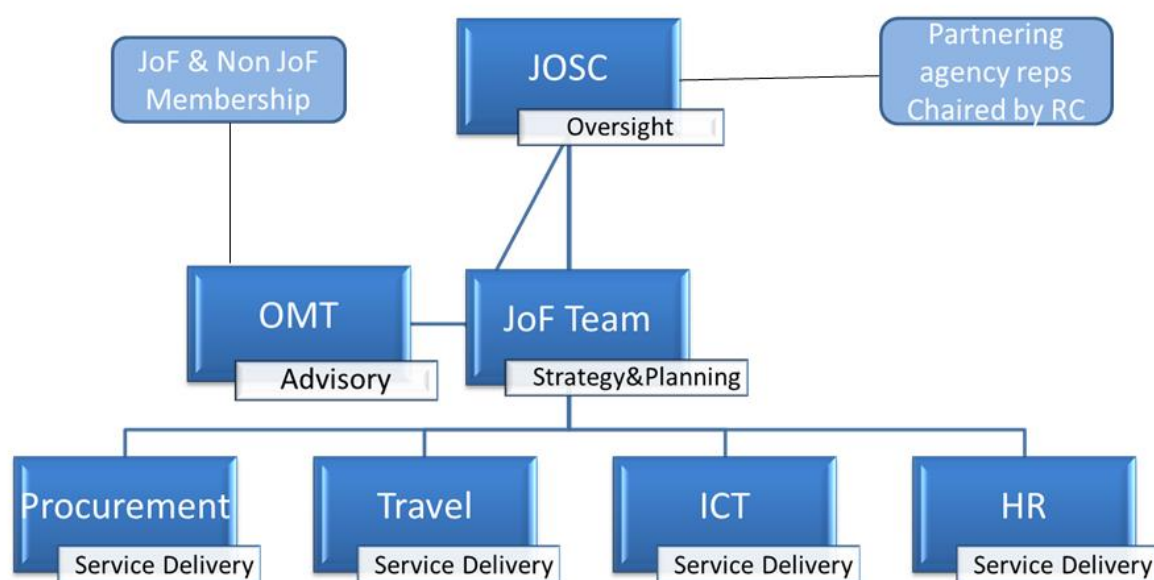


Figure 3: Governance structure Joint Operations Facility

For further details, refer to Annex F: Roles and Responsibilities JOF.

2.2 Relation with clients

The relation between the JOF and its partnering agencies is captured in a Memorandum of Understanding (MoU), with Service Level Agreements (SLA) spelling out the Terms and Conditions for each service lines as well as the exact pricing.

As part of the annual review, clients provide feedback on the quality and performance of the JOF on an annual basis, which is discussed with the JOF Steering Committee so action can be taken if needed.

2.3 Role in service delivery

At the minimum, the JOF is the service manager, the single service window for all United Nations agencies for obtaining common services. The JOF manages the contracts, service issues and oversees service delivery for all partnering agencies, whether the service is provided by an external partner, the JOF or a lead agency. The JOF is therefore the entity that manages the supplier relation on behalf of the client agencies, ensuring the client agencies can focus on their core business. *In order to retain this single service window principle, no common operations should be managed completely outside the JOF facility, without the JOF retaining at least the coordination management function.*

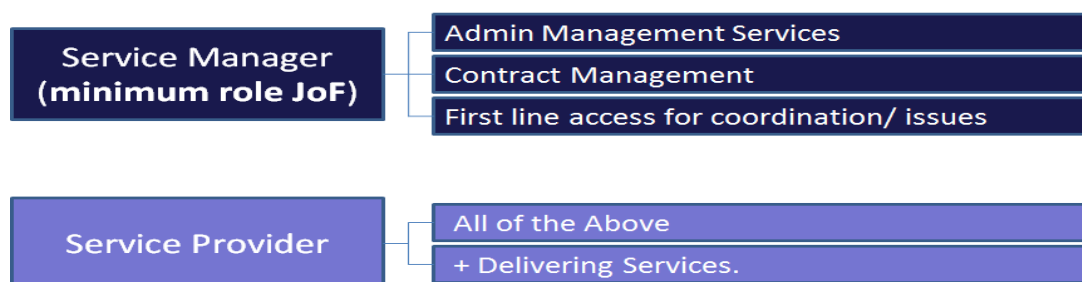


Figure 4: Role of the Joint Operations Facility

Beyond its role as single service window, the role of the JOF varies between the service lines. For some service lines the JOF actually delivers the services (service provider), while for other the JOF is a manages the quality and timeliness of services provided by an external party or a lead agency to the rest of the system.

The JOF will use a set of regulations, rules, policies, and procedures¹³ to manage and deliver services to its clients (both UN agencies and projects).

- This regulatory framework consists first and foremost of harmonized solutions approved by inter-agency mechanisms and / or senior management. The JOF employs the latest innovations in the areas of HR, procurement, ICT and Travel, simplifying management structures and lowering transaction costs for clients.
- The harmonized regulatory framework is supplemented by locally developed interagency procedures and processes which adhere to the general principles set by the relevant agencies' rules and regulations¹⁴.
- Where harmonized solutions remain to be developed, the JOF uses the existing regulations, rules, policies and procedures of the administering agency. However, the JOF will have no direct reporting relation to the administering agency representative and instead will report to an interagency governing platform consisting of representatives of the partnering agencies to ensure its neutral position within the UN System in Brazil. The administering agency needs to have the space, processes, systems and capacity to be able to host the JOF. The JOF will have a service agreement (SLA) with the administering agency, with Service Level Agreements specifying cost recovery principles for internal JOF services.

¹³ For ease of reference, regulations, rules, policies and procedures are referred to as "regulatory framework".

¹⁴ Agency senior management needs to approve the local procedures and processes

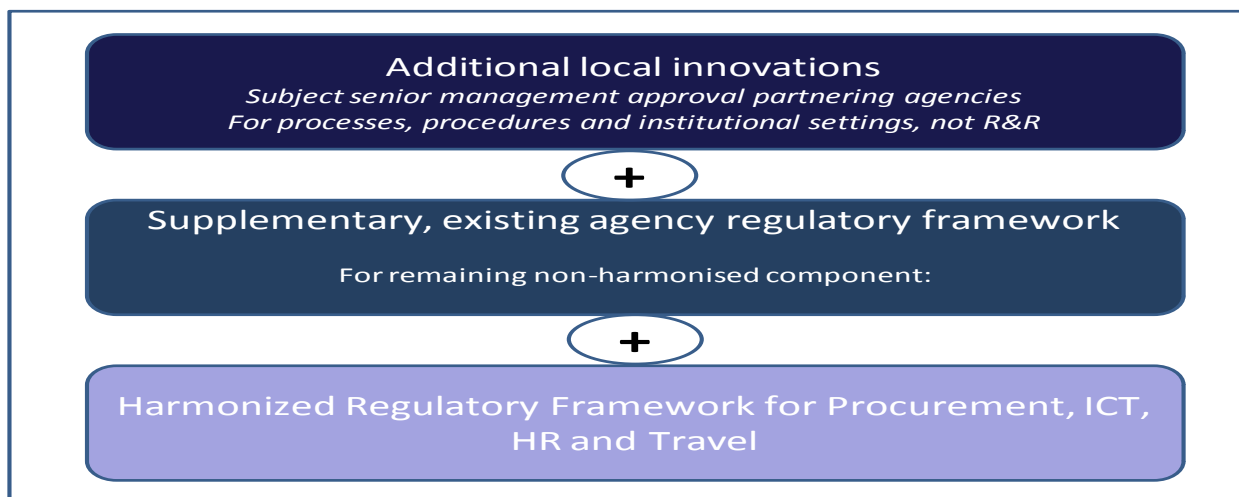


Figure 5: Regulatory Framework Joint Operations Facility

In Brazil, the UNCT decided the agency administering the JOF is UNDP.

This means UNDP provides the space needed for the JOF as well as regulatory and administrative frameworks to function, e.g. a set of regulations, rules, and procedures, ERP and ICT systems, and legal arrangements that govern the JOF itself, as a unit. Some important distinctions need to be made in the context of the administering agency:

- The administering agency has no control over the strategy, activities or any aspects of the JOF beyond providing administrative hosting services. The JOF reports only to the RC and the Joint Operations Steering Committee (ref section 3.1 Governance of the JOF);
- The administering agency has not involved with service management or service delivery (whether the services are provided by the JOF, a lead agency or an external party).
- The administering agency will facilitate JOF operations in terms of systems, space and other physical needs. The administering agency invoices the JOF for their hosting service.

Even though the JOF will use UNDP's legal framework to manage its internal processes, the framework governing the service delivery by the JOF is not solely based on UNDP's regulatory framework. Instead the JOF uses a set of harmonized policies and procedure as adopted in the relevant inter-agency mechanisms of the HLCM and the UNDG in each of the relevant service lines (Procurement, ICT, HR etc.) In addition, the Brazil UNCT develops a set of local procedures and processes guiding JOF service delivery (for example the Brazil local procurement manual).

2.4 Staffing

The JOF team is organized in service lines that are responsible for service management and delivery. The service lines are managed on a day-to-day basis by the JOF Manager:

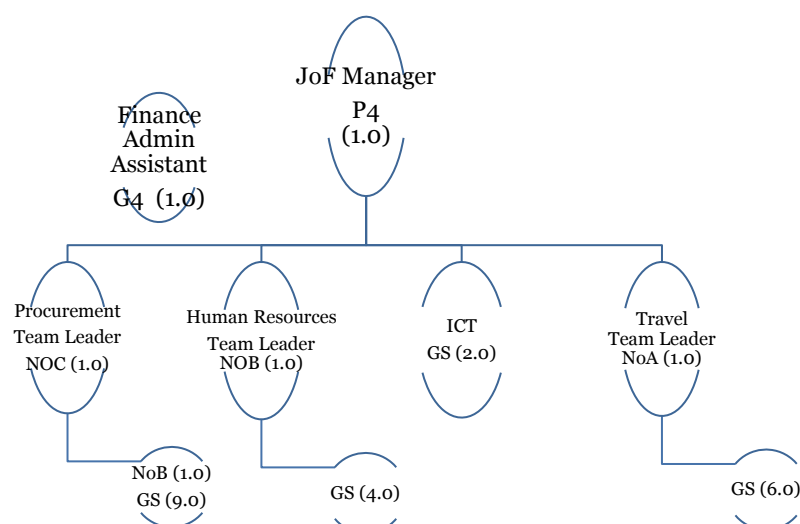


Figure 6: Staffing structure Joint Operations Facility

2.5 Costing

The cost of the JOF is mainly determined by the staffing costs and rent of the JOF. There are additional cost elements such as utilities, infrastructure, transport etc. that will need to be taken into account when budgeting. Give the relatively minor amount of the additional costs, the report focuses on the main cost category (staff costs and rent costs) as a quantified proxy indicator used for the JOF as a whole.

Staff Costs¹⁵

JOF Unit	JOF Cost/Unit (USD)			
	Level	Staff Cost Brazil	Nr of Staff	Total Staff Cost (USD)
Management	P4	263,051	1	263,051
	G4	44,265	1	44,265
Procurement Unit <i>(minimum scenario)</i>	NOC	147,168	1	147,168
	NOB	111,492	1	111,492
	G6	65,343	6	392,059
	G5	54,004	1	54,004
	G4	44,265	2	88,529
HR Unit <i>(minimum scenario)</i>	NOB	111,492	1	111,492
	G7	85,714	1	85,714
	G6	65,343	1	65,343
	G5	54,004	2	108,008
ICT Unit	G5	54,004	2	108,008
Travel Unit	NOA	94,031	1	94,031
	G5	54,004	6	324,023
			27	1,997,187

¹⁵ This table reflects minimum staff levels for the JOF. For Procurement and HR, optimal staffing levels include additional posts. Details on optimal staffing levels can be found in the service line chapter.

Rental Costs

The United Nations in Brazil established a fixed space allocation for staff based in the UN Common Premises. Assuming the JOF will be housed in the UN Common Premises, the costs associated with rent would be as follows:

- International Staff (P-level) and National Officers (NO-level) - 11.5 sq. meters;
- General Services (GS-level) staff should have 7 sq. meters per workstation;
- Cost per square meter (including public area and maintenance)= USD 490 USD

Staff Level	Number of Staff	Total square meter	Cost per square meter (USD)	Total cost/year (USD)
P4	1	11.5	490	5,635
NO	4	46	490	22,540
GS	22	154	490	75,460
Total	27	211.5	N/A	103,635

2.6 Financial management

The operating cost¹⁶ for the JOF as a unit will be paid through the JOF Common Account. Annually the JOF will prepare a budget which will be approved by the Joint Operations Steering Committee (JOSC). The budget will cover the annual operating expenses required for the JOF to execute its tasks. The cost allocations are based on a formula that ensures each partnering agency receives value for money, while ensuring proportionate cost allocation.

The detailed budget is developed once the JOF workplans, including forecasts, are available and the exact costs can be quantified for the year. The operating costs for the JOF are higher in the first year than in subsequent year due to initial investments required (desks, computers,...).

The regular budget consists of two components:

1. JoF Budget
2. Service Budget

A. JOF Budget

The JOF budget applies to the general management structure of the JOF, It includes salary costs for the JOF manager and the financial/administration assistant as well as rent, utilities and infrastructure. These are all costs not directly related to service delivery. These costs will be shared by the agencies participating in the JOF. The distribution of the costs can be done according to UNCT preferences, but it is recommended to base it on volumes of services "bought" by the participating agencies. This way agencies that use the JoF to buy smaller volumes of support services will be attributed a smaller share of the overhead than the agencies who use the JoF for larger volumes. Any purchaser of services will pay for a proportion of the management structure, based on the cost distribution key chosen by the UNCT.

1. Cost structure:

- I. Staff not attached to a JOF service line (Management, Financial/Admin staff...);
- II. Rent, Utilities ¹⁷(electricity, telephone, Internet etc) for staff not attached to a JOF service line

¹⁶ Operating expenses are defined as fixed e.g., rent) or variable costs (e.g., electricity, utilities, salaries).

¹⁷ Some items such as utilities are usually billed on actual cost (invoice). Any differences between the actual expenditure and the budgeted expenditure will be reconciled at the end of the year.

- (Management, Financial/Administrative Support); and
- III. Infrastructure related to above mentioned staff.

2. Timing

Advanced, based on Annual Budget.

3. Cost Distribution

There are two options recommended:

Option 1: Based on forecasts of the % of total volume of services obtained from the JoF by each participating agency. This is a fair allocation based on the forecast of use of services. Smaller users pay less than the larger users. As larger users gain more from JOF's economies of scale this is a balanced approach.

Option 2: Based on staff count of each participating agency. *Costs are allocated based on relative size of each agency. The smaller agencies pay less than the larger agencies, irrespective of the level of use of the JOF services.*

B. Service Budget

The Service Budget applies to the services delivered to the agencies and is directly related to the service each agency chooses to buy from the JoF.

1. Cost structure:

- I. Staff attached to a JOF service line (Procurement, ICT, HR and Travel);
- II. Rent, Utilities (electricity, telephone, Internet etc) for staff \attached to a JOF service line (Procurement, ICT, HR and Travel); and
- III. Infrastructure related to above mentioned staff.

2. Timing

Post facto based on actual service volume.

3. Cost Distribution

Based on Local Price List (LPL) or invoice.

As a matter of priority the JOF needs to develop the Local Price List as it will be a key determinant of the final price setting.

The first year

For the first year, the JOF needs initial capitalization which allows it to get its functions online. The staffing costs and operational budget need to be prefunded to allow recruitment and operations to initiate.

There are three option for cost sharing:

- Based on forecasts of the % of total volume of services obtained from the JoF by each participating agency.
This is a fair allocation based on the forecast of use of services. Smaller users pay less than the larger users.
 - Based on staff count of each participating agency.
Costs are allocated based on relative size of each agency. The smaller agencies pay less than
-

the larger agencies, irrespective of the level of use of the JOF services.

- Initial cost are absorbed by the largest agencies partnering in the JoF.
It may be more practical for one or more larger agencies that are participating in the JOF to absorb the initial years' cost.

2.7 Planning

The Brazil Business Operations Strategy is a multi-year strategy developed by the JOSC and will guide the actions of the JOF. JOF activities will be aligned with the strategic common operations objectives of the Business Operations Strategy as the JOF is the implementation instrument of the various solutions identified under the BoS.

Based on the BoS, the JOF will derive its annual work plan and budget, which it will submit to the Joint Operations Steering Committee (JOSC) for approval.

Detailed planning processes per service line will inform the AWP of the JOF. These details are reflected in section 3.2 Service Delivery model JOF.



Figure 7: Planning JOF

2.8 Monitoring and evaluation

The Business Operations Strategy and the agreed annual work plan (AWP) provide the Key Performance Indicators (KPI's) baselines and targets for each of the service lines.

Each Service Line has a set of max 3-5 indicators which reflect the quality and costing of the services delivered.

- The JOF reports to the Joint Operations Steering Group and is responsible for the monitoring, evaluation and reporting on the progress of implementation for each of the work streams;
- Progress is reported against the baseline and targets in the JOF AWP, and the BoS baselines and indicators;
- The M&E group is responsible for annual reviews of progress of the JOF using the results matrices and M&E matrices (external consultants will be included whenever necessary).

The JOF reports to the JOSC with the same frequency as the OMT reports on progress of their AWP. At the end of the cycle, the JOSC executes an evaluation of the results reflected in the log frame.

3. Summary JoF service lines¹⁸

3.1 Procurement

The JOF will provide the following procurement services:

Commodity Group	Total (8 agencies)	
	Number	Value
Consulting (Research, surveys, data-collection, Monitoring and Evaluation, Impact assessments, capacity building, etc)	298	24,078,778
Consulting - Individuals	1,776	40,684,731
Conference services, Workshops, Events	128	19,467,201
Communications (data, telephone, or mobile)	18	159,769
Publishing / Printing	66	827,329
IT equipment (procurement of equipment and supplies)	39	879,755
	2,325	86,097,563

The **main innovations** in the JoF procurement procedures and organizational design for Procurement (see Section C below) are the following:

- Common Procurement Planning and sourcing done by JoF for all agencies (By the Common Procurement Strategy Team - CPST)
- Single entry point for the use of contracts (piggybacking and contract negotiation) signed by other United Nations agencies (locally or globally)
- Common procurement billboard to advertise the procurement notices and events for all participating agencies
- Joint Procurement Review Committee (JPRC) reviews all procurement processes for all participating agencies.
- Differentiated procurement procedure for each one of the participating agency that might require custom approvals or handovers within its current delegation of authority (until the approval of commonly agreed procedures).

1. Use of Long Term Agreements

All service lines will benefit from current LTA's (made available by the agencies) or the establishment of new LTA's, eliminating duplication of the tendering process and negotiating fees based on the new combined volumes.

The JoF is the service provider for the procurement of goods and services in the selected categories, this will be achieved by using current contracts or LTA's established by the participating United Nations agencies, by conducting new procurement processes for the establishment of new contracts or LTAs, conducting common procurement processes or by providing contract administration services over the above mentioned contracts.

Additional innovations are suggested as reflected in the innovation maps for LTA creation and LTA use were discussed during the High Level mission and deemed achievable and of added value, these

¹⁸ This is the executive report which does not include the detailed analysis per service line. For detailed analysis for each of the service lines, refer to UNDG_HLCM Advisory Report Joint Operations Facility Brazil_March_2014_Final_Full Report.

changes will be incorporated in the standard procedures (SOP's) to be developed by the JoF.

2. Establishment of a Common Procurement Strategy (CPS)

The first innovation of the JoF Brazil Common Procurement is common procurement planning by the JoF on behalf of the partnering agencies for those commodities and services that fall under the common procurement service line. The JoF will support the Common Procurement Strategy Team (CPST) to execute this function. The CPST will be tasked with gathering, analyzing and assessing procurement information (through a spend analysis) and developing annual strategies for the relevant commodities and services.

3. Joint Procurement Review Committee (JPRC)

It is strongly recommended to establish a Joint Procurement Review Committee (JPRC) to support JoF procurement.

The main objectives for establishing this committee are:

- Reduce parallel processes and thus reduce transaction costs;
- Increase transparency of local procurement processes;
- Improve coordination and planning across agencies;
- Improve efficiency and effectiveness through information sharing; and
- Ensure professional qualifications and standards of procurement staff.

The JPRC will be guided by the following procurement principles:

- Best value for money;
- Fairness, integrity and transparency;
- Effective competition; and
- Protecting the interests of all United Nations entities involved and safeguarding the interests of smaller agencies.

The JPRC will mean fully-integrated joint procurement activities, with joint procurement planning through a joint procurement strategy for all procurement to be done at country level, including programme-related procurement. Only one contract committee, i.e. JPRC exists.

- For JPRC to be implemented, solutions for the harmonization of issues such as varying thresholds for authority and prequalification process and criteria, need to be resolved.
- The JPRC reviews all common and individual procurement contract modalities that for part of the agreed scope of the JoF procurement service line.
- The JPRC's TOR may be expanded to include other related actions such property surveys and disposal.
- The JPRC advises the Head of Agency which took the lead in the procurement action directly in writing.
- The head of the participating Agency which took the lead in the procurement action will sign off on the agreement or contract on behalf of the other agencies.

Proposed scenarios for Procurement staffing including costs (USD/year):

Team	Post	Minimum		Full staff	
		Level	Cost	Level	Cost
Procurement Management	Procurement Specialist	NOC	147,168	P3	216,707
Procurement Planning	Procurement Associate	G6	65,343	NOA	87,788
Secretariat JPRC	Procurement Associate	G6	65,343	G7	79,066
Joint Procurement - Head	Procurement Analyst	NOB	111,492	NOC	147,168
Joint Procurement - Processes	Procurement Associate	G6	65,343	G7	79,066
	Procurement Associate		-	G6	65,343
	Procurement Assistant	G5	54,004	G5	54,004
	Procurement Assistant	G4	44,265	G5	54,004
	Procurement Assistant		-	G4	44,265
	Procurement Associate	G6	65,343	G7	79,066
	Procurement Assistant		-	G4	44,265
Joint Procurement - Selection	Contracts Associate	G6	65,343	G7	79,066
	Contracts Associate		-	G6	65,343
Joint Procurement - Contracts	Contracts Assistant	G4	44,265	G5	54,004
	Procurement Associate	G6	65,343	G6	65,343
Total		11	793,252	15	1,214,496

The recommended scenario is the one on the right (full staff) because it will ensure the core capacities to serve all the proposed procurement volumes by the different agencies and will also have the possibility of receiving some delegations of authority and responsibilities by the participating agencies. The scenario in the left is shown to illustrate the minimum core structure to start the work of the JoF on procurement, this scenario would need to be complemented with external resources when the volume of procurement increases due to the seasonal nature of the business model.

For the detailed procurement analysis, refer to Annex A.

3.2 Human resources

The Common HR process executed by the JoF can be summarised as follows:

- Recruitment of national fixed term staff (NO and GS);
- Recruitment of non-staff including service contracts, consultants and other non-staff categories;
- Hiring and contracting of national fixed term staff and non-staff;
- Provision of a range of central training offerings;
- The contracting process delivered by JOF through access to agencies' ERP systems to generate and issue staff and non-staff contracts;
- The provision of a limited range of common training offering;
- Participating agencies to delegate to Country Offices the authority to manage the recruitment processes for above groups;
- Procedures for recruitment and contracting based on a set of common harmonized procedures.

Recruitment

1. Harmonized procedures for recruitment of national staff (GS and NO positions).

Some of the benefits of this model (which was successfully piloted in Vietnam, and is a complete package of procedures, provisions, guidelines, templates and tools) would be the following:

- Constraints would be minimized as twelve agency headquarters have already agreed on this model and are taking the necessary measures to incorporate a set of harmonized policy

provisions that will establish an alternative procedure for countries wishing to adopt common operational approaches.

- This procedure is not very detailed and allows flexibility; it accommodates specific innovations proposed by the Brazil BOS working group.
- Standardized VAs, generic profiles and harmonized minimum requirements would improve coherence among the participating agencies and increase JOF efficiency.

The current constraints revolve around: 1) the need for agency headquarters to delegate authority to the country level for the management of recruitment processes; and 2) harmonization of the different agency recruitment approaches and processes. Both of these issues and other related issues were identified and solutions negotiated with headquarters in the context of the 2013 HLCM study on the harmonization of country level (NO and GS) recruitment, involving pilot studies in Uruguay and Vietnam. In summary the solution will involve the agreement of agency headquarters to apply the harmonized procedures outlined in the HCLM report, namely:

- standardized vacancy announcement format;
- common minimum requirements;
- recognition of United Nations staff as internal candidates;
- inter-agency selection panels;
- use of common recruitment rosters; and
- CRP panel on an inter-agency basis.

The adoption of the HLCM proposals as a model for application in Brazil will have the advantage of minimizing constraints as 12 agency headquarters have already agreed on this model. In addition, the HLCM procedures allow flexibility and will accommodate the specific innovations proposed by the Brazil BOS working group.

II. Non-Staff Recruitment

The Brazil BOS working group has developed a specific map for the recruitment of Service Contract employees based on a harmonized approach. Work still needs to be undertaken by the Brazil working group on other categories of non-staff employment and should be a harmonized solution to be adopted by the JOF.

Similar constraints regarding non-staff recruitment are also present. In addition whilst process maps were prepared for service contract recruitment no process mapping has yet occurred for other categories of non-staff recruitment. The development of these process maps is a key priority. The adoption of similar streamlined processes as has been identified for staff recruitment could also be applied for non-staff recruitment. A first step is the need to identify and document all relevant areas of non-staff recruitment currently handled by HR processes. Those areas of consultant and related recruitment managed as part of the procurement process would be excluded. Secondly, the completion of process maps for non-staff recruitment will assist in identifying commonalities and differences in recruitment steps between staff and non-staff recruitment and provide the basis for harmonized processes.

2. Hiring and contracting

Under a first scenario (Scenario 1) this service line will be limited to the processes leading up to, and then following, the issuance of the contract (including steps such as medical clearance, the immediate briefing on conditions of employment, induction to the agency, entry of staff member's data into the relevant agency's information system, etc.)

In scenario 1 this process would be completed at the point that a contract needs to be issued and sent to the candidate. As most United Nations agencies now issue contracts through the entering of data into the agency's ERP system governed by policies and procedures of the hosting agency (or the lead agency) and some waivers would be needed. In scenario 2, a complete harmonized solution would be developed,

which could build on the innovations proposed by the Brazil BOS working group, covering all steps of the contracting process.

It should also be decided if the appointment and contract templates of each client agency would be used, or if standardized templates would be developed. For non-staff contracts, as policies and conditions of service vary considerably, standardized templates would entail harmonization of policies as well. Using each client agency's contracts would require the JOF/HR staff to be familiar with and trained on the different contractual arrangements of each agency. This multi-skilling is possible but would require an additional investment in training and provision of documentary support (guidelines, contractual templates, etc., applicable for each client agency). The advisory team recognizes that this is a key issue and constraint. The focus would need to be obtaining agreement to build a harmonized contract modality and template. This should be addressed immediately as the differences will impose a burden on the JOF HR team.

Constraints

- A consensus was reached by all participants that harmonized procedures should be used. These still need to be completed or developed, in the case of the non-staff procedures.
- Under scenario 1 the hiring/contracting process would proceed until the point that a formal contract is issued through the agency's ERP system. At this point the Delivery of the contracting process disrupted, increasing costs through location of staff in two places.
- Under scenario 2, which is the preferred approach, JOF would generate the formal contract through the relevant agency's ERP system. This requires access to, and training on, agency ERP systems. A decision by participating agencies to grant ERP access or provide access through the seconding of staff from is required.
- Medical clearances to be delegated to Country level.
- Need to develop a standardized United Nations induction process.

On the issue of ERP access the issue is firstly to be discussed by the CEB ICT Reference Group. The key issues for the Reference Group would be:

- Is it legal to give access to the ERP systems of one agency by the staff of another agency? or could a delegation be given by the agency concerned?
- Can access to ERP systems (we are basically talking about Oracle/PeopleSoft and SAP) be restricted to parts of the payroll/HR functionality with input authority only in order to generate a new contract?
- What monitoring and control can be exercised by the hiring agency over the actions taken within its ERP system?

3. Training

A centralized training programme will be developed to support key training needs held in common by the participating agencies. This would follow an assessment of needs and be carried out in line with available resources.

Centralized training would not include or duplicate ongoing training activities of participating agencies, but would focus on those key needs and skills required which are shared across all agencies and which have a direct relationship to inter-agency teamwork and the work of the JOF.

For training processes, the lack of electronic systems and interfaces to support innovations is a major constraint. Discussions are needed around solutions and the costs involved of upgrading the technologies needed to support centralized training.

Proposed scenarios for HR staffing including costs (USD/year):

Staffing cost HR Unit JOF		Minimum		Full Scenario	
Team	Post	Level	Cost	Level	Cost Cost (USD/year)
HR Services	Team Leader HR	NOB	111,492	NOB	111,492
	Senior HR Assistant	G7	79,066	G7	79,066
	Senior HR Assistant	G6	65,343	G6	65,343
	HR Assistant	G6	65,343	G6	65,343
	HR Assistant	G5	54,004	G5	54,004
	HR Assistant			G5	54,004
Total		5	375,248	6	429,252

For the detailed Human Resources analysis, refer to Annex B.

3.3 ICT

In the area of ICT, the JOF manages three main service lines:

1. Help Desk, including printing
2. Videoconferencing/ Collaboration Tools and Social Media Know How
3. System Development Factory- core capacity for rendering local software solutions

Help Desk

For the Help Desk Area, it was decided to recommend an outsourcing model, using commercial Service Providers in combination with individual Service Contracts for certain tasks and components that cannot be covered optimally by Outsourcing Service Provider(s). The JOF serves as the principal entity with which the outsourcing service provider(s) and Service Contract Holders will have the contractual relationship. The participating United Nations agencies will then sign a MoU/SLA with the JOF for provision of services.

The JOF will therefore act both as the focal point for the United Nations agencies when accessing 1st Tier Help Desk Services and also as the service provider for the procurement of HD services. The JOF will also have a central mediation role with respect to negotiating the unified Help Desk requirements and Service Level Agreements with the United Nations agencies, including dealing with any restrictions regarding differences in procedures and equipment standards in these agencies that could pose challenges when it comes to achieving the desired economies of scale. A unified Help Desk ticketing system is furthermore envisaged, which will be useful for better provision of services and statistics purposes.

Videoconferencing

Videoconferencing services would be provided under the concept of “Location Based Lead Agency” under the overall management and guidance of the JoF. The Location Based Lead Agency means that in each of the 11 cities in Brazil, the United Nations agency with the strongest ICT capability and conferencing volume would be designated as the lead agency.

With respect to videoconferencing, the Role of JoF would be as follows:

- JoF engage with important players in the local market for video-conferencing services, such as Polycom and Cisco, in order to reach the optimal solution design.
- JoF receives contributions from participating agencies for procurement of videoconferencing equipment and the training of staff to perform this service in each location.

- JoF acts as a champion, encouraging United Nations staff to use these facilities and monitors quality and satisfaction with the service.

One “quick win” with regard to videoconferencing services relates to implementation of a common reservation system using the online platform of one of the agencies. The UNDG ICT Reference group initiative of Federated Authentication Services (FAS) will make this possible by July 2014, and ICT Brazil can become part of this solution with minimal effort.

JoF videoconferencing will also include online collaboration tools, which are of increasing importance, especially for peer-to-peer virtual meetings, online training events, Webinars, etc. Although online collaboration tools are not expected to replace videoconferencing as the media for more formal virtual meetings, their share of the overall videoconferencing volume will grow and it is therefore considered an imperative that a single standard for online collaboration be agreed and adopted for use by the United Nations agencies in Brazil.

System Development Factory

The JoF Systems Development focuses on local applications development needs. Consisting of ICT staff with experience from the United Nations, the JoF SW Development Factory has the advantage of knowing the requirements of the United Nations, combined with knowledge of the BOS business requirements that can be met by existing applications in the United Nations system and eventually determining:

- a) how these applications can be tuned and customized to meet new requirements;
- b) what can be achieved through commercially available software; and
- c) what would require entire new development.

A preliminary cost benefit analysis was developed using data based on the current US\$ value of the time spent by staff across United Nations agencies on the services to be included in the BOS/JOF. This data was developed by the United Nations ICT Group based on a workload analysis.

1. Help Desk Services
<ul style="list-style-type: none"> • <i>Current value:</i> \$233,611 • <i>Current staff time:</i> 8.16 Full Time Equivalents (FTE) • <i>Anticipated monetary gain</i> Through Common Help Desk: \$65,611 • <i>Anticipated labour gain</i> Through Common Help Desk: 7 FTE
2. Videoconferencing/Collaboration tools and use of social media instruments and Services
<ul style="list-style-type: none"> • <i>Current value:</i> \$45,463 • <i>Current staff time:</i> 1.10 Full Time equivalents (FTEs)¹⁹ • <i>Anticipated monetary gain</i> through Common Videoconferencing: N/A- Main advantage is enhanced quality to workflow processes of the United Nations, such as planning and meetings. Monetary benefits likely to emerge from reduced need to travel, <i>but this requires an active UNCT policy to reduce travel and use videoconferencing and on-line collaboration tools whenever possible.</i> • <i>Anticipated labour gain</i> Through Common Videoconferencing: N/A

¹⁹ Excluding field locations

3. Local Systems Development - Intelligent Contextualized Solutions

- Current value: \$233,611
- Current staff time: 8.16 Full Time Equivalents (FTE)
- Anticipated Monetary Gain Through Common Help Desk: N/A: *The main advantage of Intelligent contextualised solutions is enhanced support to workflow processes due to enhanced system support/apps.*
- Anticipated Labour gain Through Common Help Desk: N/A

The table below reflects staff structure and costing for the JOF HR Team:

Staffing cost ICT Unit JOF		Minimum		Full Scenario	
JOF Service Line	Post	Level	Cost	Level	Cost (USD/year)
ICT Services- Help Desk	ICT Assistant	G5	54,004	G5	54,004
ICT Services- Video conferencing and collaborative tools	ICT Assistant	G5	54,004	G5	54,004
ICT Services -Intelligent Localized Solutions	Project Manager	Project Manager- as needed on project basis (non-FTE)			
	Contractors	As needed on project basis (non-FTE)			
Total		2	54,004	-	108,008

For the detailed ICT analysis, refer to Annex C.

3.4 Travel

The JOF manages the following types of travel on behalf of the participating agencies:

1. Travel for UN staff; and
2. Travel for non UN staff (mainly NEX projects).

Travel services are not limited to the purchasing of airplane tickets; it extends to other time consuming tasks, including Travel Planning, Travel Authorizations (TA's), Ticket Quoting, Requisition Creation and Approval, Daily Subsistence Allowance (DSA) calculation, verification and payment, reimbursement, document management etc.

Travel volumes are significant in Brazil with a total of over 126.000 tickets being booked over the period 2009-2012²⁰.

For travel related matters, Brazil is considered to have a highly advanced common service since 17 United Nations agencies with representation in the Country, currently partake in a unified Long Term Agreement already in place with a single travel agency (Flytour). This common LTA represents the founding pillars of the integrated approach of travel services provision within the United Nations system.

The JOF provides these travel services to the requesting agencies and liaises with the travel agency selected through a competitive bidding (LTA) process. The contract would be managed by JOF. The delegation of authority to JOF needs to be clarified/agreed upon (for example regarding each agency's payments, rules, deviations, etc.).

²⁰ Demonstrativo Grupo ONU - Maio 2009 2012

The chosen solution relies on a Web page tool through which staff and non-staff book directly and that integrates all mandatory travel procedures of the agencies. An internal system of electronic travel authorization within the Web portal will be needed with the booking going through the travel agency. JOF travel services will be then an administrative department especially dedicated to travel.

JOF will be the provider of implemented reporting system with the support of the travel agency. The travel agency will provide 24 hours help desk to assist with emergencies outside the United Nations working hours.

The web portal will be designed in-house by the United Nations ICT working group with the involvement of the eight agencies who have signed on and others who will join. UNESCO and UNDP will be leading in the development of the system taking advantage of their currently developed systems. This portal needs to be scalable/has migration solutions. Cost of web portal will be shared among participating agencies.

The WEB Portal system is a must have that should be developed before going live to guarantee proper internal control framework devised for the management of travels.

Users of United Nations Brazil services (clients) will gain by (continuing to) leverage the discounts in place based on common volumes and the simplification of having to address to one single entry portal, helpdesk and to liaise with one single group for all United Nations travel.

There are still some operational constraints that would need to be addressed at various steps during the implementation phase, such as:

- a. Financial delegation from the participant agencies to the JOF to undertake travel transactions;
- b. Agency rules and regulations for travel ticketing and thresholds (such as business class after how many hours);
- c. Reporting requirements of different agencies may be different;
- d. Interfacing with different ERP systems.

These and other definitions will allow the conclusion of the workload analysis. During the implementation phase, the staff levels and competencies needed will be defined, and the team roles and responsibilities will be detailed.

The cost structure of the unit would be as follows:

Team	Post	Minimum	
		Level	Cost
Travel Management	Travel Specialist	NOA	87,788
Issuance of Tickets (Agency Support)	Travel Assistant	G5	54,004
	Travel Assistant	G5	54,004
Issuance of Tickets (Project Support)	Travel Assistant	G5	54,004
	Travel Assistant	G5	54,004
DSA Payments	Travel Assistant	G5	54,004
	Travel Assistant	G5	54,004
Total		7	411,812

For the detailed Travel analysis, refer to Annex D.

4. Priorities moving forward

To ensure the JOF is operational by the 1st of Jan 2015, a number of priorities need to be addressed at the local, UNDG/HLCM and HQ levels.

Recommended UNCT priorities- short term:

1. Recruit local project manager ²¹
2. Execute the priorities reflected under the service line analysis²²;
3. Implement Execute communication plan
4. Convene the Joint Operations Steering Committee (JOSC)
5. Recruit local project manager (ref ToR)
6. Develop transition plan (including HR)
7. Develop SoPs (including local procedures and processes)
8. Develop Local Price List (LPL)
9. Establish related MoU between JoF and partnering agencies
10. Prepare work-plans for service lines, including forecasts
11. Negotiate local cost-sharing formula based on basic formula outlined below
12. Develop and approve first year budget

Recommended UNCT priorities- medium term:

1. Fine-tune JoF processes and procedures
2. Explore options to expand JoF Portfolio (Common Premises related services)
3. Explore options to expand client-base by including additional partnering agencies

Recommended UNDG/HLCM/HQ priorities

1. Provide ongoing support for implementation,
2. Discuss identified constraints,
3. Capture data-analysis and solution-design methodology used for the JoF,
4. Analyse the relation between local, regional and global operational support service-solutions to optimize solution strategies at the various levels.

²¹ Refer to the ToR provided to RC Office in March 2014

²² For details refer to the annexes with the detailed analysis per service line in " Full Report_ incl Annexes_UNDG_HLCM Advisory Report Joint Operations Facility Brazil_March_2014"