



**Chief Executives Board
for Coordination**

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**Informal consultations on the recommendations contained in the report of the
High Level Panel on System-wide Coherence: “Delivering as One” (A/61/583)**

Cluster 5 – Harmonization of Business Practices

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EXECUTIVE SUMMARY

The United Nations System Chief Executives Board for Coordination (CEB) is leading efforts towards the simplification and harmonization of business practices within the United Nations development system through a Plan of Action for the Harmonization of Business Practices in the UN system, developed within the framework of its High Level Committee on Management (HLCM), with the active and full contribution of the entire UN system (UN Secretariat, Funds and Programmes and Specialized Agencies). Complementary to these efforts and in coordination with the HLCM, the United Nations Development Group is working at the country level to find solutions to priority areas for harmonization in business practices with the objective of increasing efficiency and effectiveness of UN development activities.

The work of CEB in the area of business practices aims at an increased coherence in the working modalities of the member organizations, which would contribute significantly to their ability to deliver better programmatic results, while in the medium and long term allowing for a substitution/reduction of administrative costs to individual organizations and their deployment to programme.

The CEB Plan of Action builds on the experience and the ad-hoc solutions that are being developed to address bottlenecks at the country level, with a view to find and agree on system-wide solutions. This approach ensures the alignment of country level operations with the strategic directions and priorities pursued at the policy level. It also further ensures that the needs of country operations are one of the cornerstones for harmonization of the business practices at the global level.

The Plan is of inter-disciplinary nature and addresses a number of key areas, covering all the major management functions of United Nations system organizations: human resources, procurement, information, communication & technology, finance and budget. Following receipt of generous extra-budgetary resources towards the end of 2009, the Plan has moved from planning to implementation stage, with an initial allocation of US\$ 3.2 Million to six priority projects. Lead agencies for the projects currently include the UN Secretariat, UNICEF, UNDP, WHO, IFAD, and UNODC. Additional allocations will be done over the next few months. Most projects will be executed over the next two years, with meaningful milestones already by end of 2010.

HISTORY AND BACKGROUND

1. The United Nations System Chief Executives Board for Coordination (CEB) is leading efforts towards the simplification and harmonization of business practices within the United Nations development system through a Plan of Action for the Harmonization of Business Practices in the UN system, developed within the framework of its High Level Committee on Management (HLCM), with the active and full contribution of the entire UN system (UN Secretariat, Funds and Programmes and Specialized Agencies). Complementary to these efforts and in coordination with the HLCM, the United Nations Development Group is working at the country level to find solutions to priority areas for harmonization in business practices with the objective of increasing efficiency and effectiveness of UN development activities.
2. The HLCM Plan of Action was endorsed in the fall of 2007 by the CEB. The Plan built on the belief that, within a system structured around a variety of mandates, an increased coherence in the working modalities of the member organizations would contribute significantly to their ability to deliver better programmatic results, while in the medium and long term allowing for a substitution/reduction of costs to individual organizations and utilisation of savings in programme activities.
3. The development of the Plan was driven by the increasing recognition of the need for the United Nations system to deliver as one despite the diversity of its structure and functioning. However, as early as 1977, Member States have been concerned with the need for coherence among organizations of the United Nations system.
4. The landmark General Assembly resolution 32/197 of 1977 recommended that “*measures should be taken to achieve maximum uniformity of administrative, financial, budgetary, personnel and planning procedures, including the establishment of a common procurement system, harmonized budget and programme cycles, a unified personnel system, and a common recruitment and training system*” pursuing the objective of “*optimum efficiency and the reduction of administrative costs with a consequent increase in the proportion of resources available to meet the assistance requirements of recipient countries*”.
5. The HLCM Plan was presented to the General Assembly on 13 June 2008, in the context of the Informal Consultations on System-wide Coherence. Member States generally noted their support for the work of CEB in this area, underlying the importance of respecting existing mandates and the division of labour between the various UN organs with respect to ongoing management reforms. On that occasion the former HLCM Chair emphasized the fact that the Plan of Action was taking into account previous recommendations made by the internal and external oversight bodies of member organizations and already endorsed by their Governing Bodies. The general support to proceed with this work was then formally recorded in General Assembly Resolution 62/277 of 7 October 2008 on System-wide coherence.
6. A Funding Proposal seeking extra-budgetary financial support towards the Plan was submitted to 54 potential donors, including Gulf Cooperation Council countries, the Delivering as One Pilot

Countries, and other countries such as Russia, China, Brazil and South Africa, by the former HLCM Chair in October 2008.

7. Subsequently, the Economic and Social Council discussed “*Simplification and harmonization of business practices*” at its Operational Activities Segment in July 2009. In its Resolution on “*Progress in the implementation of General Assembly resolution 62/208 on the TCPR*” of July 2009, the Council acknowledged that “*progress is being achieved*”, and noted that many procedures require further harmonization, as identified in the Plan of Action for the Harmonization of Business Practices.

8. More recently, General Assembly Resolution on System-wide Coherence A/RES/63/311 called “[...] *on the Secretary-General, in cooperation with members of the United Nations System Chief Executives Board for Coordination, to continue progress in the simplification and harmonization of business practices within the United Nations development system, and requests the Secretary-General, in consultation with the United Nations System Chief Executives Board for Coordination, to regularly inform the Economic and Social Council about progress being made and challenges encountered in this regard and to refer any matter requiring an intergovernmental decision to the relevant intergovernmental bodies*”.

SCOPE AND OBJECTIVES

9. Two principles guided the assessment of priorities that were included in the plan: (1) facilitating the operations of the United Nations Country Teams, so as to provide the most efficient support to the national partners and (2) achieving productivity gains.

10. A major side benefit of the Plan is the cooperative spirit and proven commitment that has developed among different agencies to take on harmonization projects jointly.

11. The Plan also builds on the experience gained in the Delivering as One pilot countries and on the ad-hoc solutions that are being developed to address bottlenecks at the country level, with a view to find and agree on system-wide solutions. This approach ensures the alignment of country level operations with the strategic directions and priorities pursued at the policy level. It also further ensures that the needs of country operations are one of the cornerstones for harmonization of the business practices at the global level.

12. The development of the HLCM plan of action provided an opportunity for sharing perspectives on the internal efforts of member organizations in management development and on the conclusions reached in recent years by member organizations on some of the major issues facing the UN system, so as to avoid duplications and overlapping while, at the same time, responding actively to emerging intergovernmental guidance by the respective Governing Bodies and taking advantage of the experience gained and already available that can be shared among the organizations.

13. The Plan is of inter-disciplinary nature and addresses a number of key areas, covering all the major management functions of United Nations system organizations: human resources, procurement, information, communication & technology, finance and budget. In order to ensure both rapid progress as well as a durable reform process based on well defined parameters, the projects included in the Plan fall into three categories: (a) projects ready for implementation; (b) feasibility studies leading to the

implementation of one of the alternative options that the study would identify; and (c) feasibility studies whose outcome would determine whether to proceed to any implementation phase or to decide on alternative solutions.

14. The results of feasibility studies, comparative analyses and reviews would trigger the next phase of the HLCCM Plan, i.e. translating the recommendations that will emerge into a harmonized re-design of the business practices of UN system organizations in each of the areas considered, leading to the ultimate achievement of the outcomes identified for each project. The outcomes expected from individual projects pursue a number of high-level objectives that can be summarized as follows:

- a. Adopt International Standards & Replicate Best Practices
- b. Facilitate Knowledge & Resource Sharing
- c. Enhance Transparency & Accountability
- d. Enhance Public Trust and Engage Stakeholders
- e. Facilitate Effective Inter-agency Coordination
- f. Achieve Efficiency Gains

15. The **adoption of international standards and the replication of best practices** are mainly sought through comprehensive reviews and comparative analyses of business processes related to the different management functions, as well as through the identification and selection of internationally recognized standards which can be successfully applied to the business models and structures of UN system organizations.

16. A cross-cutting objective for most of the projects included in this plan is to **enhance knowledge and resource sharing**, internally – across functional borders – and externally – across organizations. All the projects that have a training element or a specific focus on the collection, analysis and publication of information of system-wide nature, such as the financial statistics database, the procurement harmonization project in support of field operations, or the initiative aimed at increasing supplier access, contribute directly to diffusing and making available, through a harmonized inclusive system, to all the stakeholders of the UN system (the Member States, the public, and the organizations) the enormous capital of knowledge that the UN system produces or generates.

17. Better **transparency and accountability** are key drivers of modern management and are strictly interlinked with the availability of comprehensive and reliable information on the UN system. Data warehouses and Internet-based platforms designed to host this information and make it available in an immediate and accessible fashion, also address such needs and represent a core component of the HLCCM proposal. Accountability and transparency are also pursued for internal business processes through identifying and adopting international standards in the various management areas of work, such as financial management of an organization, or in its ICT structure and mechanisms.

18. **Strengthening the confidence and trust** that the public and the stakeholders in general place in the UN system are critical underpinnings to its legitimacy to act in the vast and delicate domains to which its activity extends. Enhancing procurement and the supply chain function of the UN system organizations in a forward looking, strategic and coherent approach that is transparent can help establish such confidence and trust. Similarly, a coordinated and structured approach towards increasing supplier access for developing countries and countries with economies in transition reinforce the relevance of UN practices to these countries. Tools like the financial statistics database can provide the means for the

external world to take a closer look into the UN system and support legitimacy claims with actual numbers.

19. The HLCM Plan addresses a number of areas where the functioning of UN system organizations can be harmonized along best practices or according to models designed to address the requirements of a UN system as envisioned by Member States as early as 1977, in the General Assembly resolution 32/197. HLCM is ready to explore additional areas including consortium procurement, coordinated approach to the business community in developing countries, and HR management practices, to achieve better coherence as **a means for more effective inter-agency programme delivery** guided by national ownership of the respective Member States.

20. Finally, the UN system must operate using its resources at the maximum of their potential. Waste represents a diminished delivery in the programmatic mandate of an organization. The HLCM Plan **seeks maximum efficiency and reduction of administrative costs** wherever possible, in favour of greater resources for programme priorities. Feasibility studies, cost/benefit analyses and actual implementation of new supply chain options or common services such as Treasury or any other administrative functions represent a concrete answer to this need. Difficult choices must be supported by evidence-based, educated, scientifically sound and financially wise arguments, and should not be simple declarations of intent.

PRIORITIES AND STATUS

21. In the light of the support and guidance received by Member States during the course of 2009, HLCM reviewed the projects included in the Plan to ensure their relevance in the current context of financial constraints, and selected priorities among the activities included in the original Funding Proposal, so as to take into consideration the initial work that had already been undertaken and carry the activities forward from a better starting position.

22. The first initiative launched from the HLCM Plan of Action, thanks to a contribution received from New Zealand, is a project that by the end of 2010 will produce **procedures and guidelines with regard to vendor eligibility and due process** dealing with vendors suspected, accused of, and/or proven guilty of misconduct in line with the Supplier Code of Conduct (Vendor Eligibility Project). The HLCM Procurement and Legal Networks are working in close cooperation on this project, for which UNDP is the lead agency.

23. Following the endorsement received at the inter-governmental level, towards the end of 2009 the HLCM Plan has attracted considerable extra-budgetary resources and has moved from planning to implementation stage. This strong support by donors represents a recognition of the ability of CEB member organizations to demonstrate common purpose in the UN system, at the operational and at the programmatic level.

24. US\$ 3.2 Million have now been allocated to six priority projects, in all functional areas: human resources management; finance; procurement and information technology. Lead agencies for the projects currently include the UN Secretariat, UNICEF, UNDP, WHO, IFAD, and UNODC. Additional allocations will be done over the next few months. Most projects will be executed over the next two years, with meaningful milestones already by end of 2010.

25. Priority initiatives that have been allocated funding and are under implementation include:

I. A comparative analysis and review of the human resources management policies and practices of the organizations of the UN system, with particular attention to employment arrangements of staff in non-headquarters locations.

- a. Phase I - A Review of the contractual arrangements pertaining to the UN system workforce as well as a review of staff rules and regulations, policies and practices relating to issues arising from “Delivering as One” pilot countries.
- b. A Review of all remaining issues, not covered under Phase I, of the Staff Regulations, Rules and Policies of the Organizations of the United Nations Common System.

The comparative analysis will result in the identification of discrepancies and divergences in individual organizations’ provisions and in actionable recommendations for greater harmonization. It will identify good HRM practices and identify those areas where organisations could join together in cost-saving common HR services.

II. UN System-wide Financial Statistics Database and Reporting System.

The development of a central repository of information on operational activities for development the repository also responds to a request from the GA resolution 63/311, paragraph 16. The benefits of the initiative are the availability and **one-place access to comprehensive, reliable, manageable financial information on the entire UN system**. This will overcome the current high level of aggregation of data and enhance the scope and detail of existing data. The CEB Secretariat and UN-DESA have started collaboration towards a common data collection exercise covering all reporting requirements. The implementation phase of the repository will be completed within a two year period.

III. Feasibility study for putting in place Common Treasury Services.

This initiative intends to institutionalize **best treasury management practices** in the UN system and to explore the establishment of **common treasury management services for UN system organizations**. The first objective is to improve the level of consistency and harmonization across the UN system in relation to the practices and procedures governing treasury services. This may be followed by pooled delivery of some treasury management services.

Treasury management refers to the banking, investment, foreign currency operations that all UN system organization require in order to make payments in multiple currencies, across multiple, global, locations in a safe and secure manner, and to ensure sound investment of temporary cash surpluses. Many organizations also have longer term investments, held for health insurance or other reserves, which are also managed by treasury professionals. Such services are typically carried out through the intermediaries of commercial banks and investment companies, and are a highly specialized part of the finance function of each organization.

IV. Common standards and costing approaches for ICT services and investments and common ICT approaches at the country level

This initiative seeks to develop and implement common approaches to two ICT management practices: ICT investment decision-making, through the utilization of a standard business case methodology, and a framework for establishing the total costs of ICT operations, which also allow for benchmarking of services.

A standard approach to business case analysis, backed by a standard costing framework, will not only allow for improved ICT investment decision-making at the organizational level, but is crucial for evaluating cross-agency ICT initiatives. The implementation of a standardized costing template, which clearly defines and categorizes the cost elements of ICT operations, will allow for benchmarking of ICT operations, leading to better analysis of operational alternatives, including shared ICT services. These templates will enable the comprehensive measurement of ICT resources in a standardized way.

In the area of ICT, UNDG and HLCM have been working together in the context of the Triennial Comprehensive Policy Review (TCPR) to develop a common ICT approach at the country level. This approach has been developed and tested in Mozambique and has now been issued as global guidance for other countries to adopt as relevant.

V. Procurement Process and Practice Harmonization in support of field operations: Comparative Analysis of organizations' procurement practices and processes.

In response to requests from some of the Delivering as One pilot countries, UNDG and HLCM have developed solutions for common procurement at the country level with a view to increasing the efficiency of operations. The approach developed has been issued as guidance for use in other countries as relevant.

This joint HLCM/UNDG initiative will further analyze the use of national procurement system, and the procurement issues, strategies, needs and outcomes at two of the eight Delivering as One UN pilot countries. The objective is to invest in the procurement and supply chain management function of the UN by creating a common framework for doing business through **harmonization of regulations and rules, streamlining of processes, improving business practices and fostering a division of labour that meets the needs of beneficiaries** and builds upon existing expertise among the various UN entities.

The expected outcomes are uniform **best practice tools for UN procurement practitioners** based on insights gained from Delivering as One UN pilot countries. This project also support the procurement reform agenda contained in A/60/846/Add.5, where the General Assembly recognizes that procurement reform is an ongoing exercise and requires continued focus on strengthening internal control measures, optimizing of acquisition and procurement management, and recognising strategic management of the United Nations procurement.

Activities envisaged in this project include a review of commonalities and differences in procurement manuals and guidelines of the top 10 UN organizations in terms of spend. This will

results in the development of a standardised procurement toolkit for field operations. The toolkit would include common definitions and terminology, standard templates, standard specifications for common user items, access to long-term agreements, risk management tools, etc. The Practitioners Handbook (common set of procurement guidelines) would be further developed to incorporate best practices. A further activity that is part of this initiative is the development of a Sustainable Procurement guide for UN procurement practitioners as well as a guide for requisitioners on how to identify and integrate sustainability issues in the project design phases so that these may be reflected in the specifications (thereby facilitating the sustainable procurement function)

26. The further development of the HLCM Plan will benefit from the results of a joint high-level mission currently being undertaken with the United Nations Development Group (UNDG) to a number of field locations, aimed specifically at identifying critical areas where further efforts in harmonization are essential to expedite the operational effectiveness of the UN system on the ground. This mission has been launched by the Chair of the UNDG, the UNDP Administrator, and the Chair of HLCM, the Executive Director of WFP. It responds to the repeated requests of Member States both in the context of the TCPR and the System-wide Coherence discussions and resolutions for further simplification and harmonization of business practices, including those which will make a tangible difference to the United Nations' ability to deliver in countries. It builds on the ongoing efforts of the UNDG and HLCM to work together to bring those innovations at the country level to scale globally.

MONITORING AND EVALUATION

27. Each of the projects in the Plan of Action will be monitored and evaluated separately in accordance with an overall results-based monitoring and evaluation framework to be developed for each project. The aim is to ensure accountability and transparency in the use of project resources, the tracking of project implementation and progress towards achieving the expected benefits, identification of areas in need of adjustment and to ensure that lessons learned in the implementation of the projects are distilled and widely shared. The resources required for monitoring and evaluation, including an independent end-of-project evaluation, will be clearly earmarked in the project budgets as a direct cost.

28. The results-based monitoring and evaluation framework for each project will be based on a set of activity and output indicators (timeliness of implementation, quality of outputs, use of resources...) as well as performance indicators for each of the expected benefits, respectively. Baselines on each of the performance indicators will be established as appropriate at the outset of each project in order to facilitate the tracking and evaluation of progress and achievement of results.

29. Project monitoring reports covering implementation aspects (resources, activities and outputs) shall be prepared on a six monthly basis. Delivery of services by consultants will be monitored against deliverables and benchmarks included in contracts. Project progress reports covering both implementation and results aspects (progress as measured on the performance indicators) shall be prepared on an annual basis and submitted to the HLCM plenary as feedback in order to ensure that issues identified that need corrective action are acted upon.

30. At the completion of each project a self-evaluation report shall be prepared. Evaluation methodologies shall be fully consistent and compliant with evaluation methodologies used within the UN system. The self-evaluations will complement the project monitoring reports and will inform a final

evaluation report of the entire HLCM Plan of Action to be prepared following an independent evaluation to be conducted upon completion of the overall initiative by external evaluation experts. Such independent evaluation shall also be conducted in accordance with evaluation methodologies used within the UN system.

ACCOUNTABILITY

31. A Steering Group led by the HLCM Vice-Chair and the chairs of the HLCM Networks, UNDP and UNICEF is guiding the overall implementation of the Plan of Action. The Steering Group is responsible for the prioritization of allocations of funds for various projects, weighing the availability of funds with the urgency of the projects and the country level relevance and impact.

32. Project implementation is arranged through a cluster approach, meaning that CEB member organizations can voluntarily commit to participation in any of the proposed projects. Working groups of interested organizations are then formed around a lead agency, which carries ultimate responsibility for delivery of results and retains financial authority over, and accountability for, the resources allocated to the project for which it is responsible.

33. Contributions to the Plan of Action are collected in a separate Trust Fund for Business Practices, established and administered through the United Nations Secretariat. The Fund will be subject solely to the external and internal audit procedures of the United Nations. The Trust Fund is managed in accordance with the terms provided in the Delegation of Authority from the UN Controller to the designated UN official, the Certifying Officer, who ensures that expenditures are incurred in accordance with the applicable Financial and Staff Regulations, Rules, policies and procedures.

34. The CEB Secretariat retains the responsibility for central oversight, coordination and reporting for the complete package of projects included in the Business Practices Plan of Action, thereby preserving the unity of direction and the central accountability of the Chief Executives Board membership towards the Member States.