Summary of UNDG Business Operations Strategy (BOS)
March 2016

Background
The QCPR 2013-2016 requests the UN System to accelerate harmonization efforts of business operations, in particular reducing the duplication of functions, and administrative and transaction costs. In response to this request, the UNDG introduced the Business Operations Strategy (BOS) in 2012.

Why have a BOS?
• Reduced operating costs
• Enhanced quality & access to services
• Improved planning, prioritization & decision-making
• Improved M&E and management info
• Recommended by the latest UNDG/HLCM guidance and Best Practices
• Elimination of duplication of process
• Leveraged buying positions which result in significant cost savings
**BOS Pilot Programme**

In late 2012 UNDG launched the BOS Pilot Initiative with 14 countries pioneering and testing the BOS: Bosnia Herzegovina; Ethiopia; Jamaica; Lesotho; Liberia; Malawi; Moldova; Rwanda; Tanzania; Afghanistan; Brazil; Copenhagen; South Africa; and Iraq (withdrew).

**Mid-Term Evaluation**

In early 2015, the UNDG Business Operations Working Group commissioned an independent panel of consultants to assess the degree to which BOS contributes to reducing costs and increasing quality of operational support. This Mid-Term Evaluation focused on 5 BOS pilot countries with a completed BOS framework: Ethiopia; Lesotho; Malawi; Rwanda and Tanzania, and sought quantitative and qualitative data on implementation of BOS in the areas of Procurement; HR, ICT and Facility Services.

The evaluation report further validated a range of qualitative and quantitative benefits as anticipated under the BOS, and outlined recommendations to further enhance the BOS methodology and the support structures provided to the country office with the aim to scale up common operations to reduce operational cost and quality of operational support to programme delivery.

The evaluation also made recommendations on how to strengthen the BOS: e.g. the need to revise the Cost-Benefit Analysis as part of the BOS; the need to engage regional UNDG and country teams on the BOS; as well as the need to reinforce capacity for strategic planning under the BOS at the country, regional and HQ level. For further details, please refer to the [BOS Mid-Term Evaluation Report](#).

In November 2015, the UNDG Business Operations Working Group issued a formal response to the recommendations in the above mentioned report, which can be found in the [UNDG Management Response to the BOS Mid-Term Evaluation Report](#).

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The calculated benefit-cost ratio of the mid-term evaluation determined that across all countries an average of **USD 1 investment in BOS has produced USD 5.1 in benefits** (monetary and labor). This includes cost-savings from volume discounts and transactions costs avoided. Monetary savings were highest in procurement: on average a **USD 1 investment in BOS for procurement has produced USD 28.4 in benefits**. Total benefits in procurement in 5 countries are USD 5.6M representing approximately 85% of total benefits generated through BOS.
BOS Status

Analysis of completed BOS frameworks indicates that the most prevalent Business Operations areas under the BOS are: Procurement, ICT and HR. As per the Report on QCPR Monitoring Survey of OMTs in 2015, 76% of the 119 responding UNCTs do not have a BOS in place; about half of the latter have decided to develop a BOS in the near future.

Issues and opportunities to consider going forward

- Build & maintain capacity in UNCTs to further the modernising and harmonization of UN Business Operations.
- Standardize M&E of UN Business Ops performance; integrate this into agency and UNDG reporting systems.
- Consider and support better integration of UNDAF results design and delivery, with BOS.
- More Empowered OMTs which are led by Heads of Agency to consider next generation reforms in Operations.
- Expansion of Integrated Services Centers, where viable.
- Consider options to enable reinvestment of cost savings/cost avoided through BOS, back into common service accounts to country offices.