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QCPR Status Reporting Briefing
Efficiency Initiatives
<u>**4 October, 13:15 - 14:30**</u>

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Following the call of the 2016 QCPR (A/RES/71/243) for a more effective and efficient UN development system, in 2017 the Secretary-General proposed ways to strengthen common business services and back-office functions to enable joint work and generate efficiencies that could be redeployed into programmatic support (Secretary-General's report A/72/684–E/2018/7). The 2018 General Assembly resolution on the repositioning of the UN development system (A/RES/72/279) "emphasizes the need to ensure full achievement of the efficiency gains envisioned in the report of the Secretary-General in a timely manner" (OP 14).

The Secretary-General set ambitious targets to "accelerate the shift towards common back offices, premises, and services" as part of the broader effort to harmonize business operations and enhance the efficiency of UN Country Teams (UNCTs). In response, the UN Sustainable Development Group (UNSDG) established an "Efficiency Roadmap" that focuses on four key workstreams:

- Implementation of **Business Operations Strategy (BOS):** A framework to standardize common operational services across UNCTs, and create collaboration in delivering operational services, targeting implementation in 131 countries.
- Roll-out of **Common Back Offices (CBO):** A mechanism to consolidate operations services of the UN at the country level to streamline processes and reduce overhead costs.
- Optimization of **Common Premises (CP):** A strategy for multiple UN entities to share premises at the country level, to foster collaboration and reduce operational expenses.
- Expansion of **Global Shared Services (GSS)**: A framework that consolidates global services such as finance, procurement, and human resources, leveraging economies of scale to improve service efficiency.

The aim was to reduce operational costs, eliminate duplication, and improve interagency collaboration across UN entities, enabling them to deliver better outcomes in country.

Progress of Efficiency Initiatives

The 2023 Secretary-General's Report on the "Implementation of General Assembly Resolution 75/233" on the quadrennial comprehensive policy review of operational activities for the development of the United Nations system provides a detailed breakdown of the efficiency gains realized across different initiatives (see annex).

Total efficiency gains in 2023 amounted to $553 million, representing a 37% increase from the $405 million achieved in 2022. Efficiency gains are realized when programmes pay less for operational support services needed to implement the programme. These resources stay within the programme budgets at the country level and are used for additional activities by the respective entity under the programme in the host country. This is also in keeping with financial and legal requirements on many countributions.

An Efficiency Dashboard has been created provides an annual update on the efficiencies achieved. It is available on UNINFO and provides greater transparency and accountability, allowing both Member States and internal stakeholders to track progress on operational efficiency.

1. **Business Operations Strategy** (BOS)**:** By 2021, the BOS had been formulated across all UNCTs. In 2023, the Secretary-General reported that the BOS had continued "to drive significant operational efficiencies and collaboration among UN entities, leading to substantial cost savings," with efficiency gains from BOS alone in 2023 amounting to $125.4 million, up from $84 million in 2022 (an increase of 49%).

2. **Common Back Offices** (CBO): The implementation of common back offices has lagged, but gained some momentum in 2024. Supported by streamlined methodology and governance structures, United Nations entities in Kenya successfully launched the first common back office in Nairobi at the start of 2024. Hosted by the United Nations Office at Nairobi with additional services by UNICEF and WFP, the common back office offers 101 services to over 3,400 staff members across 25 United Nations

organizations and over 60 offices in Kenya. This is a dramatic streamlining of operations for all stakeholders, including the host country, vendors, staff and other organizations; the government now interacts with a single UN team, simplifying engagement and improving service efficiency. The initial implementation in Kenya has already demonstrated some early benefits of consolidating operational services in areas such as medical services and host country services, providing an important model for other countries to follow. Three other common back offices have been launched during 2024, in Brazil, Tanzania, and Vietnam. There has been "proof of concept" through these initiatives, but gains will take time to fully materialize and further acceleration is needed, including through simplified planning and stronger incentives.

3. **Global Shared Services** (GSS)**:** GSS have seen progress, with efficiency gains for the overall global services. In 2023, the bilateral initiatives across entities reached $34 million, up from $9.1 million in 2022 and the initiatives taken internally by each entity (entity-specific efficiencies) reached $391.3 million, up from $309.9 million in 2022. The GSS initiative has delivered tangible results in producing efficiencies for the UN system, reducing operational costs and processing times of key operational services and processes. In order to improve uptake across the system, services like fleet leasing and sharing (offered by UNHCR and WFP), procurement consolidation and use of e-procurement (offered by UNOPS), vendor payment services (offered by UNDP) and HR management and administration (offered by UNDP) are being scaled up and prioritized for global adoption. Sign up and broader utilization of these global services by all UNSDG entities is essential to realizing the full potential of GSS initiatives.

4. In 2024, 10 priority global services[1] have been identified which are ready for adoption and utilization. The service provider entities developed business cases and convened several outreach engagements to scale these services. Sign up to these services has gained momentum. To ensure these services are used widely will require persistent and consistent leadership messaging from the top and regular and open reporting on utilization of services.

5. **Common Premises** (CP): The proportion of common premises has increased from 26% in 2021 to 31% in September 2024, accommodating 54% of UN personnel. Projects like the UN House in Dar Es Salam, where the UN moved in 2023, have showcased the benefits of consolidating UN operations under one roof, delivering cost savings and promoting collaboration, aided by the subsequent launch of the common back office in September 2024. Another 34 projects are in the works, including in Dakar, Cairo, Istanbul, Algiers, Libreville, Islamabad, Ashgabat and Kampala, offering the opportunity to bring together a large number of entities in a common "House" while also enabling gains in terms of sustainability and greening, disability access, as well as gender-responsive procurement. Further acceleration of these efforts will require adequate funding, particularly for the capital investments.

Areas Needing Attention

Member States oversight, including through entity-specific governing bodies, can encourage UNSDG to redouble their efforts to promote greater impact and coherence through more efficient operations. The checklist on the implementation of the UN development system reform to governing bodies is an important tool in that regard. The upcoming QCPR also offers an opportunity to communicate clear guidance from Member States in this regard.

Focus is required especially in two particular areas: .

1. <u>Acceleration of CBO Implementation</u>: Although early results from common back offices, such as those in Brazil, Kenya, Vietnam and Tanzania, are promising, the overall pace of implementation needs to accelerate, with the next set of common back offices proceeding in 2024. This will require the implementation of mutual recognition across the entities, leadership from the very top and benefit from clear emphasis in QCPR and other Member State resolutions.

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UN FLEET, UN Booking Hub (Mobility, Accommodation, Medical and Wellness), UN Webbuy, HR administration, Payment Services, Payroll services, Digital Hub of Treasury Solutions, UN Digital ID.
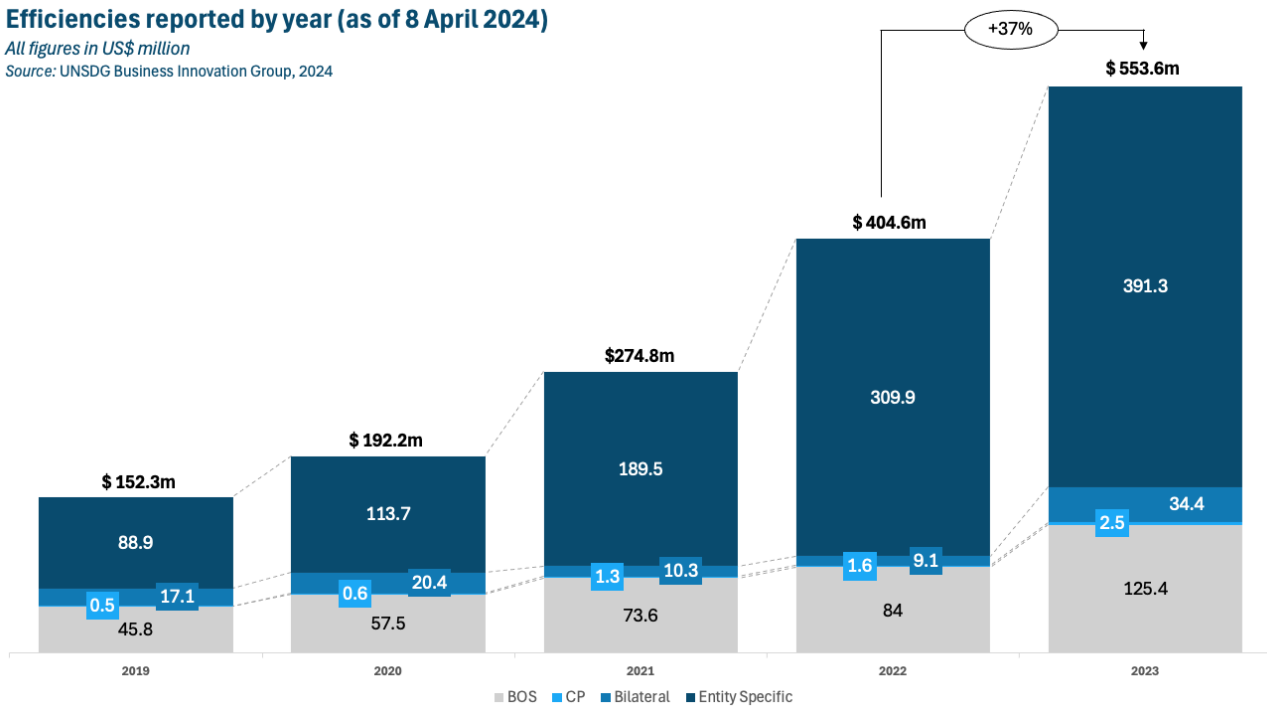
2. <u>Scaling Up GSS</u>: The global shared service centers framework has demonstrated significant potential, but its full benefits have not yet been realized due to the limited uptake and utilization of the services by all of the UNSDG entities. Member States can help encourage stronger leadership engagement through governing bodies to push for the system-wide use of mature global services by all the entities and transparent reporting on global service utilization and reporting by all entities.

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Annex 1   UNSDG Efficiencies reported 2019-2023

Efficiencies reported by year (as of 8 April 2024)
All figures in US$ million
Source: UNSDG Business Innovation Group, 2024

Year	BOS	CP	Bilateral	Entity Specific	Total
2019	45.8	0.5	17.1	88.9	$152.3m
2020	57.5	0.6	20.4	113.7	$192.2m
2021	73.6	1.3	10.3	189.5	$274.8m
2022	84	1.6	9.1	309.9	$404.6m
2023	125.4	2.5	34.4	391.3	$553.6m

+37%

Legend: BOS, CP, Bilateral, Entity Specific

EFFICIENCIES

EFFICIENCY IS ABOUT A LOT MORE THAN JUST SAVING MONEY

The UN Efficiency Initiatives are designed to accelerate our progress towards the SDGs not just by releasing additional funds for programmes, but by enabling us all

Respond more rapidly and nimbly to needs in the field, including during crises

Develop more innovative solutions by collaborating and cross-fertilizing ideas with other agencies

Leverage our collective resources to address the global challenges that demand a big, collective effort

Strengthen our voice, convening power and influence in global discussions and policies.

WE'RE FOCUSING ON FOUR CORE INITIATIVES

Together, these initiatives are much more than the sum of their parts.

1 Developing improved Business Operations Strategies **(GSS) (BOS)**

2 Co-locating agencies to Common Premises **(CP)**

3 Establishing Common Back Offices **(CBO)**

4 Exchanging services through Global Shared Services

These four core initiatives are supported by three enabling principles:

Costing and Pricing

Client Satisfaction

Statement of Mutual Recognition

BE MORE>
EMBRACE THE EFFICIENCY REFORM