

Panel Discussion, ECOSOC Operational Activities Segment - Wednesday 1 March

“Moving the QCPR forward at the field level: Creating a common back office to function as a system”

Presentation by Mr. Sanaka Smarasinha

Good afternoon ladies and gentlemen. I am delighted to be back in New York at such an important juncture for the future of our United Nations. Over the last day and a half numerous speakers have underlined the unprecedented challenges to people and planet we now face while emphasizing the importance and urgency of grasping all the solutions within our reach in a way we have never done before.

Extraordinary times require extraordinary measures.

As mentioned time and again, the 2030 Agenda, the QCPR 2016, the new leadership and renewed commitment to reform at the UN all provide us with the opportunities to ensure

that the UN's development system is not only fit for purpose but indeed fulfils its purpose.

While thanking the Vice President of ECOSOC for the honor of representing my fellow Resident Coordinators around the world at these important deliberations this week – there are only three of us here – I do have the dubious privilege of speaking at the end of a long line of illustrious speakers during a post-lunch session on a subject that isn't always easy to generate a passionate call to action.

That said ladies and gentleman, we all know that Business Operations of the UN Development System – both in the field and at HQ - lie at the heart of our ability to serve the people we were created to serve. Without a fully functional back office, the front office is nothing more than a shell – a collection of lofty but empty promises. As one Resident Coordinator said to me almost 20 years ago,

“You guys in policy and programme are creating a space shuttle while those folks over there in operations are running a bicycle shop. It’s never gonna fly unless you are ET.” And so, I kindly request your indulgence as I take a few minutes of your time to give you some perspectives from the field about how we may be able to get our engine rooms – or bicycle shops – up to speed.

Indeed much progress has been achieved in the past few years under the guidance of the UNDG. We have seen the introduction of Business Operations Strategies, Standardized Common Services Packages, the Co-location of offices, Sharing Risk through pooled funding and successful Integrated Service Centres, such as the Joint Operations Facility in Brazil or the ones in Copenhagen, Cape Verde and Vietnam. As of Sept 2016 33% of the 131 UNCTs already have a Business Operations Strategy or are

developing one, while another 38% plan to create one this year. An evaluation of five BOS pilot countries reveal a significant positive cost-benefit ratio, mainly related to cost-savings from discounts from economies of scale and avoided transactions. An example of cost savings achieved is Rwanda, which in 2015 recorded savings of \$3.5 million made on exchange rates and procurement. In the meantime, more than 80% of UNCTs are implementing HACTs, which reduce transaction costs for implementing partners by applying the same set of procedures for most financial processes. With regard to sharing of premises, 67% of UNCTs now have more than 140 common premises around the world with an estimated savings of \$4.4 million annually. An interesting modality to set up common premises was the public-private funding partnership used in Malawi and Swaziland.

UNDG has introduced Common Service Packages from Green Solutions to Tracking Solutions. Ethiopia for instance saves almost \$250,000 per year using just one of those packages.

The UNDG is continuing its work in 2017 among other things focusing on:

1. Mutual recognition by UN organisations of each other's business procedures.
2. Scaling up where cost-effective Integrated Service Centers
3. Scaling up common service packages.
4. Common audits, common HR standards, common standards for transparency including the introduction of UN Info – Helen Clark

So yes things are getting better, but we are still far from being the lean and not so mean organization we need to be if we are going help

our member states fulfill their pledges to achieve the SDGs.

During the DSG's opening remarks she mentioned several important areas of work that I believe should be central to our discussion here today about Business Operations. Among them she said:

1. We must create institutional incentives for collaboration. Indeed I would add, let us also create disincentives and strengthen accountability for the lack of thereof.
2. We must combine normative functions and operational capacities.
3. We must provide tailored, responsive support that reach the furthest first.

And finally she talked about the SDGs being universal, interlinked, integrated and indivisible. If this is so, the UNDS must confront the contradictions that a highly integrated

development agenda poses for a still loosely integrated system.

Over the past day and a half, I have heard everyone talk about the need to strengthen the Resident Coordinators to ensure the UNDS is not only well coordinated, but is also transparent, accountable, effective, cohesive and responsive. Of course the challenge is that everyone talks about coordination but nobody wants to be coordinated.

The OMT Survey in 2015 revealed that UNCT manages services through different agencies as follows in programme countries:

1. Administrative services – 82%
2. ICT and Procurement – 83%
3. HR – 87%
4. Finance – 91%
5. Security – almost 100% integrated

Focusing now only on operations, let us examine why that is so.

As I have said already, much is being done at HQ with UNDG leadership, but we need more. We need even stronger political commitment from the heads of UN entities. We need buy in and accountability from middle managers tasked with implementing the various strategic plans. We need coherence and consistent messaging from member states across the governing bodies and at the country level by HGs and donors. And we need dependable, system wide resourcing of change.

At the risk of being chastised by my colleagues, I believe at the same time, more can be done by UNCTs too. As evidenced by those who have piloted several initiatives I have mentioned before, it is possible to be more operationally

efficient if we are bold and innovative. While barriers remain at HQs, many have or are being addressed. Either we don't know about it and/or mid-level managers in the field do not feel incentivized to think outside the box and find alternative interpretations that encourage collaboration. We have an organizational culture problem with regards to risk management vs compliance control and incentives. The Mutual Recognition policy currently being worked out will go part of the way to empower UNCTs who face resistance from their operations teams.

At the same time, your Resident Coordinators are your most committed champions for the cause. Let us support them as your agents of change in the field. Give them the wand of empowerment – more common resources and greater mutual accountability – and they will perform small miracles for you every day.

Let me conclude with some specific suggestions:

1. More evidence – by typology of country and UNCT.
2. Better knowledge management and dissemination across agencies. Existing risk management controls prevent or limit effective service delivery by curtailing UN entities from accessing each other's institutional infrastructure and information.
3. All UNDAF roll outs should either have a BOS or clearly explain why not following a thorough cost-benefit analysis.
4. UNDAFs should be interlinked with BOS from the design stage.
5. Cost savings through application of BOS should be reinvested in country. An incentive for HGs. Example of ILO – redirected 12% of back office savings into program. But even better if in country.

6. Common systems platforms – ERP
 7. Capital investment up front – common premises
 8. Member states and HGs must commit to common premises. Gently encourage reluctant agencies through various incentives and agencies should allocate capital costs with a view to recover against savings in future years. Lack of common premises – BY 9 agencies in 4 locations.
 9. Vertical clustering: Harmonization in the Regions where the clustering is occurring
 10. Address perceptions of the lack of control over quality assurance.
 11. Address fear of staffing cuts
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1. OMT capacity deficiencies (especially in small UNCTs). Additional staffing/resources for the RC to support OMT (especially to help smaller agencies) and greater mutual

accountability of agencies for the development and implementation of BOS.

12. Measures for greater transparency and accountability not just upwards to governments but to the public we serve. This means being more forthcoming about our programme vs. operations costs. I found in the past that in countries where there was a robust media and an active civil society the international community including the UN tended to be more cost-effective.

2. Member states should be consistent across the different governing bodies when it comes to implementing the QCPR.

As I always say to my UNCT – “When we work together, we can move mountains. We can save planets.

Thank you.