CONSULTANCY: Mid Term Evaluation UNDG Business Operations Strategy pilot programme

Location: New York
Application Deadline: March 25th 2015
Type of Contract: Individual Contract
Post Level: 2 consultants
Languages Required: English
Duration of Assignment: 10 weeks

Background

The QCPR 2013-2016 requests of the UN System to accelerate harmonization efforts of business operations, in particular reducing the duplication of functions, and administrative and transaction costs through the consolidation of support services at the country level.

The UNDG Business Operations Strategy (BoS) aims to enhance the cost effectiveness and quality of operations back office processes such as procurement, ICT, HR, Logistics and Admin and Finance in support of the UNDAF. It is a voluntary framework usually developed at the same time as the UNDAF, focusing on Joint Business Operations (Incl. Common Services). It enables UN Country Teams to take a strategic, results oriented approach to planning, management and implementation of Harmonized Business Operations at the country level. The BoS model allows for flexibility to scope the BoS to country needs and capacity, allowing for a localized approach that matches specific country capacity, needs and requirements. The BoS also includes a component aimed to reinforce the links between UN programmes and operational support needs.

The BoS guidance note was submitted to the UNDG for approval in July 2012. The UNDG subsequently requested to incorporate the BoS in the Standard Operating Procedures as part of the “Operating as One” pillar of DaO. In addition the UNDG requested to pilot the BoS and evaluate the approach with the aim to use the feedback to further enhance the BOS framework based on lessons learned from the pilot programme. Fourteen voluntary countries were included in the pilot: Afghanistan, Bosnia Herzegovina, Brazil, Copenhagen, Ethiopia, Iraq, Jamaica, Lesotho, Liberia, Malawi, Moldova, Rwanda, Tanzania and South Africa. Iraq withdrew later due to political dynamics at the country level.

Status BOS pilots


Three pilots are in the final design stages of their BOS, with their development process being delayed due to

---

1 QCPR 2013-2016, para 152, 155
various local reasons:

1. Afghanistan: internal political dynamics at the country level and high turn-over caused delay. Afghanistan re-initiated their BOS development process in Nov 2014. Estimated time of completion/implementation: April 2015
2. Brazil: UNCT choose to first develop their Joint Operations Facility (JOF), and then develop the BOS as the managing strategy for the JOF. Estimated time of completion/implementation: June 2015;
3. South Africa: Due to internal turn-over the BOS process was delayed. Estimated time of completion/start implementation: April 2015.

As stated above, Iraq withdrew later due to political dynamics at the country level.

Objective

The evaluation of the BOS pilots is part of the UNDG Business Operations Working Group AWP 2015.

The objective of the BOS pilot evaluation is:

a. Evaluate results achieved (linked to the CBA above) in terms of the relevance, effectiveness and efficiency of the operational support services delivered under the aegis of the BOS strategy at the country level;
   • Relevance is defined as value added provided by the BOS strategy to advance the common operations in support of programme delivery at the country level;
   • Efficiency is defined as the amount of resources used to produce the desired output (operational support services);
   • Effectiveness is defined as the degree to which the BOS contributes to reduced cost and enhanced quality (impact) of operational support to programme delivery at the country level.

b. Establish and standardize the Cost Benefit assessments (as per Annex) of the operational support services actually provided to members of the UN Country Teams using these services in each pilot country;
c. Identify key opportunities and challenges at country, regional and HQ level for the development the Business operations Strategy and provide recommendations to address these;
d. Identify Lessons Learned with regards to the BOS, process and instruments based on the pilot experience;
e. To provide recommendations on improvements to the BOS framework, process and instruments with the aim to enhance relevance, effectiveness and efficiency of the Business Operations Strategy.

Scope

Country scope:

Given the variety of implementation status of the pilots and the limited timeframe, the scope of the evaluation is limited to the pilot countries that participate under the BOS pilot programme and that had at least 1 full year of implementation completed:

1. Ethiopia (2013-2016);
2. Lesotho (2013-2017);
3. Malawi (2014-2016);
4. Rwanda (2013-2018);  

In the evaluation, the consultant needs to take into account the relatively short timeframe since implementation (1 year as compared to the full BOS cycle).

*Common Service Scope:*

Given the high variety of common services reflected in the BOS, the relatively short timeframe and the high transaction cost of data collection to support the evaluation, the evaluation will focus on the four common service areas that are likely to have the largest material impact on cost effectiveness (based on frequency, volume and estimated impact of services in the different BOS pilot frameworks):

1. Procurement;
2. HR;
3. ICT;
4. Facility Services (Common Premises related services);

*Process*

The engagement is to be executed by two consultants working under a single work plan.

Oversight of the consultancy resorts with the UNDG Business Operations Working Group who will review and approve each milestone of the project as outlined below.

The process should at least contain the following three elements (i) desk review of documentation and (ii) interviews through phone calls and Skype and country visits to five (5) BOS pilot countries that started implementation in 2013/14, as outlined in the Scope section above. Using a country survey should be considered as an additional instrument for data gathering.

To ensure that all the above aspects are covered and carefully considered, it is important that all parties involved in the operationalization, management of and benefiting from the BOS approach are duly consulted and their views on the BOS are sought. These include:

- Resident Coordinators
- UN country teams;
- UN agencies in their roles for operationalization, management and oversight Common Business Operations;
- Regional UNDG Teams, including regional operations officers;
- Relevant UNDG and HLCM mechanisms;

---

2 Scoping based on min 1 full year of implementation, frequency of occurrence of common service categories as reflected in the pilot BOS frameworks, and/or extent of projected savings.
Central to the evaluation is a rigorous cost benefit analysis to standardize how country offices calculate, project and report on achieved results around common support services. In this context, the evaluation will use the CBA outline reflected in Annex I.

The assessment of the degree to which the BoS contributes to reduced costs and/or enhanced quality of operational support should be conducted at the UNCT/OMT level, taking into account individual UNCT agencies' views with due consideration of different business models of agencies' and their structure/presence at the country level. For those countries that have already realized some savings, the evaluation could also look into how the realized saving were used, where possible.

The timeframe of implementation of the BOS has been short. This means that many countries will have had limited time to actually generate significant impact at the time of evaluation, as they first have to set up the “programmes/initiatives” under the BOS which takes time. For example: for Procurement it means the UNCT first needs to put in place LTA’s that will ultimately generate the cost reduction. On the average, an LTA takes anywhere between 4-6 months to have it up and running. The savings only will start being realized once agencies start buying using that LTA. The longer the period of time and the higher the frequency with which agencies buy against that LTA, the larger the saving. As most countries just completed putting LTA’s in place, procurement against the LTA is likely to be limited due to the limited timeframe the LTA was in place. This is something to keep in mind when doing the evaluation: where this occurs, the consultant is requested to express an opinion on the likelihood of cost reductions that can be attributed to that particular service.

The consultant is requested to develop the most appropriate methodology in line with the deliverables outlined below and submit it to DOCO.

**Deliverables of the engagement**

This project requires the Consultant to deliver the following:

**Starting date 17th of April**

- **Milestone 1**: Inception report submitted within two weeks of the initiation of the engagement (1 May 2015). The inception report should be prepared before going into the full-fledged data collection exercise. It should detail what is being evaluated and why, showing how each evaluation question will be answered by way of: proposed methods, proposed sources of data and data collection procedures. The inception report should include a proposed schedule of tasks, activities and deliverables.

- **Milestone 2**: Submission of *draft report* within X weeks of the initiation of the engagement (X June 2015). This includes a presentation to the UNDG Business Operations Working Group on the results of the Cost Benefit Analysis (as outlined in the Appendix) of each BOS pilot in scope of the evaluation with a particular focus on whether or not the BOS has resulted in lower overall costs of the actual operational support services provided for the participating agencies.

- **Milestone 3**: Submission of *final assessment report* with **recommendations incorporating feedback from above**, including a final presentation to the UNDG Business Operations Working Group within 10 weeks of the initiation of the engagement (26 June 2015)

Payment for services rendered will be made upon completion of each milestone (33%).
Timeframe

The assignment is envisioned to be complete within 10 weeks from its start (17 April 2015).

Required Skills and Experience

Competencies

- Strong technical knowledge and understanding of UN Business Processes and determinants of process quality;
- Proven understanding of the UN System, including knowledge of the mandates of UN agencies, UNDG and HLCM;
- Proven understanding of the BOS, Monitoring and Evaluation concepts, RBM and reporting processes;
- Strong analytical skills with conceptual understanding;
- Strong, proven functional skills in analytical writing, and producing reports and, research and assessments;
- Excellent demonstrated ability to be flexible and work under tight deadlines in an independent working environment;
- High level of communication and interpersonal skills and experience in working effectively in a multicultural environment;
- Proven capacity to conduct interviews;
- Post graduate degree or equivalent in a relevant discipline;
- At least 15 years of professional development related work experience at the international level;
- Good understanding of UN common system and policies, including Delivering as One principles and functioning;
- Fluency in written and spoken English;
- Excellent technical writing skills;
- Computer literacy.

Application Documents/Submission*

The engagement is to be executed by two consultants working under a single work plan.

Interested Offerors must include the following documents in their application:

1. A brief technical proposal (maximum 500 words/2 pages) responding to the terms of reference
2. Workplan, including a clear division of labor between the consultants
3. The Offer Letter, available from the following URL:
4. Curriculum Vitae

*Please upload the Offer Letter and CV in a single Adobe PDF file during electronic application process.
Evaluation

Individual consultants will be evaluated on the cumulative analysis method – combination of the weighted technical and financial score - to obtain the total score. The candidate scoring the highest combined weighted score will be recommended for the award of contract. The designated weights for the technical and financial criteria are 70% and 30% respectively. The maximum score is 100 points.

Step 1: Technical evaluation of the Offerors CVs and Proposals. The minimum score required to pass the technical assessment is 70%. Aspects of the technical evaluation will include but is not limited to the following:
   (a) Responsiveness to the terms of reference;
   (b) Work experience with the UN;
   (c) Knowledge of Business Operations Strategy and M&E mechanisms;
   (d) Experience in developing Policy Frameworks and UN guidance documents;
   (e) Experience in analytical writing and producing reports and research assessments;
   (f) Ability/availability to complete the assignment within the prescribed timeline.

Step 2: Financial evaluation of those Offerors that pass the technical assessment. Offerors must submit the financial offer, as a lump sum amount covering the entire assignment, including the itemized costs. The lowest financial offer will receive the assigned maximum financial points (100). All other financial offers will receive points in inverse proportion.

The contract will be awarded to the candidate with the highest weighted total score subject to the financial cost being within the hiring unit’s budget allocation.

UNDG is committed to achieving workforce diversity in terms of gender, nationality and culture. Individuals from minority groups, indigenous groups and persons with disabilities are equally encouraged to apply. All applications will be treated with the strictest confidence.
Cost Benefit Analysis

Based on HLCM agreed costing definitions

For the assessment of the operational activities and results that are going to be implemented by the UNCT in the support of the realization of the outcomes planned by the United Nations organizations in the country.

Purpose of the model

- Programmatic outcomes defined in the programmes and projects of each UN organization often need the support of operational activities carried out by or on behalf of the UN organizations in the field. For the purpose of this model, we will refer to the results of those activities simply as business process results.
- The purpose of this model is to connect the business processes results for the operational activities of the BOS Service Provider with a quality measurement dimension (using KPI’s) and the expected changes in the cost of those activities using the cost categorization agreed by the HLCM.
- The data elements of the model would be grouped by each result and include the Key Performance Indicators (KPI’s), the expected volume of each result, the description of the planned efficiencies and the expected behavior of the cost components (direct costs, fixed indirect costs and variable indirect costs).
- The data to be collected on KPI’s, efficiencies and costs would be quantitative or directional (perceived change of a variable over time).
- The model will require to collect information and assumptions for four instances of the proposed implementation:
  - Baseline (per agency). Current situation - before BOS
  - Baseline at entry. The first day of BOS service provider
  - 3 years situation
  - 5 years situation
Validation process

- Does this model leave out major and cost benefit components?
- Is this model internally consistent?
- For which data elements can your agency provide data:
  A. Directional
  B. Numeric

Scope of model

- To complement the initial analysis done in the BOS prioritization phase
- Applied once the service lines are defined and agreed upon
- Defined by business process results areas (actual product or service result)
- Characterized by volume and Key Performance Indicators (KPI)

<table>
<thead>
<tr>
<th>Result</th>
<th>Description</th>
<th>Volume</th>
<th>KPI</th>
</tr>
</thead>
</table>
| e.g., Payment done          | Provider selected contract signed Training executed | best indication available | e.g.,
  - Payment done in 5 days
  - Number of valid bids per process
  - Number of complaints
  - Customer satisfaction index
  - Time freed up for other tasks |
Cost components

HLCM Cost definitions

Direct costs are defined as all costs incurred for, and that can be traced in full to an organization’s activities, projects and programmes in fulfillment of its mandate. This include the costs of project personnel, equipment, project premises, travel and any other input necessary to achieve the results and objectives set out in programmes and projects.

- Additional cost of each new instance of the result.

Fixed indirect costs are defined as costs incurred by the organization regardless of the scope and level of its activities, projects and programmes. These costs typically include the top management of an organization, its corporate costs and statutory bodies not related to service provision.

- Fixed cost, includes risk management measures and control activities.
- Opportunity cost

Variable indirect costs are defined as costs incurred by the organization as a function of and in support of its activities, projects and programmes and cannot be traced unequivocally to specific activities, projects and programmes. These costs typically include services and administrative units as well as their related system and operating costs.

- Cost of initial investments such as ICT costs, transition phase, etc.

1. Defining goals and targets

- Define the KPI values after 3 years and after 5 years
  - Numerical or
  - Directional (↑↓)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Baseline</th>
<th>Baseline at entry</th>
<th>Expected after 3 years</th>
<th>Expected after 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><img src="Image" alt="Icon" /></td>
<td><img src="Image" alt="Icon" /></td>
<td><img src="Image" alt="Icon" /></td>
<td><img src="Image" alt="Icon" /></td>
</tr>
<tr>
<td>Result</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><img src="Image" alt="Icon" /></td>
<td><img src="Image" alt="Icon" /></td>
<td><img src="Image" alt="Icon" /></td>
<td><img src="Image" alt="Icon" /></td>
</tr>
</tbody>
</table>
2. Inventory of efficiencies

Building on the proposed business processes for each result, the main efficiencies would normally derive from changes in the process design or sequencing (re-engineering) or from information systems support for some parts of the business process (automation).

<table>
<thead>
<tr>
<th>Result</th>
<th>Changes in Volume</th>
<th>Source of efficiency (Re-engineering)</th>
<th>Source of efficiency (automation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. Payment Done</td>
<td>e.g. Programme activities to be increased by 25% in the next year. Two more agencies joining during the next 24 months.</td>
<td>e.g. Simplification of the request format Delegation of authority Time of managers freed up</td>
<td>e.g. Budget and cash availability check automated Electronic funds transfer</td>
</tr>
</tbody>
</table>

3. Benefits: expected cost changes

- Indicate the cost after 3 years and after 5 years
  - Numerical or
  - Directional (↑↓)

<table>
<thead>
<tr>
<th>Cost Component</th>
<th>Baseline</th>
<th>Baseline at entry</th>
<th>Expected after 3 years (lower or higher)</th>
<th>Expected after 5 years (lower or higher)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Cost</td>
<td>📊</td>
<td>📊</td>
<td>📊</td>
<td>📊</td>
</tr>
<tr>
<td>Fixed Indirect Costs</td>
<td>📊</td>
<td>📊</td>
<td>📊</td>
<td>📊</td>
</tr>
</tbody>
</table>
  - Risks
  - Opportunity Cost
| Variable Indirect Costs | 📊      | 📊                | 📊                                      | 📊                                      |
  - Investment cost
4. Costs and benefits in a single picture

<table>
<thead>
<tr>
<th>Cost Component</th>
<th>Baseline</th>
<th>Baseline at entry</th>
<th>Expected after 3 years (lower or higher)</th>
<th>Expected after 5 years (lower or higher)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Indirect Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Opportunity Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable Indirect Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Investment Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KPI’s</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Number of valid bids per process</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Number of complaints</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- #.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Benefits and Benefits realization

- The benefits identified in the use of the model are not automatically realized by the participating agency.
- The benefits identified are potential benefits. Potential benefits are only realized at the moment the agencies/clients start using the service and/or make the change in their business process.
- In the case of labor costs benefits, the realization will need an actual re-alignment process inside the agency to realize the full benefits.
- Some of the benefits will not be realized by the agency, but by the beneficiaries of the programmes/projects/activities because there will be resources freed up (human resources, financial resources, etc.)
- Some of the benefits could be realized by the donors/organizations only at the end of the project/activities.
- For risk management purposes, it might be useful to establish an operational reserve with a part of the financial benefits to be realized (details not defined)
- There is also the possibility of identifying some benefits on the improvement or of other stakeholders' perception that could be captured through perception surveys, questionnaires, etc.
Coming back to the validation process...

- Does this model leave out major and cost benefit components?

- Is this model internally consistent?

- For which data elements can your agency provide data:
  A. Directional
  B. Numeric