

IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 72/279 ON “REPOSITIONING OF THE UN DEVELOPMENT SYSTEM”

INFORMATION NOTE

UNICEF Executive Board – Second Regular Session 2019

I. Introduction

1. UNDP, UNFPA, UNICEF, UNOPS and UN-Women are pleased to provide their Executive Boards with a further update on respective engagement in the repositioning of the UN Development System. We remain fully committed to the UNDS reform and to jointly drive all its remaining work streams forward in close coordination with the United Nations Sustainable Development Group (UNSDG), under the leadership of the Deputy Secretary-General and with the support of United Nations Development Coordination Office (DCO) and the Transition Team.
2. This paper complements the earlier information notes presented to the Executive Board in the First Regular Session and the Annual Session in 2019. It provides an update on recent developments since June. It is accompanied by a document outlining a value proposition for UNICEF’s regional offices as well as a mapping of regional assets and capacities, as requested by the Executive Board for information in decision 2019/18.

II. Supporting the new Resident Coordinator system

3. We are now looking back at seven months of implementation of the new independent, empowered Resident Coordinator (RC) system, a central element of the UN development system reform at country level. This has been a period of transition, with many reform aspects – including the roll-out of the Management and Accountability Framework (MAF) and the scale-up of RC Offices – only just coming into effect. UNICEF remains fully committed to supporting RCs and their offices in this early phase, and to contribute to shaping a coordination system that can strengthen and support sustainable development results for children.
4. The country-level chapter of the **Management and Accountability Framework (MAF)**, which defines the respective roles and responsibilities of RCs and UNCT members, is now being implemented. This MAF chapter has been reflected in the updated Job Description for UNICEF Representatives, finalized in June, and all UNICEF Representatives’ performance appraisals for 2019 will include inputs from the RC, in line with the dual accountability outlined in the MAF. Representatives will be assessed on their commitment to and participation in UNCT activities and processes, including contributing to the UN Sustainable Development Cooperation Framework.
5. Following an initial implementation phase, the country chapter of the MAF will be reviewed to consider lessons learned and make any necessary adjustments. In support of this, UNICEF is tracking any reported **issues in implementation**. So far, while there has been some positive feedback from country offices, a small number of challenges have also been reported. In a few country offices, there have been interpretations that agency Representatives like UNICEF’s would no longer have full accreditation or diplomatic status. This would be cause for concern, as it goes far beyond what was agreed in the MAF – entity staff should continue to have a representative function with government. Such cases are limited, however, and UNICEF is working with UN partners to address these concerns openly and promptly. Another challenge for RCs and UNCT

entities alike is ensuring clear and consistent information sharing on all sides – just as UNICEF is asking our Representatives to adhere to this, we also expect it of RCs and their offices in return.

6. Meanwhile, there are a number of instances of **positive experiences** for UNICEF from the repositioned RC system. For example, the Country Office in India has indicated that coordinated action with other UNCT members on private sector engagement is providing opportunities for broader and deeper partnerships for UNICEF. There is hope that the new partnerships specialists in the RC Offices, currently under recruitment, will be able to help further in this regard.

7. UNICEF continues to take steps to support more staff to join the **RC pool**. Currently, 14 UNICEF staff are in the pool, while there are only two sitting RCs (Sri Lanka and Eritrea) and one acting RC (Belize) from UNICEF. Three UNICEF staff were put forward as candidates for the Spring 2019 RC Assessment Centre, but none were selected. In the coming weeks, UNICEF will provide additional Assessment Centre nominations to expand and diversify the pool of candidates. UNICEF's Division of Human Resources is also actively engaged with DCO and other UN entities in processes to improve RC selection, leadership development, performance management, onboarding and assessments.

8. UNICEF continues to operationalize the **1% coordination levy** in accordance with the system-wide guidance and donor preferences. So far only 22 donors have indicated their preferred transfer modality to the Development Coordination Office. Only two donors, Sweden and the European Commission, have agreed to administer the levy themselves, thus transferring payments directly to the UN Secretariat which creates no additional cost for UNICEF. To date, UNICEF has concluded agreements which are subject to the 1% levy with only 5 of the donors who have chosen the agency-administered transfer option. Thus far, UNICEF has collected \$52,761 in levy amounts.

9. Administering the levy on behalf of donors is coming at an additional administrative cost for UNICEF. To date, UNICEF estimates the total cost incurred centrally at headquarters at over \$130,000. The amount includes one-off costs related to the necessary adjustments to our financial systems and the time dedicated to sensitizing both internal and external stakeholders. In addition, the amount captures the average costs of levy-related tasks in the negotiation and registration of contribution agreements subject to the levy.

10. While UNICEF expects the average cost per agreement of operationalizing the levy at headquarters level to go down as the process is institutionalized, we recognize that there are additional costs incurred at regional and country office level. As UNICEF continues tracking the costs following the technical guidance prepared by the Development Coordination Office, we will continue to engage with Member States on the viability of the levy as a sustainable funding mechanism for the reinvigorated RC system.

III. Strengthening system-wide analysis, planning & reporting

11. Following the completion of the guidance for the **UN Sustainable Development Cooperation Framework (UNSDCF)**, UNSDG entities have been working over the summer on the development of a series of six **Companion Pieces**, on (a) guiding principles, (b) UN common country analysis, (c) UNSDCF design, monitoring and evaluation; (d) UNCT configuration; (e) funding the UNSDCF and financing the 2030 Agenda; and (f) development, humanitarian and peace collaboration. These companion pieces will serve as “how to” guides – practical, succinct, responsive to UNCT needs, and grounded in country level practice. UNICEF has been involved in the drafting of these companion pieces, which are due to be published in September, and updated in 2021, after lessons from their use in 2020.

12. There are 15 UNCTs with new Cooperation Frameworks starting implementation in 2020. While preparation of these frameworks began before the agreement of the new UNSDCF guidance, adjustments have been made to bring them into line with the guidance since adoption. UNICEF has aimed to align new

Country Programme Documents (CPDs) as much as possible to these new UNSDCFs. In this regard, ten current UNICEF CPDs were extended into 2020 to allow the Cooperation Frameworks to be finished before finalization and endorsement of the new CPDs.

13. A further 36 UNCTs are using the new guidance to develop new Cooperation Frameworks which will begin implementation in 2021. In a number of countries (eg: Bangladesh, China, Maldives) UNICEF is playing a “convening agency” role in the development of the new UNSDCFs, in active support of the RC and UNCT. Additionally, UNICEF Country Offices are developing new CPDs using revised procedural internal guidance to make sure that they are aligned with UNSDCFs, that UNICEF outcomes contribute directly to the UNSDCF outcomes, and there is appropriate sequencing between the documents. Likewise, new UNICEF Situation Analysis guidance will be used to ensure UNICEF’s analysis on the most vulnerable and marginalized children serves as an integral input to the UNCT’s common analysis.

14. UNICEF has observed a few contexts where there are challenges of sequencing of UNSDCFs due to national governments requesting UNICEF to move ahead with a CPD before the finalization of the UNSDCF process. While we are discussing such situations openly within concerned UNCTs, aiming to avoid this wherever possible, national government ownership and leadership needs to be respected.

15. There are a number of examples of UNCT collaboration in analysis and planning since the implementation of the reform. One example is in Cambodia, where an SDG Leadership Lab was designed to support the strategic leadership of the UNCT in providing a pathway for experimentation and systems leadership in the country, together with national partners. The SDG lab focuses on the four SDG Accelerators identified in the UNSDCF – social protection, youth, data, and nutrition – as a way to support implementation of the reform agenda and strengthen the collective UN response to the 2030 Agenda.

IV. Advancing shared business operations & premises

16. Outside of the scope of the UNDS repositioning process, UNICEF remains strongly committed to achieving efficiencies internally and in collaboration with our UN partners. UNICEF initiated an ambitious plan to drive efficiencies within the organization and established a global shared services center in Budapest in 2015 that generates over \$25 million in annual savings based on its original scope. Since then, it has expanded its services to generate an additional \$5 million in savings and will use the current strategic plan to identify further areas for cost savings. Additionally, UNICEF has embarked on a number of other cost savings initiatives such as renegotiated travel contracts and eco-efficiencies that have generated a further \$6 million of saving from the back-office in 2018 and 2019. Savings or costs avoided from such actions will continue to allow UNICEF to maximize resources available for programmes and results for children.

17. UNICEF continues to work closely with the UNSDG Business Innovations Group (BIG) to take forward the four workstreams proposed by the Secretary-General in the areas of Business Operations Strategies, common back offices, Global Shared Service Centres and common premises. The BIG is currently working to design and pilot methodologies and agree clear business cases and savings estimates. This is critical to ensure changes are based on robust analysis and we can effectively measure and collectively report on progress. UNICEF seconded two dedicated staff members to the BIG project team.

18. The BIG has revised, and is currently testing, the **Business Operations Strategy (BOS)** guidelines, based on lessons learned. The BOS is a strategic tool to detail levels of cooperation and collaboration amongst UNCT entities, is agreed by the Office Management Team (OMT) and supported by the RC. The new guidance will focus on functions with high efficiency gain potential at country level, and reduce time and complexity of the exercise, from 27 weeks to 4-8 weeks. A new online BOS tool, with ability to track progress and measure impact is also being developed. The new guidance and online system will be rolled out globally

by end of 2019, with active engagement from UNICEF. Currently 23 UNICEF country offices have a roadmap for BOS implementation, in addition to the 57 that are already implementing. We believe that UNICEF will be able to reach the target of 100% BOS in place by 2021 as proposed by the Secretary-General.

19. In support of **country-level common back-offices**, the BIG is undertaking a cost-benefit analysis on data collected from UN agencies in six countries (Albania, Botswana, Jordan, Laos, Senegal and Vietnam). The analysis will allow an understanding of total cost by function at country level, then identify consolidation opportunities for location-dependent services that will result in cost-savings for the agencies involved. UNICEF is also undertaking its own study in support of this initiative to identify scenarios where it can realize savings at country level through common back-offices or through global shared services.

20. Globally, the BIG has shared the concept of a market-place for non-location dependent services that are more efficiently provided by global shared service centers. The High-Level Committee on Management (HLCM) is undertaking a 'marketplace survey' to identify and support the exchange of such services between UN entities. This will help determine the viability of a **network of shared service centres** while being clear about value for money, service level targets, and comparative performance advantages. While we do not foresee any additional monetary savings for UNICEF from this initiative, there may be for smaller agencies if they choose to receive services from other agencies. Given the commitments UNICEF has made in its Strategic Plan, it has yet to determine the level of services it could provide to other agencies.

21. With respect to **common premises**, the BIG and HLCM are jointly developing consolidation planning guidelines and tools, and a UN-wide premise database. New tools are currently being tested in Kosovo, with five more pilots proposed in the third quarter of 2019. UNICEF is fully participating in these processes and will be aiming at co-location as the new norm when opening new locations in the future. Currently 46% of UNICEF premises (171 of 364) are common. Four additional offices have been identified that can be relocated with no capital investment cost, which would bring UNICEF's total to 47%. Currently, 82 UNICEF premises are provided rent free by host governments for a total equivalent value of \$19.5 million annually.

22. While UNICEF is actively involved with other agencies to seek opportunities for shared premises, we are cognizant that the overarching objective of shared premises is to achieve cost savings for the agencies within a reasonable period of time. Our experience shows us that while there could be some savings in building support services, the main opportunity for savings is rent. Therefore, UNICEF supports the position that we would enter shared premises agreements only when our rental expenses would be reduced. It would not make sense for UNICEF to move from rent-free to rent-charge premises. In most cases, the key to common premises will be the provision of rent-free premises by the host country government.

23. UNICEF has not yet received any data to support the cost-savings estimates quoted to ECOSOC from the above system-wide measures. It is not clear what scenarios have been used to estimate such projections, and how these will be achieved. The ambitious timeframes proposed would certainly require upfront investments – the BIG Project Team has estimated that to reach the 50% common premises target by 2021, \$147-225 million in investment costs would be required (though these costs would significantly drop with longer timeframes).

24. There are likely non-financial reasons why these measures may be justifiable and appropriate, including for reasons of effectiveness and simplification. For these reasons, UNICEF remains committed to working closely with UN partners towards common back offices and premises wherever there is a clear business case, based on robust analysis and clearly identified value-for-money, and would welcome further consultation on how these ambitious targets can be met.

V. Review of agency assets at country & regional level

25. The **Regional and Multi-Country Office Reviews** continue to be taken forward under the leadership of the Deputy Secretary-General. In line with the requests made by the Economic and Social Council in Resolution 2019/15, intergovernmental consultations will be held on both reviews in the coming months. UNICEF stands ready to actively engage in these discussions, as well as in the future work of the Internal Review Team led by USG Jens Wandel. We are also ready to fully participate in the interagency process to draft the **regional and global level chapters of the Management and Accountability Framework**, once this process commences.

26. In support of the Regional Review, UNICEF has developed a document outlining a **value proposition for its Regional Offices**. The value proposition, provided for information to the Executive Board at the Second Regular Session for 2019, lists the key accountabilities of Regional Offices and outlines the strategic link these offices provide between global-level guidance and policy, and country-level programme design and implementation. It clearly articulates the importance of UNICEF's Regional Offices in the achievement of results for children, particularly in regards to guidance, support, oversight and coordination of country offices.

27. The value proposition document is accompanied by a **break-down of UNICEF's staffing profile and 2018 expenditures in its seven Regional Offices**, in line with the request in Executive Board decision 2019/18 for "a detailed mapping of its regional assets and capacities" to be provided for information. This complements information previously provided earlier this year as an input to the Regional Review.

28. Currently, there is only one country (Cabo Verde) where UNICEF's representative function is joined with that of other UN entities. While there are no current plans to move towards **joint representation** in any other country contexts, UNICEF has developed a set of internal principles to be used in the one existing case as well as any possible future Joint Representatives. In line with the UNDS reform, any joint representation involving UNICEF will be delinked from the Resident Coordinator function, ensuring a clear separation between coordination and programme implementation.

VI. Funding Compact and Joint Fund for the SDGs

29. In preparation for the Executive Board Structured Dialogue on Financing (September 2019) UNICEF determined which targets and indicators from the **Funding Compact** were relevant for agency-specific implementation and reporting. This analysis was shared with UNDP, UNFPA and UN Women, resulting in a harmonized process, led by UNICEF, to establish **entity-specific baselines** against which to track future progress in entity-specific implementation of both member state and individual commitments.

30. UNICEF's Funding Compact baselines were included as an annex to its Executive Board document for the Structured Dialogue and will be used to report annually in September. Additionally, UNICEF will provide data to DESA and UN DCO, as a contribution to system-wide tracking and reporting, which will go to ECOSOC in May each year.

31. UNICEF remains closely engaged in the **Joint Fund for the SDGs**, which is at the stage of disbursement of its first round of funding to Joint Programmes focused on social protection and leaving no one behind. The Joint Fund received 114 joint concept notes, of which 24 have so far been recommended for funding, with the selection process for a further six countries still underway. Of the 24 proposals to be funded, UNICEF is a participating agency in 22, across all seven UNICEF regions.

32. A second call for concept notes – this time on SDG financing – is expected to be launched in the fourth quarter of 2019. UNICEF will continue to be engaged both in the Fund's Steering Committee and in the

technical and coordination support to UNCTs in the development process for the successful Joint Programmes from the first round. We will also contribute to refining the scope and focus of the forthcoming second round on SDG financing.

VII. Conclusion

33. Since January the focus of UNDS reform implementation has been on establishing the new RC and DCO structure, agreeing global guidance and policies, and adjusting internal agency procedures to ensure alignment with UN-wide processes. Two big pieces, in particular, are outstanding – the Regional Review and the Multi-Country Office Review. Both require more consultation with Member States and elaboration of options.

34. In the final months of 2019 and into 2020 UNICEF and UN partners will increasingly focus on implementation at country level – the development of a new generation of UNSDCFs; roll out of UN INFO; and implementation of Business Operations Strategies and, where there is a clear business case, shared back offices and common premises. In line with Funding Compact commitments, the UN development system will improve system-wide results, continue to strengthen transparency and accountability, and pursue efficiencies collectively and as individual entities – while continuing an open dialogue with partners about the role of quality funding in a more effective and coherent United Nations.

35. UNICEF looks forward to ongoing engagement and discussion with the Executive Board in the Second Regular Session and in 2020, on all aspects of reform implementation.