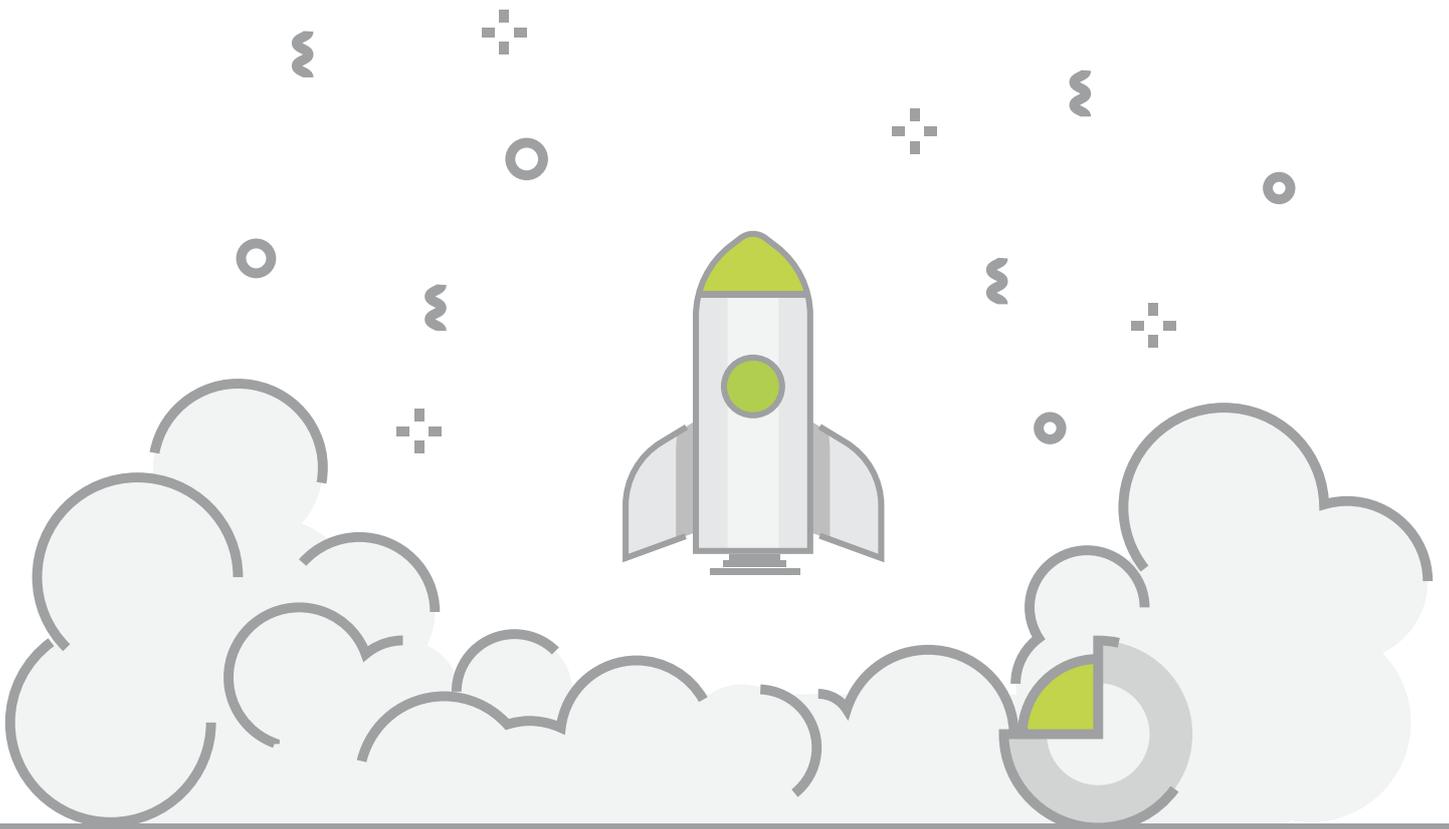UNITED NATIONS IN MONTENEGRO

# BUSINESS OPERATIONS STRATEGY

**2017 – 2021**

Podgorica, 2016

# UNITED NATIONS IN MONTENEGRO
# BUSINESS OPERATIONS STRATEGY
## 2017 – 2021

Montenegro

# 1. Introduction

Montenegro is a Delivering as One country (DaO) which in 2009 voluntarily adopted this work approach, led by the Government of Montenegro and the UN System in the country. The UN in Montenegro implements all DaO Standard Operating Procedures: one programme, common budgetary framework and one fund, one leader, operating as one, common premises, communicating as one. It is a good example of the UN operating in an upper-middle-income country, since there is a strong complementarity of EU accession priorities and the Integrated UN Programme (UNDAF) outcomes.

The current UN Development Assistance Framework (UNDAF) covers the period 2012-2016. The new UNDAF covering the period 2017-2021 was endorsed and signed in March 2016. It aims to support development and human rights in Montenegro through 4 results groups: democratic governance, environmental sustainability, social inclusion and economic governance. The roll out of new UNDAF also includes developing a Business Operations Strategy (BOS) for Montenegro that will cover the same period 2017-2021. The United Nations system in Montenegro comprises five resident UN organizations (UNICEF, UNDP, UNHCR, IOM and WHO) plus two organizations with project offices (UNIDO, ILO) and nine regionally-based organizations (UNECE, UNEP, FAO, UNESCO, UN Women, UNODC, IAEA, UNCTAD, UNOPS).

As of March 2014, the UN Eco House in Montenegro provides office space for UNDP, UNHCR, UNICEF and IOM (common premises). The UN continuously strives to have a results-based, easy-to-use, measurable and strategic framework to guide operational activities and harmonization efforts led by the Operations Management Team (OMT). The UNCT will continue the implementation of all DaO Standard Operating Procedures, which will be reinforced through the development of Business Operations Strategy 2017-2021. The BOS should provide operations staff of UN organizations with the same strategic planning and monitoring focus that is offered for programme activities through the UNDAF. The OMT Montenegro will take the lead on behalf of the UNCT to draft, implement, monitor and evaluate the BOS in collaboration with the UNCO and UN Development Group (UNDG).

Montenegro's Business Operations Strategy 2017-2021 is developed under the United Nations Country Team through the Operations Management Team and UN Coordination Office.

The following UN Organizations are part of the Business Operations Strategy:

UNICEF          United Nations Children's' Fund

UNHCR          United Nations High Commissioner for Refugees

UNDP           United Nations Development Programme

WHO            World Health Organization

IOM            International Organization for Migration

UN Organizations with Project Offices and regionally based organizations that will be part of the new UNDAF 2017-2021 are invited to join where relevant.
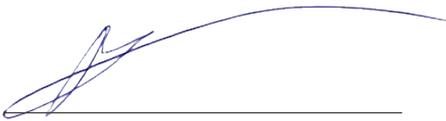
## Signature Page

IN WITNESS THEREOF the undersigned, on behalf of the United Nations Country Team in Montenegro, have signed this Business Operations Strategy in Podgorica, Montenegro.

<br>

**Ms. Fiona MCCLUNEY**
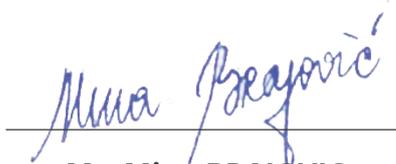UN Resident Coordinator

**21/12/2016**
Date

<br>

**Mr. Benjamin PERKS**
Representative, UNICEF

**Mr. Mustafa Server CAYLAN**
Representative, UNHCR

<br>

**Ms. Dusica ZIVKOVIC**
Officer-in Charge, IOM

**Ms. Mina BRAJOVIC**
Head of the Office, WHO

# 2. Business Operations Analysis

Although it is aligned with UNDAF, the newly approved UNDAF 2017-2021, similar to previous UNDAFs, does not foresee any need for a joint programme related support, which is the result of a small number of UN organizations in the country and their different mandates, whilst the management of joint programmes has historically always been done by one responsible agency.

All the initiatives in the BOS are the result of the ongoing business operations in the five (5) common thematic areas in the BOS. The UN Montenegro has been working on harmonizing business practices and establishing common services and premises since 2007. Common services were established in the following areas: (i) facility services, (ii) procurement, (iii) ICT (iv) logistics & transport and (v) finances including HACT.

There is a common agreement at the UN Montenegro level that the maximum extent of common services has been reached. Considering that the biggest savings coming from the relocation to UN House have been already achieved and that the volume of overall UN operations in the country is small (12 million USD per year), it is concluded that most of the benefits from the existing common services have already been in place. Therefore, the preparation of BOS is carried out with the aim to improve monitoring, management and implementation of joint business initiatives concentrating on quality of services and continuation of cost avoidance instead of cost reductions.

In addition, the OMT is aware of the possibility that during the implementation of UNDAF 2017-2021 and joint programme initiatives there will be a need for more joint business operations. In this respect, the OMT will be ready to support such integration initiatives if tangible benefits for the UN System are demonstrated.

## 2.1. Baseline analysis

Through the baseline analysis, the OMT took stock of the existing business initiatives and common services. Baseline analyses have revealed 21 business initiatives are currently being implemented in Montenegro. As can be seen below in the Baseline Analysis table, based on the KPI for each existing common service/initiative, the users of the service have evaluated the quality of the services and have made specific recommendations based on the ratings. Most of the services have been rated as very good or excellent with no specific action required to further improve it. The evaluation of the services is based on performance evaluation of the contractor. Where no performance evaluation was available (or it was of low quality), the OMT conducted a survey among staff using the service. The survey was conducted in September 2016 with a high response rate - 65 staff members or 76% of total staff responded. The survey recorded excellent results: more than 75% of satisfactory rating for all services except for one, while 99.6% of the staff rated the services of the UN Eco House (facility management) as excellent, very good or good[1].

The current business initiatives are shortly described below

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1    The results of the survey can be found here at the following link  http://data.surveygizmo.com/r/453735_57da5e75d5b6e3.70961943

### 2.1.1. Common Facility Services

Background information: The UN Eco House, the first of its kind in the region, was designed based on ecological principles and energy self-sufficiency. The UN Eco House is conceptualized as using efficient, ecological technology and a modern design that equally satisfies the Government of Montenegro's commitment to the Ecological State and provides the appropriate joint roof for the UN family in Montenegro. The project is a result of a joint collaboration between the Government of Montenegro, Government of Austria, the Capital City Podgorica and the United Nations in the country.

The construction of the UN Eco premises was completed in December 2013, while the official inauguration of the UN Eco House took place in March 2014, when four resident UN organizations moved to these premises, which strongly reflected Delivering as One principles and further strengthened a coherent image of the UN in the public.

More importantly, the common premises enable the UN organizations in Montenegro (UNDP, UNHCR, UNICEF and IOM) to channel and coordinate its programmatic activities in the country more effectively and assist the Government of Montenegro in achieving its national priorities.

The following common services were established:

- » Receptionist services
- » Building management
- » Cleaning services
- » Cafeteria services
- » Security services

The main goal and the challenge will be to maintain the high quality of established services, with 99.6% of staff being satisfied with the facility management services. This will be achieved through annual surveys, vendor and SC performance evaluation and regular discussion and provision of feedback to the service providers.

### 2.1.2. Common Procurement

In 2016, UN system in Montenegro used 6 long-term agreements that are regularly renewed:

- » Office stationary and supplies,
- » Express Courier,
- » Renting of simultaneous translation equipment,
- » Photocopying and printing,
- » Media monitoring,[2] and
- » Internet services

In addition, 28 retainer contracts for UN Translators/Interpreters and 5 contracts for English and MNE language editors are currently in place. This strategy aims to systematize common procurement practices and to improve contract management in terms of enhanced monitoring of vendor performance, with the aim to react timely in order to maintain or improve the quality

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2    Media monitoring LTA is grouped under procurement since there is no service line for communications.

of service. In addition, the BOS will help increase awareness among UN agencies, especially the regionally based organizations on how to access and apply the existing LTAs.

### 2.1.3. Common Human Resources

In the Human Resources service line, the UN organizations have not identified any activity or common service of joint interest. Therefore, the UN organizations have decided to exclude Human Resources from the BOS document.

### 2.1.4. Common ICT

In the area of common ICT, the high quality of internet services will be maintained and/or improved at the UN Eco House, including access to wireless network and broadband. The UN aims at further reduction of telecommunication costs (landline to mobile and international calls) by implementing most up-to-date achievements (GSM gateways, VIP) in this field and remaining reliable at all times.

Further, the ICT Task Team will tap into solutions to be provided globally for the provision of authentication services for other UN agencies in order to gain access to some of UNDP's online resources that could be used among other agencies (e.g. conf. room booking, calendars, Cloud based file storage, intranet use, etc.).

### 2.1.5. Transport and Logistics

On transport and logistics, the following LTAs have been established:

- » Air-travel
- » Vehicle maintenance
- » Car Wash services
- » Fuel Services
- » Taxi-services
- » Catering services

The aim is to maintain the current number of LTAs and to maintain or if possible, further improve the quality of those services through improved vendor performance management system and follow up.

Through regular yearly DSA survey, the list of hotels offering UN rates and the list of event venues have been established and shared among all UN Organizations in Montenegro. Following the baseline analysis, it has been concluded that the list could be expended to cover a greater number of hotels in Montenegro.

### 2.1.6. Common Finance and HACT

The BOS, among other things, also aims at enhancing the use of the same bank by different UN Organizations and to jointly negotiate reduced bank fees and exemptions from certain charges. The UNDP will continue to manage pooled and pass-through funding modality in support of joint UN programmes and activities.

Furthermore, only two UN Organizations in the country, UNDP and UNICEF, have adopted the HACT modality. In the area of HACT, the UN Montenegro set the target for the completion of the HACT Macro Assessment for the new programming cycle 2017-2021. Since the two organizations had no joint partners during the last programming cycle, which is expected to continue as it is in the next programming cycle, no joint micro-assessments have been planned. For all future possible ad-hoc joint partners, information between the agencies will be shared timely in order to eventually piggy-back on other agency's micro-assessment.

## 2.2.    Needs and Requirements Analysis

Needs analysis identifies and describes the need for new common operational support initiatives. During the development of draft BOS and during the OMT retreat organized in May 2015, it was concluded that there was no need for any additional common service apart from the already existing 21. The conclusion came as a result of a thorough needs analysis of the current UN organization. The OMT and task forces took into consideration two main factors in making this decision:

1.  That more than one agency used the service,

2.  That the cost savings and cost avoidance is higher than the cost of developing and maintaining an LTA.

One new common service related to the provision of catering services in UN Eco House cafeteria was discussed in more details. The proposal was to see whether it would be beneficial to enter into the LTA with some services providers on the provision of catering services. The OMT, in consultation with the staff, decided to drop that idea since the staff and the projects wanted to have more flexibility in selecting vendors, which can provide the most suitable food selection for the events organized in the building. Instead, it was proposed to extend the existing list of service providers of catering services from 5 to 7 in order to have available more diversified offers.

The OMT also looked into the possibility of providing catering services for the UN staff during lunch hour, but this option was not found to be feasible, as the cafeteria facilities do not possess authorized standards for running a kitchen.

## 2.3.   Cost benefit analysis

Cost benefit analysis as part of operational analyses aims to assess the cost benefit of the proposed new business initiatives.

Having in mind that no new initiative has been proposed under this document, no specific analysis is to be done. However, after the recent relocation to UN Eco House, the OMT conducted a cost-benefit analysis of the facility services, which is shortly described below:

### Cost-benefit analysis of facility services

The cost-effectiveness analysis of the relocation of UN Offices at UN Eco House shows that UN Organizations in Montenegro, all together, save around 150,000 USD annually on their running costs. The figure represents an almost 50% decrease in running costs compared to the base year 2013. The figure is a result of comparison of expenses that UN Organizations (UNHCR,

UNDP, UNICEF) and IOM had when they were located in separate office premises compared to the costs in the UN Eco House.

**Table 1** Monetary savings on running costs per agency (in USD)

| Agency | Cost in the old premises (2013, USD) | Cost in the UN Eco House (2015, USD) | Savings |
|---|---|---|---|
| UNDP | 112,000 | 58,000 | 54, 000 |
| UNICEF | 60,000 | 48,000 | 12,000 |
| UNHCR | 135,000 | 47,900 | 88,100 |
| IOM | 16,000 | 7,400 | 8,600 |
| TOTAL | 323,000 | 161,300 | 162,700 |

When investment costs of relocation of circa 500k for all UN Organizations are taken into consideration, the calculation shows that the UN System will repay the investment costs incurred during 2013-2014 in 3.3 years, while the figure differs when separate UN Organizations are taken into account.

This is mainly due to opportunities provided in a number of efficiency gains such as the following:

» Rental costs for occupying premises are zero as opposed to 200,000 USD in 2013.

» Costs of power supply in the UN House is zero as opposed to 27,000 USD in 2013.

» Internet costs have been decreased to 14,000 USD as opposed to 27,000 USD in 2013.

Cost of some services have increased in the UN Eco House such as:

» Building management and reception services amount to 42,000 USD in 2015 as opposed to zero cost in 2014.[3]

» Security Services provided to UN House has increased from 31,000 USD to 36,000 USD.[4]

» Cleaning Services for one UN House has increased from 30,575 to 35,000 USD.

» Gardening costs have also increased by several thousand, depending on the year and related investment costs.

Nevertheless, as already mentioned, the UN House contributed to a decrease in overall running costs by approximately 50%. Additional savings have been achieved through a decrease of a number of events in hotels outside of offices, where rental of conference rooms, equipment and organization of meals were paid at much higher prices than the costs incurred currently in the UN Eco House. Furthermore, there are no transaction costs (drivers, vehicles, staff time etc.) associated with holding meetings in other UN organizations' offices.

Further to the above, the non-monetary benefits of one house are numerous, such as:

» Increased efficiency of UN operations and programme. According to the perception of UN staff captured in 2015 Delivering as One Survey, the exchange of information, avoidance of overlapping, improving efficiency and effectiveness, reduction of operational costs, decision-making and joint communications are all found to have increased compared to previous two years.

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3   Reception costs for some UN agencies were hidden in the costs of position of regular staff, as no agencies had separate reception position but the duties of the receptionist were combined with other duties.

4   Security costs of UNDP in commercial premises (2013 and before) were hidden in the cost of the rent paid to the Lessor and cannot be quantified

» More than 80 events (workshops, seminars, press conferences) organized in 2014 and 2015 by the UN with the Government, civil society, development partners and media in UN Eco House contributed to a coherent image of the UN, raising visibility of the UN's work towards partners and general public.

» The eco-friendly nature of the UN House, conceptualized as using efficient, environmentally-friendly technology and a modern design, increased public interest for the building. Namely, the building has been visited by numerous groups of architects and engineers, including students, pupils and experts dealing with energy efficiency concepts. The occasions presenting the main eco-concepts of the building were also used for the promotion of the UN's results.

The management of the building is secured through a combination of in-house (reception, cleaning and building manager) and outsourced functions (security and technical system maintenance), which has been estimated by UN Organizations as the most practical and bringing the best value for the money with regard to enabling and maintaining services in the building.

Having in mind that all the common services related to facility management have already been established and cost benefit analyses have already been conducted, through the BOS the UN will concentrate on maintaining the UN House management costs at the same level and improvement of quality of services in this service line.

## Baseline Analyses

| | Type of existing Common Service/ Harmonization effort | Managing Entity (Service Manager) | Clients (Agencies using service) | Key Performance Indicators (KPI's) | Performance Ranking against KPI's | Modality (Outsourced/ In House) | Recommended Action (ref below) |
|---|---|---|---|---|---|---|---|
| | **Facility Management** | | | | | | |
| 1 | Building management | UNDP | UNDP, UNCHR, UNICEF, IOM | Positive response rate on annual survey >75% (positive refers to excellent, very good and good rating) | 100% out of which 94% excellent and very good | In house | Working-No Action Required |
| 2 | Reception services | UNDP | UNDP, UNCHR, UNICEF, IOM | Positive response rate on annual survey >75% (positive refers to excellent, very good and good rating) | 100% out of which 94% excellent and very good | In House | Working-No Action Required |
| 3 | Cleaning services in the UN House | UNDP | UNDP, UNCHR, UNICEF, IOM | Positive response rate on annual survey >75% (positive refers to excellent, very good and good rating) | 100% out of which 90% excellent and very good | In House | Working-No Action Required |
| 4 | Cafeteria services | UNDP | UNDP, UNCHR, UNICEF, IOM | Positive response rate on annual survey >75% (positive refers to excellent, very good and good rating) | 100 out of which 98% excellent and very good | In-House | Working-No Action Required |
| 5 | Security services in the UN House | UNDP | UNDP, UNCHR, UNICEF, IOM | Positive response rate on annual survey >75%; (positive refers to excellent, very good and good rating) | 98% out of which 90% excellent and very good | Out-sourced | Working-No Action Required |
| | **Procurement** | | | | | | |
| 6 | Office stationary and supplies | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO, project and RBOs | Vendor's performance evaluation whereas: 5=Excellent; 4= Very Good; 3= Good; 2=Dissatisfied; 1=Extremely dissatisfied | 5 | Out-sourced | Working-No Action Required |
| 7 | Express courier | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | 5 | Out-sourced | Working-No Action Required |
| 8 | Renting of simultaneous translation & audio equipment | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | 4 | Out-sourced | Working-No Action Required |
| 9 | Photocopying and printing | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | 4 | Out-sourced | Working-No Action Required |
| 10 | Media Monitoring | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | 4 | Out-sourced | Working-No Action Required |
| 11 | Translators/interpreters | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | As per individual performance evaluation | Out-sourced | Working-No Action Required |
| 12 | Editors (Montenegrin, English) | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | As per individual performance evaluation | Out-sourced | Working-No Action Required |
| 13 | Internet provider | UNDP | UNDP, UNCHR, UNICEF, IOM | Positive response rate on annual survey >75%; (positive refers to excellent, very good and good rating) | 94% out of which 77% excellent and very good | Out-sourced | Working-No Action Required |
| | **Transport and logistics** | | | | | | |
| 14 | Taxi | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | Positive response rate on annual survey >75%; (positive refers to excellent, very good and good rating) | 67% | Out-sourced | New procurement procedure to be initiated in 2017 or 2018 since the contract has just been renewed and there is a limited competition in the market.<br><br>Feedback for improvement to be provided to the current contractor based on the survey. |
| 15 | Air travel | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | Positive response rate on annual survey >75%; (positive refers to excellent, very good and good rating) | 77 % out of which 65% excellent and very good | Out-sourced | Working-No Action Required |
| 16 | Fuel provision | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | Vendor's performance evaluation whereas: 5=Excellent; 4= Very Good; 3= Good; 2=Dissatisfied; 1=Extremely dissatisfied | 5 | Out-sourced | Working-No Action Required |
| 17 | Vehicle maintenance | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | 5 | Out-sourced | Working-No Action Required |
| 18 | Car wash | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | See above | 5 | Out-sourced | Working-No Action Required |
| 19 | DSA survey | UNDP | UNDP, UNCHR, UNICEF, IOM, WHO | Number of hotels covered by the survey | 34 hotels already included | In house | Expansion: the number of hotels to increase |
| 20 | Catering services | UNDP | UNDP, UNHCR, UNICEF, IOM | Number of service providers | 5 providers already included | Out-sourced | Expansion: the number of catering service providers on roster to increase |
| | **Finance** | | | | | | |
| 21 | Common banker | UNDP | UNDP, UNICEF, WHO | Vendor's performance evaluation whereas: 5=Excellent; 4= Very Good; 3= Good; 2=Dissatisfied; 1=Extremely dissatisfied | 4 | Out-sourced | Working-No Action Required (new tender or selection procedure to be done in 2017-2018) |

# 3. Business Operations Results Framework – Montenegro

| BUSINESS OPERATIONS STRATEGY OUTCOME | | | | |
|---|---|---|---|---|
| Lead Agency | UNDP | | | |
| Participating UN Agencies | UNHCR, UNICEF, IOM, WHO, Regionally Based Organizations | | | |
| Coordination Mechanisms | UNCT and UN OMT | | | |
| | | | | |
| Outcome | By 2021, the UN System in Montenegro will has benefited from efficient and eco-friendly use and maintenance of common premises and services. | | | |
| Outcome indicators | Means of verification | Baseline (2015) | Target (2021) | Risks and Assumptions |
| No. of KWh produced by solar panels and balance between produced and electricity taken from the grid | Analysis of electric counter | 0 | 5,000 KWH annual surplus of electricity | Risk: The solar panels begin to lose efficiency due to aging<br>Assumption: UN will have the right to monitor and analyse electricity balance taken and given to the grid |
| No. of common services with more than 75% satisfactory rate | Analysis of annual survey on common services | 18 services out of 21 evaluated, 17 with 75% satisfactory rate | 17 | |
| Aggregated maintenance and running costs per square meter | Analysis of aggregated maintenance and costs of running the building | 104 EUR/sqm | 105 EUR/sqm | Risk: As the building and building facilities age, more funds would need to be allocated for their maintenance |

| BoS Area 1: Facility Services | | | | |
|---|---|---|---|---|
| Lead Agency | UNDP | | | |
| Participating UN Agencies | UNHCR, UNICEF, IOM | | | |
| Coordination Mechanisms | UNCT and UN OMT | | | |
| | | | | |
| Output 1 | Strengthened management of common premises and services resulting in increased quality and maintaining the running costs of the UN House at the same level | | | |
| Indicators | Means of verification | Baseline (2015) | Target (2021) | Risks and Assumptions |
| Amount of aggregated annual savings on common premises | Analysis of aggregated maintenance and costs of running the building | 160,000 | At the same level or 10% higher | Risk: Possible reduction/increase of participating UN agencies' operation in the country.<br>Maintenance cost have a tendency to increase over time, as building and relevant equipment age.<br>Through regular SC salary surveys, the salaries of common services staff engaged in building maintenance tend to increase over time.<br>Assumptions: No unpredicted maintenance costs occur |
| Zero annual costs for occupying premises | Analysis of aggregated maintenance and costs of running the building | 0 | 0 | Risk: Possible increase/decrease of staff by some participating UN agencies operating in Montenegro can lead to review of occupancy office space needed.<br>Assumptions: Annual costs for occupying current premises will remain 0. |
| Percentage of staff satisfied with the UN House services | Analysis of annual survey on common services | 100% | 90%-100% | Risk: Low response interest of staff to participate in the survey<br>Assumptions: Staff motivated by HoA to complete the survey |

| BoS Area 2: Common Procurement | |
|---|---|
| Lead Agency | UNDP |
| Participating UN Agencies | UNICEF, UNHCR, IOM, WHO, RBOs |
| Coordination Mechanisms | UN OMT and UNTG |
| | |
| Output 2 | Quality of services provided through common LTAs assessed and enhanced. |

| Indicators | Means of verification | Baseline (2015) | Target (2021) | Risks and Assumptions |
|---|---|---|---|---|
| Number of LTAs signed and successfully managed | OMT Annual Report | 8 LTAs:<br><br>- Office stationary and supplies;<br>- Express Courier<br>- Renting of simultaneous -translation equipment<br>- Photocopying and printing<br>- Media monitoring<br>-Translation/interpreting services<br>- Editing services<br>- Internet services | Continuation of 8 existing LTAs | Risks:<br><br>Local market limited and not developed to a wide range of competitive suppliers<br><br>Procurement staff does not allocate sufficient time to the development and operation of common procurement systems and processes.<br><br>Different technical standards for equipment required among agencies.<br><br>Assumption:<br><br>HoAs ensure sufficient time is allocated to the development and operation of common procurement. |
| Percentage of staff satisfied with LTAs | LTA performance survey or vendor performance evaluation | All LTAs above 75% except one at 67% | 75% for all LTAs | Individual agencies include their needs in specifications for the development of LTAs. |

| BoS Area 3: Common ICT | |
|---|---|
| Lead Agency | UNDP |
| Participating UN Agencies | UNHCR, UNICEF, IOM |
| Coordination Mechanisms | UN OMT |
| | |
| Output 3 | Increased quality of common ICT services |

| Indicators | Means of verification | Baseline (2015) | Target (2021) | Risks and Assumptions |
|---|---|---|---|---|
| Increased Bandwidth | Analysis of aggregated maintenance and costs of running the building | 20 Mbps for all Organizations –<br><br>5 Mbps per agency. | 100 Mbps | Risk: Current contract with ISP ends at Feb-Mar 2017. New tender for ISP can result in more expensive or worse internet services.<br><br>Assumption: Increased bandwidth. |
| Number of GSM gateways | Analysis of aggregated maintenance and costs of running the building | 1<br><br>(UNDP and common UN functions) | 3 | Risk: Staff do not use the GSM gateways (calls from fixed to mobile telephony) but mobile telephony<br><br>Assumption: No costs related to usage of GSM gateways |

## BoS Area 4: Logistics and Transport

| Lead Agency | UNDP |
|---|---|
| Participating UN Agencies | UNICEF, UNHCR, IOM, WHO, ILO, UNIDO, RBOs |
| Coordination Mechanisms | UN OMT and UNTG |

| Output 4 | Quality of services provided through common LTAs assessed and enhanced. |
|---|---|

| Indicators | Means of verification | Baseline (2015) | Target (2021) | Risks and Assumptions |
|---|---|---|---|---|
| Number of training sessions delivered to the drivers and all staff on safe road driving | OMT Annual Report | 1 | 3 | Risk: Low motivation of staff to attend training<br>Assumption: One agency accepts to lead this activity |
| Number of LTAs signed and successfully managed | OMT Annual Report | 4 LTAs:<br>- Taxi services<br>- Vehicle maintenance<br>- Car wash<br>- Fuel | Continuation of 4 existing LTAs | Risk:<br>Potential security treats to UN personnel due to having taxi services in no roadworthy conditions.<br>Outsourced drivers do not observe UN security and transportation standards<br>Assumption:<br>Due to small scale of expenses for these LTAs, simplified and informal procurement procedure conducted by UNDP |
| Number of hotels with negotiated UN rates<br>Number of catering service providers on roster | OMT Annual Report | 34<br>5 | 40<br>8 | Risk: no specific risk identified<br>Assumption: This number has a tendency of increasing over time thus it is useful exercise overall. |
| LTAs for air travel services | OMT Annual Report | yes | yes | Risk: Complex procurement procedure that slows down the process<br>Assumption: There will always be bidders interested to apply to UN LTA for travel services and to provide competitive process in order to have the agreement with such a big employer as the UN. |


## BoS Area 5: Common Finance and HACT

| Lead Agency | UNDP |
|---|---|
| Participating UN Agencies | UNICEF, UNHCR, IOM and WHO for common banker, UNDP and UNICEF for HACT |
| Coordination Mechanisms | UN OMT |

| Output 5 | Maintaining current common banking services and Harmonized Approach to Cash Transfer (HACT) implemented |
|---|---|

| Indicators | Means of verification | Baseline (2015) | Target (2021) | Risks and Assumptions |
|---|---|---|---|---|
| Number of UN organizations using common banking services | OMT Annual Report | 3 | 4 | Risk: Agencies' HQ may prevent the UN organizations to join the common LTA agreement<br>Assumption: The process for UN Common Bank Services will be organized in 2016 and UN MNE could agree on the common banker for all or most of the resident organizations. |
| Macro-assessment of the country's public financial management system conducted | OMT Annual Report | yes | yes | Risk: No joint partners foreseen in the new UNDAF, thus no practical use of the macro-assessment<br>Assumption: Funds available for conducting this exercise |

# 4. Monitoring and Evaluation

The OMT will take stock of the progress of implementation for each of the service lines under the BOS and the Annual Work Plan in its regular and ad hoc meetings, and report to the UNCT as required.

As part of the annual review, the OMT will prepare the input to the Resident Coordinator's Annual Report (RCAR).

A review of the OMT activities and a draft Annual Work Plan for subsequent year will be presented to the UNCT at the end of each year. A dedicated final evaluation of the BOS will be carried out in the last year of the UNDAF cycle to inform the development of the next BOS iteration. A business operations analysis will be conducted in parallel and also feed into the development of the next BOS.

In order to support achievement of the objectives of BOS in an efficient and cost-effective manner, the OMT will conduct service and quality assessment surveys on an annual basis. This includes reviews of the performance of service providers and of the services themselves in respect of meeting the service requirements and the clients' needs.

# 5. Business Operations Governance

Adequate inter-agency mechanisms are established to ensure the management and oversight of Common Services as laid out in the Operational Guidelines for the Implementation of Common Services issued by UNDG on 07 December 2000. As a result, the following structure and management framework is established:

**UN Country Team (UNCT).** The UNCT, composed of Heads of resident UN Organizations, is currently in place and functioning. The UNCT holds the ultimate decision for all matters related to business operations. The UNCT approves and monitors the implementation of both the Business Operations Strategy (BOS) and Annual Work Plans of the OMT, and ensures that the OMT has access to the resources required to successfully implement the BOS and the Annual Work Plans.

**UN Operations Management Team (OMT).** The OMT is responsible for the day-to-day management of Common Operations and the implementation of the Business Operations Strategy (BOS) and Annual Work Plans (AWP). It provides recommendations to the UNCT on common services and business related issues and identifies opportunities for collaboration and innovation to increase the efficiency and effectiveness of UN programmatic work. The OMT shares bi-annual reports with the UNCT. The detailed Terms of Reference of the Operations Management Team are annexed to the Strategy.

The OMT nominates ad-hoc task teams to work on specific business operations.

**The UN Coordination Office (UNCO)** supports the Operations Management Team.

The OMT Annual Work Plans are derived from the BOS and include the breakdown of activities and associated budget for the forthcoming years.

ORGANIZATIONAL STRUCTURE OF THE GOVERNANCE FRAMEWORK FOR COMMON SERVICES
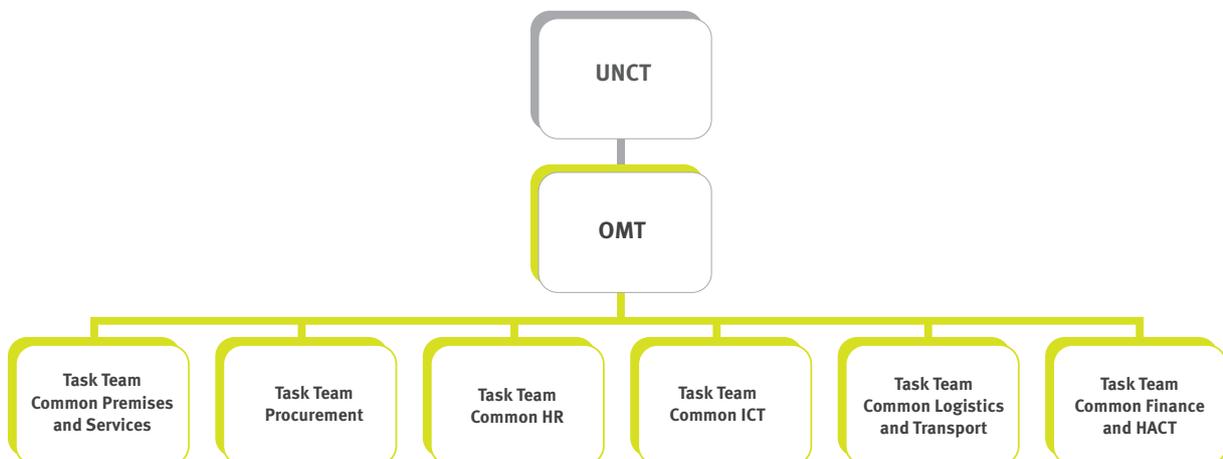
**UN Country Team (UNCT)**

UN Resident Coordinator + UN Representatives + Chair Operations Management Team+ UN Coordination Analyst

**UN Operations Management Team (UN OMT) - UN Coordination Office**

Operations/Administrative Managers of participating UN Organizations + UN Coordination Analyst

**UN Task Team(s) (UN TT)**

As formulated by OMT depending on the tasks on hand

```
                        ┌─────────┐
                        │  UNCT   │
                        └─────────┘
                        ┌─────────┐
                        │   OMT   │
                        └─────────┘
```

| Task Team Common Premises and Services | Task Team Procurement | Task Team Common HR | Task Team Common ICT | Task Team Common Logistics and Transport | Task Team Common Finance and HACT |

# 6. Business Operations Budgetary Framework

Given that the UNCT Montenegro decided to develop and implement a 'light' BOS[5], the UN Oorganizations will contribute to the BOS outcomes in different ways and in overall results. The UN System will also contribute to the BOS implementation though the allocation of both resources and time of their staff in the realization of the BOS outcomes and outputs.

The OMT will develop Annual Work Plans for the operationalization of the BOS and will report to the UNCT on annual basis (by early December each year) on achievements and planned activities for the following period. Annual Work Plan will also include budgetary aspect of envisaged activities and in case of any significant cost, participating UN Organizations will be approached with the request to cost-share for individual activities.

It is estimated that the following costs will be needed for the implementation of BOS:

| No | Type of cost | Unit Cost ($) | Cost per LTA ($) | Total cost for the duration of BOS cycle ($) |
|---|---|---|---|---|
| 1 | Costs for advertisement of common LTAs (12 LTAs to be advertised 2 times during the BOS cycle) | 220 per advert-LTA | 440 | 5,280 |
| 2 | Staff time involved | | | |
| 2.1. | UNDP Management of common premises and services (30% of 1 G7 staff time) | 16,000/per year | NA | 80,000 |
| 2.2 | Task Force Time (complex procurements; 1 day for each of the 3 panel members); 4 cases | 200/ per person/per LTA | 1,200 | 4,800 |
| 2.4 | Task Force time (simple procurements- 4h for each of the 3 panel members); 8 cases | 100/ per person/per LTA | 600 | 4,800 |
| | | | | 94,880 $ |

The common services annual budget signed at the end of each year already includes items 1 and 2.1. These costs are shared on a proportional basis between the UN organizations. The costs of Task force time are in-kind. These costs are borne by each agency participating in the evaluation panels through payment of staff salaries.

5    According to XXXX, light  Business Operation Strategy is ....

# 7. Operationalizing The Business Operations Strategy (Bos) Montenegro

Thus far, the UNDG Guidance Note on Developing the UNDG Business Operations Strategy foresees three instruments for operationalization of the BOS:

1. OMT Annual Work Plan,

2. Common Services Budget, and

3. Common Services MoUs.

All three instruments have been already in use for the implementation of the current business operations harmonization activities in the country:

As stated above, OMT already prepares and submits to the UNCT Annual Work Plans and Annual Reports, within a more comprehensive UNCT/RC Annual Work Plan and UNCT/RC Annual Report. Through these mechanisms OMT informs the UNCT on planned activities, indicators for monitoring and evaluating the success of each activity and the annual budgetary aspect of OMT activities. The OMT Annual Work Plan will get even more importance as it will be derived from BOS principles. The BOS outcomes and outputs will be operationalized through OMT annual deliverables to be realized in a particular year.

Examples of Common Services Budget and Common Services MoUs that are currently in place in UN Montenegro can be reflected in management and maintenance of common premises i.e. UN Eco House. The facilities are currently managed and will continue to be managed by the UNDP, through the relevant MoU concerning occupancy and use of common premises signed by 3 UN organizations in April 2014. While UNDP has signed with IOM the sub-lease agreement (due to the current non-UN status of IOM) for the use of common premises. It is limited to the UN Organizations which are based in the UN Eco House (UNDP, UNICEF, UNHCR and IOM) and exclude WHO, project and regionally based organizations.

Common Services Budget related to building management is prepared and approved by Heads of Agencies on annual basis i.e. in December each year. Other common services not related to the building management are not reflected in the MoU, however there is an agreement between the UN Organizations that UNDP as the biggest agency manages all common services and that the cost recovery of the UNDP services is provided through payment of annual fee defined in the common premises budget (equal to 30% of 1 GS7 salary). For agencies using the common services which are not collocated in the UN Eco Building (WHO and project and regionally based organizations), having in mind that they are very small (2 staff in WHO, 1 staff in UNIDO and ILO, no staff in regionally based organizations), the services will be provided on pro-bono basis.

# 8. Annex 1: Terms of Reference of the OMT

## Purpose and Functions

Under supervision of the UN Country team, the Operations Management Team (OMT) provides leadership on the implementation of a coordinated, efficient and effective common operational support agenda at the country level.

The aim of the common operations agenda at country level is to ensure programme delivery is supported in an as effective and efficient possible way, ensuring high quality, timely operational support to participating agencies. The means to achieve this is through coordinated efforts in the area of business operations and in the case of a Business Operations Strategy (BOS), a joint, common approach for a select range of operational support service where there is a clear business case to provide (common) services as a group of agencies, rather than providing these services as individual agencies. This means that there is a clear, demonstrable benefit in terms of cost reduction or quality of services, realized by engaging jointly in the development and management of the identified services.

Under the UNDG Operational Guidelines, the term "common services" is used to describe the implementation of common administrative functions amongst United Nations system organizations. It encompasses different types of activities, such as administrative and financial services, commercial services (e.g. choice of a common bank, a catering company or a travel agency, etc.), services linked with the common premises such as utilities, cleaning and maintenance but also fundamental aspects as provision of security and safety or health care.

## Responsibilities

As an accountable entity to the UNCT, the OMT is responsible for identification, assessment, prioritization and planning for common operations in support of programme delivery. More specifically the OMT coordinates joint activities in the following areas of operations:

- » Joint strategic planning: Business Operations Strategy (BOS) and Annual Work Planning;
- » Common Premises and services;
- » Common Procurement;
- » Common Human Resource management;
- » Common ICT;
- » Common Logistics and Transport;
- » Common Finance and HACT;

## Specific OMT responsibilities include:

### Planning and strategy

» Development of the Business Operations Strategy (BOS) in line with the UNDAF/One Programme cycle, including approval by the UNCT of the BOS;

» Annual work planning for common operations;

» As part of the BOS, preparation of Baseline and Cost-Benefit Analysis for the establishment of a new common service or the enhancement of an existing common service.

### Management and oversight

» Implementation of common services plans including resource mobilization in support of common operations where needed;

» Management of common operations solutions, e.g. common services or common premises;

» Management of the common service budgets at the country level, including the development of the annual budget and ensuring agreement is reached on the budget;

» Oversight and approval of the proposals of Task Forces working on initiatives under the OMT;

» Ensuring that large contracts negotiated by the OMT are covered by a Memorandum of Understanding (MOU) between participating agencies and the service provider/supplier;

» Providing support and advice to other interagency platforms with regards to the provision of operational support system through common services, in particular in the area of programmes.

» An end of cycle review/evaluation of the BOS is required as a basis for the BOS development for the next cycle. It is recommended to execute this evaluation concurrent with the UNDAF review.

» Performance appraisal of the staff members involved in the OMT and/or any of its Task Forces reflects their role and results to be achieved, as this plays a critical role in terms of incentive and accountability.

### Quality Assurance and client management

» Quality Assurance and client management: review the quality and cost effectiveness of each of the common services with the client agencies and identify new demand for services and areas for improvement of existing services where needed;

» Ensure that UN Agencies benefit from the economies of scale offered by common services and that the quality of common services equals or improves or at least be the same as existent.

### Reporting

- » At minimum, annual reporting to the UNCT on expenditures from Common Service account based on the annual work plan and in line with the approved annual budget;

- » Results reporting to UNDG (through IMS) and UN Country Team on results vis-à-vis the Business Operations Strategy (BOS) and OMT Annual Work Plans.

- » A review of the OMT activities will be presented to the UNCT and UNDG at the end of each year. Reporting to the UNDG usually happens by the UNCT and the OMT through the RCO when they submit the UNCT Workplan on behalf of the UNCT through IMS (UNDG Information Management System).

### Governance

- » The OMT reports to the UNCT and is responsible for the monitoring, evaluation and reporting on the progress of implementation for each of the work streams under the BOS and the Annual Work Plan to The UNCT and UNDG;

- » It is highly recommended that the UNCT meeting agenda includes a standing item on common operations to ensure the UNCT remains informed and can provide support to the OMT while pursuing the BOS targets. Usually the chair of the OMT is invited to provide the update to the UNCT.

### UNCT Country Team (UNCT)

- » The UN Country Team holds the ultimate decision power for all matters related to Common Operations;

- » The UNCT is ultimately responsible for the achievement and reporting on results reflected in the Results matrix of the Business Operations Strategy and the BOS Annual Work Plan;

- » UNCT outlines the long and medium term vision for Business Operations and provides guidance to the Operations Management Team (OMT) with regards to the operationalization of that vision in the Business Operations Strategy (BOS);

- » In case of disagreement within the OMT, UNCT serves as the final platform for escalation.

### Operations Management Team (OMT)

- » The Operations Management Team manages and coordinates the development and implementation of the Business Operations Strategy;

- » The OMT Provides oversight over the implementation of existing Business Operations Harmonization initiatives (including Common Services) by the Service provider, with the aim to ensure service delivery is in line with the agreed Key Performance Indicators;

- » The OMT develops annual work plans, based on the Business Operations Strategy, which guide the OMT activities and financial needs for that particular year;

- » The OMT operates on the basis of the results matrices for Business Operations as reflected in the Business Operations Strategy and an integrated annual work plan guiding the different OMT activities.

» The OMT chair reports on a regular basis to the UNCT on progress and issues regarding the implementation of the activities supporting each of operations outcomes. Progress updates are based on the indicators and targets as reflected in the Business Operations Strategy M&E framework;

» The Annual Work Plan of the OMT must have clear links to the business operations strategy, and each Annual Work Plan progressively contributes to the achievement of the targets articulated in the BOS.

» The OMT has different Task Forces working on specific Business Operations Harmonization initiatives (including Common Services) topics relevant for the country. These could include for example Task Force on Common Premises, ICT, HR, Procurement, Logistics and Transport etc. The OMT supervises and guides the work of Task Forces.

## Frequency of meetings

» The OMT meets at least on a quarterly basis but special meetings are convened if necessary by the co-chairs.

» The OMT in Montenegro does not have a formally appointed Secretary. The minutes of the meeting are prepared by members of the OMT on rotational basis.

» A quorum is reached with the attendance of more than half of the members.

» A retreat should be held at the end of each year to prepare the annual activity report and to elaborate the next year work plan.

## Minutes & Secretariat

Prior to all meetings, the OMT Chair ensures that the agenda is sent out to all members, at least three working days before the meeting takes place.

To ensure that the items discussed at meetings are properly reported, the minutes will be circulated by the minutes writer to OMT members for comments/corrections no later than one week after the meeting, before being finalized and shared electronically with the UNCT.

A standard meeting agenda usually includes the following item:

» Review of the minutes of last meeting and related follow-up actions;

» Review of the work plan and progress made;

» Identification of the recommendations and requests by the OMT for of the UNCT;

» Any other business.

For ease of reporting, a meeting minutes template should be used, which includes:

» All the matters/paragraphs discussed presented by item;

» Clear indication of actions to be taken and those responsible for taking them;

» The deadline for the execution of each task for all the actions.

The OMT chair should share the electronic version of the minutes to the UN Country Team.

## Membership and Chairmanship

- » Membership of the OMT includes the most senior operations/administrative managers of all resident agencies or their designated alternates and can include any other staff from participating agencies.

- » Each member must ensure that they have an alternate.

- » The OMT can rotate every 2 years, upon proposal of any OMT member and decision of the UNCT. OMT chairmanship shall be linked to an agency rather than to individuals.

- » OMT may constitute temporary technical task forces or working groups to undertake specified task(s). Membership will be decided based on competency and added value.<

## Confidentiality

Most discussions and reports are in the public domain and therefore can be shared openly. However, members are required to uphold the confidentiality of sensitive information when it is explicitly classified as such.

## Documentation

The RCO should be the repository for all OMT files, in which all documentation deemed necessary for audit purposes should be kept. Managing Agencies should submit relevant documentation to the RCO on their responsible areas. The Chair of each Task Force is responsible for keeping the detailed file for the TF activity and sending copies of all relevant documents to the RCO for the official record. Additionally, the Chair of the TF will make available any documentation to any requesting agency.

# Annex 2: Terms of Reference for OMT Task Forces

» The OMT has different Task Forces working on Specific Business Operations Harmonization initiatives (including Common Services) topics relevant for the country. These could include Task Force on Procurement, ICT, Human Resources, Finance, Logistics & Admin etc.;

» Task Forces are responsible for a well-defined subset of the OMT's work plan, usually for those work items that require specific technical expertise.

» In case of procurement of common services, the Task Force serves as a formal Evaluation Panel appointed by the OMT. The Task Force is advised by the OMT and the Procurement Unit of the Lead agency procuring the common service. It is in charge to draft the ToR, participate in preparation of other needed bidding documents and finally proposes the vendor for the contract to the OMT.

» Task Force have a lead agency that guides the work of the Task Force on behalf of the chair of the OMT;

» The Task Force Lead reports to the OMT on behalf of the Task Force on progress against the Task Forces' part of the OMT work plan.

» The service provider implements the service on behalf of the OMT and reports to the OMT on a regular basis. Evaluation of the service provider happens on an annual basis against Key Performance Indicators which are part of the design of each Common Service.