

## **Annex 2. EVALUATION TERMS OF REFERENCE**

### **1. INTRODUCTION**

As part of its multi-year evaluation plan, approved by the UNDP Executive Board at its first regular session in January 2018, and in line with the UNDP Evaluation Policy, the Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) is undertaking an evaluation of the effectiveness and efficiency of UNDP inter-agency operational services, the results of which will be presented to the Executive Board at its second regular session in September 2018.

In approving the plan for this evaluation, the Executive Board emphasized the relevance and timeliness of this evaluation as the UN development system undergoes restructuring under the UN Secretary General's reform proposal to reposition the UN to help deliver on the 2030 Agenda.

The evaluation has been conceived within the overall provisions contained in the UNDP Evaluation Policy with the following purposes: 1) to strengthen UNDP accountability to global and national development partners, including the UNDP Executive Board; 2) to support better oversight, governance and risk management practices in UNDP; and 3) to support organizational learning.

### **2. OBJECTIVES OF THE EVALUATION**

The objectives of the evaluation are to:

1. Assess the effectiveness and efficiency of UNDP in providing inter-agency operational services.
2. Provide findings, conclusions and recommendations to improve and inform UNDPs comparative advantage and positioning as a provider of inter-agency operational support services.

### **3. SCOPE AND ITS LIMITATIONS**

The evaluation will cover a period of 2010 to 2017 to align with the structural changes that ensued in UNDP following the 'Agenda for Organizational Change' launched by the UNDP Administrator in 2010 which included efforts designed to improve efficiencies and a review of UNDP's business model<sup>1</sup>.

The scope of the evaluation will look broadly at the operational structures in place and the operational services, but will not assess each area in detail. The aim is to consider whether the provision of services across the various operational structures in place, are addressing the needs of recipients with quality and scale and promoting simplifications and cost efficiencies.

### **4. INTER-AGENCY OPERATIONAL SERVICES**

---

<sup>1</sup> E/2011/35

The second part of the evaluation will assess services provided by UNDP to other entities of the UN development system with focus on client satisfaction and giving particular attention to identifying improvements needed for common back-office support provided at country level, by the Global Shared Service Units, the Integrated Service Units and BMS. Each of these entities provide services that are likely to be impacted through the UN development system repositioning initiative of the UN Secretary General, to better repositioning of the UN development system to deliver on the 2030 Agenda.

In the SG's report on Repositioning the United Nations development system to deliver on the 2030 Agenda, priority is given to advancing common business operations in United Nations Country Teams, to build on the progress made through the "Delivering as One" approach and to scale up the Business Operations Strategy<sup>2</sup> that country offices are developing. Contingent on UN development system entities progressing on mutual recognition of policies and procedures to facilitate active collaboration across agencies<sup>3</sup> common business operations could yield savings to be redirected to programmes and allow the UN to better integrate technologies and apply advanced management practices, improving the quality of services, in terms of client satisfaction and compliance with risk metrics and controls, allowing UN entities to focus more on their mandates and programmatic functions and reducing transaction costs for Governments and collaborating agencies. In his recently presented plan for repositioning the UN Development System, the UN Secretary general has set an expectation for the establishment of common back offices for all UN country Teams by 2022 and options will be explored for networks of shared service centres to be managed by the larger entities in the systems, taking advantage of their scale and geographic coverage to offer services to other entities in the system. <sup>4</sup>

The repositioning of the UN development system will depend on GA and ECOSOC consideration and approval but, the SG's report mentions that a strong UN development system will continue to rely on a strong and responsive UNDP, given its "indispensable value to national effort of UNDP's unique mix of resources, including the provision of development services, policy support and strong working partnerships with the Government." It remains to be clarified what the role of integrator will mean, but the SG report says that repositioned as the integrator platform, UNDP assets and expertise may be put at the service of a wider development system as the operational bedrock for UNCTs and the new Resident Coordinator system with full separation of the functions of the Resident Coordinator and UNDP Resident Representative.<sup>5</sup> This evaluation will look into what key improvements should be considered to further prepare UNDP to better serve the entities of the UN system with operations common back office services and contribute to the vision of the SG.

Currently, UNDP serves over 80 UN clients including specialized agencies, missions, UN funds and programmes in over 170 countries. The interagency operational services are provided across the globe, with global reach built on 135 country offices, additional specialised offices, 5 regional hubs and 3 global shared services centres in Copenhagen, Kuala Lumpur and New York.

---

<sup>2</sup> The BOS (Business Operations Strategy) is the UN Development Group's (UNDG) pilot results-based framework to plan, monitor, implement and evaluate operational activities.

<sup>3</sup> QCPR Resolution, OP 52.

<sup>4</sup> SG Report, 201217. OP 18.

<sup>5</sup> SG Report, 201217. OP 18.

The **Bureau of Management Services (BMS) at HQ** is the centralized hub for operational services in New York. BMS provides services to 18 agencies, funds and programmes plus 24 UN Secretariat entities on a cost-recovery basis. This includes seven Atlas agencies, for whom UNDP provides payroll and payment services. UNDP also manages a Service Clearance Account for inter-agency payments and manages investment funds of other UN Agencies.

The **Global Shared Services Unit (GSSU)** is composed of the Global Shared Services Centres in Copenhagen and Kuala Lumpur. The *GSSU in Copenhagen* hosts the Staff Administrative Services. It comprises two units which are, Benefits and Entitlements Services and Global Payroll Services. It is a Centre of Excellence providing customized packages of HR services to more than 30,000 United Nations personnel from agencies, funds, and programmes across the UN system. Having offered the services since 2003, its Benefits and Entitlements Services Team provides HR administrative services to UNDP and UN partner agencies for international staff members recruited on FTA and TA appointments as well as General Service staff based in New York. Its Global Payroll Services Team provides payroll and related services to more than 35,000 personnel (Staff, Service Contracts, UNVs) of UNDP and UN partner agencies, in approximately 170 locations. More recently the Joint Human Resources Facility for Job Classification and Reference Checking was launched in Bonn, Germany. In procurement, Copenhagen concentrates on complex procurement capacity building and training, and Specialized Advisory and Business Partnering to Elections, Health, Crisis Response and Energy and Environment. The *GSSU in Kuala Lumpur* provides global, financial shared transaction, analytic and associated training services to UNDP units, including bank reconciliations; contribution management (receiving, recording, reporting); accounting for property, plant, equipment, and intangible assets; review of Country Office asset certification submissions; cash and investment accounting; payment services, including accounts payable, travel claims and travel payments; position management; performing accounting for payroll/post-payroll of international and NYHQ UNDP and other agencies' staff, medical and other insurance, and tax reporting; administering pension for all UNDP staff and other staff administered by UNDP, separation of staff, staff receivables, and absence management (for international staff); etc. Kuala Lumpur also provides non-specialized procurement services and conducts procurement for delivery of all goods and services upon request from the Bureau COs.

The **Regional Hubs** in the past also provided interagency services, but in 2017, operational transactions for management support services (in finance, HR, IT and procurement) were moved to the Global Shared Service Units (GSSUs), to allow regional bureaux to concentrate on programme implementation and on their core competencies. The goal was to reduce duplications and allow for economies of scale in performing operational transactions. There are still some services related to security, common services and administration within some Regional Hubs.

**The Resident Coordinator System (RCS) provides** support to UN Country Teams, 92% of UNDP country offices are implementing common services with other UNCT agencies, including common long-term agreements, harmonized approaches to procurement, human resources and finance and common approaches to information and communication technology. Half of the country offices (49%), across all regions, are implementing 'Operating as One'<sup>6</sup>.

---

<sup>6</sup> Operating as One is a business model that provides UN country teams with an outline for common operational support to the implementation of the One Programme by capitalizing on existing agency operational capacities and consolidating service provision.

The **Integrated Service Units** are in Brazil, Vietnam and Cape Verde. These integrated Service Units are developed in the context of the Business Operations Strategy (BOS). Other 26 countries have BOS but not integrated service centres. The integrated service centres propose to streamline key operational areas of UN participating agencies by consolidating support services into one facility at the country level. They aim to reduce operating costs and enhance the quality of services by delivering a range of common services in the areas of procurement, information and communication technologies (ICT), human resources (HR) and travel to United Nations agencies in the country. The services provided should cover agencies' internal requirements as well as the demands received from their cooperation partners. The JOF acts as a single service window through which participating agencies can source operational services in support of their programs using a set of harmonized procedures negotiated by the participating agencies.

Currently, UNDP provides operational services to UN agencies in the following areas:

**Human resources-** Global Payroll constitutes the highest share<sup>7</sup> of HR services provided to UN Agencies by UNDP, the second being benefits & entitlements. UNDP also provides a strategic staff realignment and organizational design, as well as business process review and analytics. A partnership with the UN System Staff College provides internal change management consulting services to the UN system as part of a recent system-wide organizational change initiative: the UN Lab for Organizational Change and Knowledge (UNLOCK). In addition, UNDP provides the following HR-related services to UN Agencies: Management of the Resident Coordinator System globally on behalf of UNDG; UN Common system advocacy and partnership with other organizations and the International Civil Service Commission (ICSC) as Chair of the HR Network Standing Committee Field Duty Stations (Field group); Policy coordination on most HR issues in field offices; and Administration of the common system staff entitlements in field offices

**Procurement** - UNDP regularly provides services that cover a diverse portfolio of requirements, including: the delivery of security services, audit services, consultants, ICT equipment, fuel and vehicles, and office supplies and printing. In addition, UNDP facilitates non-procurement support such as travel arrangements, DSA payments, and lease management of office space in support of agency operations. Specifically, for the UN clients, UNDP provides the following procurement services: a) Purchase Order-based procurement; b) Collaborative Procurement projects led by UNDP; and c) Procurement Certification and Training.

**Financial services** - UNDP provides accounts and treasury, and investment management services to other UN entities. Accounts services include preparation of financial statements for other UN Agencies. Treasury services are comprised of banking services, inter-fund settlements, disbursement processing, foreign exchange operations and investment management.

**Administrative services-** UNDP provides shared premises and assets management and travel services to external UN clients, directly managing the leasing, renovation and upkeep of properties at HQ. In Country Offices, UNDP also shares and in many cases, manages premises with other UN agencies and often runs those premises, provides common services and offers travel management. UNDP is also a global travel services provider to UN agencies. In 2015, a new travel management

---

<sup>7</sup> In terms of number of people served.

services provider was contracted at HQ, as well as an online booking tool for self-service reservations, reducing travel agency expenses.

**ICT Services-** UNDP provides infrastructure and information technology and services around the globe. Users receive integrated solutions and help desk support, which are available 24/7. Many agencies use UNDP's enterprise resource planning software system: Atlas. Applications services that UNDP provides to UN agencies include all the software modules for UNDP's ERP: financial, procurement, payroll and human capital management functionalities, and IPSAS reporting capabilities.

**Legal Support Services** - The Legal Office (LO) provides advice and assistance on a range of legal matters relating to the UNDP's (including its affiliated agencies UNCDF, UNV) operations, programming and administration. *The Administrative Law Practice* advises senior management in Headquarters, Country Offices and of affiliated funds and programmes on legal issues of the status and conduct, the formulation of policies and procedures and the resolution of claims, with respect to staff members and UN volunteers and representing the Organization (including its affiliated agencies: UNCDF, UNV) in cases and settlements within the internal justice system. *The Corporate and Institutional (C&I) Law Practice* advises and assists in negotiating commercial contracts and agreements, issues related to non-staff personnel and resolution of disputes, as well as programming matters, leases, partnerships, financing and inter-agency arrangements and advising and assisting on matters relating to the legal status of UNDP, including privileges and immunities, SBAA and host country arrangements, and policy development on institutional, corporate and operations matters. In addition, UNDP provides certain legal services to other UN entities in addition to those that UNDP directly administers.

**Security Services** - Security services typically involve common premises security and access control, including blast and seismic assessments of premises, and security advisory support. Accommodation services are occasionally requested particularly in post-conflict and early recovery environments. They consist of establishing a joint UN staff accommodation facility that ensures security and wellbeing of personnel, where security concerns are substantial and available accommodation is not up to UN Minimum Operating Security Standards (MOSS). UNDP's Policy on Establishing a UNDP Presence outside the Country Office.<sup>8</sup>

## 5. KEY EVALUATION QUESTIONS

The following key questions will be addressed:

1. How effective and efficient is UNDP in providing inter-agency operational services?
2. What are the areas where UNDP has been successful and what are the areas for improvement?
3. What is the value added for other UN entities to have UNDP provide inter-agency operational services?
4. What is the value added, benefits and challenges for UNDP to provide inter-agency operational services?

---

<sup>8</sup> Since clients were confused about what services are provided by UNDSS and UNDP, this component could not be assessed by the evaluation.

These questions will be elaborated in the evaluation matrix to be developed during the inception phase of the evaluation in consultation with key stakeholders.

## **6. APPROACH AND METHODOLOGY**

The evaluation approach shall be theory based<sup>9</sup> considering the abridged Theories of Change (TOC) in annex 1, as well as alternative theories that happen to be presented by the evaluand. The TOC will be further detailed in consultation with stakeholders to include specific pathways for how UNDP's inter-agency operational services are contributing to the effectiveness of agencies contributions to the SDGs. Choices of methods and proposed strategy for undertaking the evaluation shall be grounded on these theories.

The evaluation methodology will adhere to the United Nations Evaluation Group (UNEG) Norms & Standards<sup>10</sup>. Methods for data collection will be both quantitative and qualitative, including: detailed calibrated surveys with UNDP service providers, UN clients, partners and donors; a sample of desk and case studies; financial flows analysis; and interviews with key stakeholders and beneficiaries. All operational services provided by UNDP will be considered in selecting a diverse sample of desk and country case studies.

The evaluation will build on the available reports and previous reviews, both internal and external, conducted by JIU, MPTFO, and internal and external oversight entities on the subject, as well as related examinations of interagency activity such as the ones commissioned by UNDG of business operations strategy pilot programmes and common UN business operations at the country level.

Missions will be conducted to selected countries and programmes to represent the portfolio relevant BOS implementers and integrated service centres, as well as country teams where basic common services are provided without a BOS; these will be supplemented with phone interviews as needed.

The analysis of data collected shall be grounded in the proposed TOC to answer the evaluation questions with the prevalent triangulated evidence from surveys, desk and country case studies and interviews.

## **7. EVALUATION PHASES AND TIMEFRAME**

The *inception phase* will include consultations with BMS to further map issues to be assessed and to identify relevant documents, literature and stakeholders to be consulted. During inception, the TOC will be further detailed and validated with BMS and tools for data collection, such as surveys and interview protocols, will be developed.

The *data collection phase* will include document and financial analysis, surveys, case-studies and in-depth interviews.

---

<sup>9</sup> Theory-based evaluations are usually based on a theory of change that seeks to explain causality and changes, including underlying assumptions.

<sup>10</sup> <http://www.uneval.org/document/detail/21>

Surveys will be conducted with UN entities at the corporate and country levels to assess satisfaction and what could be improved about operational services provided by UNDP through BMS, GSSU, country offices and JOFs.

Preliminary research indicates the following as possible mission/interview locations, although changes to the below list and additional destinations might be determined during the desk review:

- **New York HQ:** UNDP, UNFPA, UNICEF, UN Secretariat, UN Women, UNDG/DOCO, DESA, UNOPS, UNCDF, UNV, OCHA, UNDPKO, UNMAS, UNDP, EOSG, UNITAR, UNOLA, Member State Representatives, others to be contacted via Phone/ Skype or during or *en route* to field missions.
- **Geneva-based agencies and entities:** ILO, ITC, ITU, UNAIDS, UNHCR, WHO, OHCHR, UNCTAD, WIPO, WMO
- **Rome based agencies:** FAO, WFP, IFAD (possibly via skype or *en route* to field missions)
- **Copenhagen Service Unit:** UNDP GSSU for human resources and UNOPS, which also strives to provide services on a system-wide basis.
- **Kuala Lumpur Service Unit:** UNDP GSSU for operations in conjunction with OAI also conducting an audit of UNDP clustered process.

Country/Theme/Issues based case studies may include the following:

- **Interagency operational services-** Brazil, Cape Verde, Vietnam (Case study visits related to integrated Service Units), and a sample of BOS and non-BOS countries where ICPEs will take place (also Angola, Paraguay, Mali and others to be confirmed).

The *analysis phase* will work with the tabulated answers from surveys and triangulate them with data coded from case studies, interviews and desk review and against the theories of change to arrive at key findings, conclusions and recommendations.

During the *finalization phase* the draft report with recommendations will be subject to the IEOs quality assurance process, which includes external reviewers from IEO’s International Evaluation Advisory Panel.. The quality assured report will then be shared with BMS and MTPFO for comments prior to the informal meeting of the Executive Board in July when member states will have their first chance to review the draft report before the final report with management responses is presented to the formal session of the Executive board in September.

Below is the tentative indication of the evaluation process, timeframe and key milestones:

<b>Table 1: Evaluation process, timeframe with key milestones</b>		
<b>Evaluation Process</b>	<b>Month</b>	<b>Milestone</b>
Design/ Team Composition	January/ February 2018	Concept Note/ ToR/ Team recruitment
Data collection	March 2018	Desk review, quantitative analysis, launch of survey
	March/ April 2018	Stakeholder and partner interviews, case studies, country field visits

Analysis and synthesis	May 2018	Data analysis and synthesis to arrive at findings, conclusions and recommendations
Report writing	May/ June 2018	Initial draft for IEO/EAP quality assurance
Report adjustments/ management response	June 2018	First draft report to UNDP management for comments
	July 2018	Final Draft report (unedited) presented at EB informal with UNDP Management Response
EB Paper and informal presentation	July 2018	Executive Board Paper (report summary and management response) uploaded on EB documentation site
Report editing and design	August 2018	Production of full evaluation report (editing and design)
Final Report	September 2018	Final Report uploaded on EB website
EB presentation	September 2018	Report presented at the EB second regular session in September 2018

## 8. MANAGEMENT ARRANGEMENTS AND EVALUATION TEAM

The ***Independent Evaluation Office*** has the overall responsibility for the conceptualization and design of the evaluation, managing the evaluation process and producing a high quality final evaluation report, for presentation to the Executive Board at the second regular session in September 2018. The IEO will constitute an evaluation team with 1 IEO senior evaluators, 2 external commissioned evaluators and data collectors, and 1 research assistants.

- **Lead Evaluator (LE), Ana Rosa Soares:** IEO staff member with overall responsibility for assessing inter-agency operational services
- **Consultants:** 2 independent consultants will be recruited. Under the guidance of the LEs, they will conduct preliminary
- research and data collection activities, particularly case studies, prepare analysis papers with findings, and contribute to the preparation of the final evaluation report with conclusions and recommendations.
  - **Consultant 1:** (BMS and Global Shared Services Unit): Responsible for case studies to cover UNDP operational services focusing on the Global Shared Service Units in Copenhagen, Kuala Lumpur and BMS.
  - **Consultant 2:** (Integrated Service Centres and COs): Responsible for case studies for UNDP operational
  - services focusing on Integrated Service Centres in Brazil, Cape Verde, Vietnam and Country Offices.

Other IEO staff will help to collect data for this evaluation in countries where they are also collecting data for other evaluations, such as ICPEs.