

UNDP INTER-AGENCY OPERATIONAL SERVICES

The Independent Evaluation Office of UNDP conducted in 2018 an [evaluation of the effectiveness and efficiency of UNDP in providing inter-agency operational services](#) in the period 2010-2017. The findings, conclusions and recommendations of this evaluation aimed to improve the contributions of UNDP as a provider of support services.

The evaluation takes into account information gathered through multiples sources and methods, including 350

interviews and over 600 surveyed responses from UNDP and UN entities at the central, regional and country office levels in over 100 countries.

The evaluation takes note of the ongoing reform of the UN development system. The report is useful as this process moves forward, but the evaluation does not comment or provides recommendations regarding the reform.

KEY EVALUATION FINDINGS

UNDP has the largest geographical footprint of operational services among all UN agencies. It currently serves over 80 UN entities in about 170 countries. Nevertheless, UNDP has only been able to partially recover the cost of providing agencies services, an average of about \$53 million per year.

UNDP's effectiveness in providing operational services has varied across different services and locations, with lower

Key Management Support Services provided by UNDP to UN entities since 2008

	Procurement	UNDP procures goods and services for \$3.2 billion in over 170 countries
	Human Resources	Payroll services to over 35,800 UN system personnel monthly
	Finance	UNDP provides transaction services to 83 UN entities annually amounting to \$1.6 billion and treasury investment services of \$7 billion in total
	Legal Support	UNDP shares and, in many cases, manages premises with other UN agencies in over 113 countries and often runs those premises, provides common services and offers travel management
	IT	Reliable infrastructure and information technology for 40,000 users, from UNDP and other UN agencies. ICT solutions for UN field presence: infrastructure, communications and applications
	Legal Support	A range of legal services are provided to UN agencies
	Security	Advise, risk mitigation and support to UN clients

clients' satisfaction at the country level. There is room for improvement in terms of efficiency, a goal to which the organization has committed itself in the 2018-2021 Strategic Plan.

The evaluation found a lack of client orientation and transparency in the pricing of its services, leading clients to question value for money. There is under-investment in information technology; poor appraisal systems and feedback channels; and no consistent use of the Service Level Agreements (SLAs) and Key Performance Indicators (KPIs). Full clustering of agencies non-location dependent services could have been delivering greater efficiencies, savings and economies of scale.

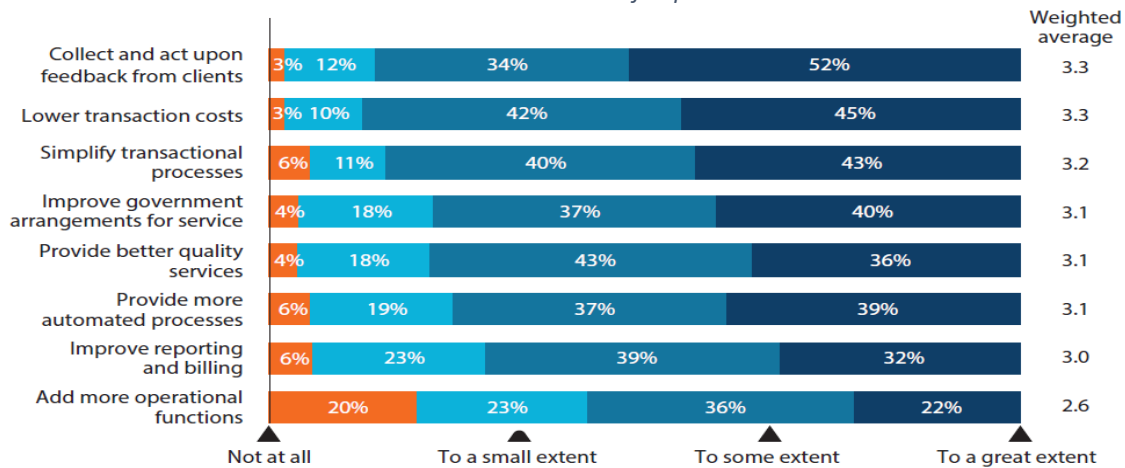
Cost savings and value for money are key initial values added for UN entities being served by UNDP, but cost-efficiencies are not enough to achieve and maintain satisfaction. Agencies expect improved processes, quality and timeliness of the services provided, responsiveness and risk reductions.

For UNDP, economies of scale — related to premises, procurement, banking and foreign exchange — are the most tangible value-added in providing operational services to other UN entities. More intangible benefits are the opportunity to position UNDP as a leader in the UN system; synergies built among different UN entities; enhanced coordination and greater visibility.

Integrated service models at the country level have provided UNCTs with more ownership and higher satisfaction levels over operational service strategies.

However, mutual recognition is not yet widely accepted and the lack of harmonization of policies, procedures and systems throughout the UN system challenges integration of service provision.

Clients indication of improvements needed



UNDP faces challenges in providing services to other UN entities due to insufficient financial and human resources; inadequate managerial tools and systems; and its inability to properly price and fully recover costs for services. To some extent, this is negatively affecting UNDP’s reputation and attention to its development mandate and partners.

The absence of incentives, such as performance assessments to serve other UN entities, and a vision with boundaries has often prevented a corporate buy-in and has demotivated UNDP staff when providing services to other UN entities.

CONCLUSIONS

- ⇒ UNDP lacks a vision for its role as an operational backbone to the UN System in support of the SDGs.
- ⇒ UNDP has been unable to adequately set prices and recover costs for services provided to UN agencies
- ⇒ UNDP has not been consistently carrying out operational services with a customer-first orientation.
- ⇒ Underinvestment in ICT systems and tools, staffing and training have prevented a more efficient provision of services.
- ⇒ Specialized central units are better suited to cover non-location dependent services with more consistent quality, efficiencies and reduced risk.
- ⇒ Common integrated or joint operations service arrangements at the country level are well positioned to provide location dependent services and are superior to lead agency arrangements.

RECOMMENDATIONS

- ⇒ UNDP should develop a clear vision, refining its role vis a vis the UN reform and rethink its business model in order to serve UN entities with a customer orientation and an improved quality of its services.
- ⇒ The Bureau for Management Services should appropriately price and implement full cost recovery for all operational services to UN entities.
- ⇒ UNDP should incrementally implement full clustering of non-location dependent services, for all regions and all country offices, on a mandatory basis at least for agencies services.
- ⇒ UNDP should promote common shared integrated service arrangements at the country level for location dependent services.
- ⇒ UNDP should develop a phased approach to invest in ICT tools and systems improvements over the next 5 years and ensure that critical staff and an effective strategy are in place to harvest such investments.

MANAGEMENT RESPONSE

UNDP Management welcomed all recommendations of the evaluation considering that it largely confirms its own analysis and they are aligned with those from a recent internal review of management services.

UNDP Management response presented key-actions to implement the recommendations.