OUTLINE

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Goal of the review

- Recommendation of Advisory Group 2013:
  ‘Requests a study of the programme's business model (Business Model Review) in order to provide recommendations for ensuring its financial sustainability’

- Answer key question: what are the key elements the DMFAS Programme needs to include in its business model to ensure its long-term financial sustainability

- Independent consultant, Mr. Claes Lindahl
Method

- Extensive document review
- Interviews with donors, clients & partners
- An inventory of ideas created with DMFAS staff
- Interactive exchange with DMFAS staff
Key findings

- Highly successful, relevant, professional program
- UNCTAD technical assistance flagship
- Providing key service, adapted to changing needs
- Much appreciated by clients, donors & partners
- Delivering concrete outputs & results
- Excellently managed
Key findings 2/2

- Shared ‘market’ with COMSEC
- Low cost producer (compared to market)
- Successful in increasing cost-sharing/recovery
- Current donors very loyal but see possible difficulty in sustaining support for long period
- Challenge of changing priorities for development assistance
- Challenge is financing core operations
Recommendations

1. Explore Strategic alliance with COMSEC
2. Shift from core donor funding to projects
3. Revise pricing model
4. A comprehensive promotion strategy
5. UNCTAD should increase its support
6. Long-term program of service development
7. Decentralization in Africa
8. E-services and outsourcing
9. Donors should provide support
**Recommendation 1: Explore strategic alliance with COMSEC**

**DMFAS Response: Accept**

- Could provide significant benefits e.g.:
  - Reduce cost of training & support services
  - Improve functionality

- **Implementation actions:**
  - DMFAS approached COMSEC
  - 3-day joint workshop in London in February
  - Excellent sharing of information
  - Very useful for designing new versions of DMFAS and CS-DRMS
  - Agreement to continue information sharing & seek opportunities for cooperation on training in the new year
Recommendation 2: Shift revenues from donor core funding to financing from services, to extent possible

DMFAS reponse: Accept with reservations

- Consistent with programme’s agreed direction:
  - Increase in cost-sharing/recovery from 16% to 27%
  - Decrease in donor funding from 65% to 54%
  - Graduation scheme in line with countries’ ability to pay

- Limitations:
  - Unpredictability in the timing of projects
  - Project funding cannot fully cover the cost of core functions
  - Need to take account of a country’s ability to pay (cost of subsidies)

- Implementation actions:
  - Complete implementation of reform on project funding
  - Explore fee-based approach for certain services
  - Seek funding for specific services e.g. Debt Management Conference
Recommendation 3: Revise pricing model for services - new pricing & graduation strategy

DMFAS response: Accept

- Graduation price for high-income countries based on full cost:
  - Simplifies original plan for graduation strategy
  - Consistent with agreed policies
  - Practical to implement

- Revise pricing model:
  - Revised pricing of project services being implemented
  - New (limited) levels of maintenance fees & development contributions possible for DMFAS 7
  - Need to factor in ‘market’ conditions and subsidies for LICs

- Implementation actions:
  - Establish maintenance & development contribution levels for DMFAS 7
  - Adjust pricing for high-income countries
Recommendation 4: Establish comprehensive Promotion Strategy covering projects and core operations

DMFAS response: Accept, with reservations

- Combining promotion & fund-raising in one Promotion Strategy
- Formalising flexible funding system, offering options to donors
- Fund-raising team:
  - Reservations about feasibility of engaging external support for fund-raising – UN representation policy; integration with UNCTAD strategy
- Expanding donor base

- Implementation actions:
  - Develop comprehensive Promotion Strategy under new Strategic Plan
  - Use many suggestions in report and in Inventory of Ideas
  - Increased interaction with local (‘field’) donors
  - Target potential donors selectively using a cost-benefit approach
Recommendation 5: UNCTAD should increase its support

UNCTAD response: Accept with reservations

- Increasing regular budget support has limitations:
  - Ongoing budgetary constraints for United Nations as a whole
  - UN policy of funding technical assistance (TA) from XB resources

- Increased UNCTAD support for DMFAS fund-raising
  - All additional support welcome, especially with non-DAC donors
  - UNCTAD management actively involved in fund-raising

- Implementation actions:
  - DMFAS full participation in UNCTAD fund-raising drive for TA
Recommendation 6: Establish longer-term program for development of DMFAS services & functionalities

Accept with reservations

- Developing upstream services:
  - Focus on areas of comparative advantage
  - New services need to be cost-neutral

- Implementation actions:
  - New 4-year Strategic Plan
  - Use Inventory of Ideas to complement Advisory Group recommendations
  - Cooperation with other organisations, especially TA providers like COMSEC
  - Outsourcing where appropriate
Recommendation 7: Initiate decentralisation by setting up 2 offices in Africa

Accept

- Constraints:
  - Additional costs involved – will require additional funding
  - Needs guaranteed specific funding for at least 2-years for each office

- Implementation actions:
  - Include establishment of 2 regional offices in new Strategic Plan
  - Seek specific funding, in cooperation with clients, donors and regional partners
Recommendation 8: Develop e-services in training to expand services and reduce cost

Accept

- Constraints:
  - Develop of e-learning involves significant initial investment
  - Enables ‘do more with same’ instead of reducing core costs

- In line with current strategy:
  - Part of comprehensive blended-learning approach to capacity-building
  - Means to address DMOs’ critical staff turnover problem

- Implementation actions:
  - Survey done in 2015 identified more candidate modules for e-learning
  - Make major component of next strategic plan
Recommendation 9: **Essential that donor community continues to provide long-term & predictable funding for core operations**

**Agree**

- Programme has made successful efforts to reduce dependence on donors
- User countries responded positively to efforts to increase cost-sharing in line with countries’ ability to pay
- Programme maximising opportunities for cost reduction
- DMFAS’ capacity to continue to meet important client needs, especially most vulnerable, as a public service also depends on continued donor funding
Overall response to the Report

- Appreciate work & quality of final report:
  - Satisfies Terms of Reference
  - Demonstrates very good understanding
  - Based on reliable information & feedback from broad representation of stakeholders
  - Clearly identifies challenges & opportunities
  - Findings consistent with Mid-Term Review
  - Clear, relevant, insightful conclusions
  - Very useful recommendations
Thank you to Claes Lindahl and to all the Programme’s stakeholders who contributed to the Review