

# **DMFAS**

## **Business Model Review**

**DMFAS Advisory Group Meeting,  
Geneva, 26-27 Nov. 2015**

# OUTLINE

1. Goal of the review
2. Findings
3. Recommendations
4. DMFAS response



# 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 <sup>1/2</sup>

- 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 <sup>2/2</sup>

- 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**

