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**Comprehensive response plan in response to the
recommendations of the two independent third-party reviews
of UNOPS**

Summary

This document summarizes the progress to date in implementing the comprehensive response plan. Out of the 43 recommendations, 32 have been completed to planned scope, two are not operationalized, and one is led by the United Nations Office for Legal Affairs. Of the outstanding recommendations, seven will be completed during 2024 and one will continue until 2027.

Elements of a decision

The Board may wish to: (a) acknowledge the progress in implementing the comprehensive response plan, and encourage the ongoing transformation of UNOPS; (b) decide that the progress in implementing the outstanding recommendations will be reported to the Board through the regular reporting cycle of the UNOPS strategic plan, in line with decision 2023/17; (c) take note of the findings of the third-party review of the status of implementation of the recommendations; and (d) recall its decisions 2022/24 and 2023/23 for UNOPS to commission a third-party review, which will be presented to the Board at the end of the implementation period of the comprehensive response plan.

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I. Introduction

1. This document summarizes the progress to date in implementing the comprehensive response plan and outlines the status of longer-term recommendations that will be implemented as part of the UNOPS transformation journey.
2. At the time of writing this document, a third party had begun a review covering all the recommendations in the comprehensive response plan, with a view to assessing the quality of implementation and the degree to which the results achieved to date respond to the recommendations. Hence, this document is the UNOPS self-assessment of the implementation of the comprehensive response plan, recognizing that the results of the third-party review were presented to the Executive Board in November 2023.

II. Background

3. In line with Executive Board decision 2022/13, UNOPS commissioned two third-party reviews on: (a) oversight mechanisms that existed for sustainable investments in infrastructure and innovation ('S3i') investments; and (b) UNOPS internal control systems, risk management and overall governance structures. The latter review included 43 recommendations to UNOPS and five to the Board. In response to those reviews, and in line with decision 2022/24, UNOPS developed a comprehensive response plan identifying 82 actions that UNOPS would implement to address the 43 recommendations.
4. The plan was structured to align with six areas detailed in the review: Mandate and strategy; Governance and management; Risk management and control environment; Ethics, compliance and organizational culture; Financial and performance management; and S3i. In addition to the updates provided by the Executive Director at the regular sessions of the Board, progress in implementing this response plan was reported to the Board through a publicly accessible online monitoring platform¹ and through monthly update briefings by the Executive Director, in line with decision 2022/24.

III. Progress in implementing the comprehensive response plan

5. Out of the 43 recommendations, 32 have been completed to planned scope, two are not operationalized and one is led by the United Nations Office for Legal Affairs (see section E). Of the outstanding recommendations, seven will be completed during 2024 and one will continue until 2027. The progress and status of the recommendations is described below.

A. Mandate and strategy

6. The third-party review presented three recommendations concerning mandate and strategy:
 - (a) Revisit the strategic plan, 2022-2025, and engage the broader organization and relevant governance bodies in the process – ***Completed to planned scope.***
 - (b) Refocus on the original mandate as a demand-driven United Nations organization providing services to the United Nations system, governments and other partners, and clearly define the extent and form of engagement with the private sector – ***Completed to planned scope.***
 - (c) Refocus the strategic priorities and establish key performance indicators, including quality of service delivery, pricing, and level of operational reserves, to respond to a strategic road map approved by the Executive Board – ***Completed to planned scope.***

¹ UNOPS comprehensive response plan online monitoring tool.

7. The three recommendations are mutually reinforcing and implementation has been pursued in an integrated manner. During 2022 and 2023, UNOPS restated its strategic plan, 2022-2025,² informed by an early fast-tracked midterm review of the existing strategic plan. The midterm review and the restated strategic plan were adopted by the Board at its annual session 2023. In decision 2023/16, the Board recognized that the midterm review was informed by comprehensive internal and external consultation.

8. The Board also recognized that the restated strategic plan is firmly anchored in General Assembly resolution 65/176.³ UNOPS has ceased all, and is no longer pursuing any, seed capital for private sector investments for impact, also known as the supply-side activities associated with ‘financing for development’. Consequently, and in accordance with the restated plan, UNOPS pursues demand-driven implementation activities as exchange transactions with full cost recovery in support of its partners in the United Nations system and beyond.

9. Along with the restated plan, the Executive Board endorsed an expanded results framework, comprising strategic indicators and targets for contribution and management goals. It sets ambitions for impact and affirms that UNOPS seeks to ascertain contributions to impact through external thematic evaluations, portfolio analysis linked to Sustainable Development Goals and relevant meta data, and enhancing capacity for outcome-based reporting.

10. The expanded results framework comprises nine contribution key performance indicators and 12 management indicators. Most of the indicators have been set to reinforce the organizational behaviours for UNOPS to meet specific quality standards. As systems and processes mature, it is envisaged that additional indicators will be developed, some for monitoring through internal management dashboards, while others may be part of the expanded results framework for the strategic plan, 2026-2029.

B. Governance and management

11. The third-party review presented two recommendations on governance and management:

- (a) The Regional Directors should meet on a regular basis to discuss and develop common understanding and ways to work towards UNOPS goals across the regions, as well as to share best practices and lessons learned – ***Completed to planned scope.***
- (b) UNOPS should define what kind of operating system is required to support project and programme management, project delivery needs and key corporate functions of the organization across all regions. The regions should be engaged in the process from the start – ***Transformation on track for completion by 2027.***

12. Since May 2022, the regional directors have been included in the management team and have met on a quarterly basis since January 2023. Those actions are strengthening strategic alignment and internal coordination as well as ensuring a more holistic approach to leading the organization, taking into consideration the varying contexts of and within each region.

13. To enhance knowledge-sharing across the entire organization, the Executive Director has established eight mission hubs⁴ that are co-chaired by a regional director and a headquarters director. The aim of the hubs is to focus organizational efforts on accelerating progress towards the Sustainable Development Goals as set out in the restated strategic plan, 2022-2025. The hubs foster internal coordination and collaboration, as well as create space for organizational learning,

² DP/OPS/2023/6.

³ A/RES/65/176.

⁴ Triple planetary crisis; Energy transition; Small Island Developing States resilience and sustainability; Quality health care; Just digital transformation; Social protection, education, equality and jobs; Humanitarian, development and peace nexus; and Food system transformation.

thus enabling expertise to be leveraged and sharing best practices from project design through to implementation.

14. In line with the third-party recommendation and the restated strategic plan, 2022-2025, one of the central themes supporting the improvement of UNOPS capabilities is its commitment to ensuring that the processes and information systems are fit for purpose, integrated, and leverage digitalization.

15. The UNOPS process innovation and digitalization programme is expected to span multiple years, ending in 2027. It will expand capabilities for knowledge management and data. Priority in the next biennium will be given to solutions that: (a) improve our ability to attract, recruit and manage talent; (b) enhance public procurement; and (c) improve our capabilities in portfolio, programme, and project management. While the refining and alignment of the programme scope, governance, and management of dependencies are being defined and the process for selection of the future digital ecosystem is ongoing, UNOPS is delivering on pilots, which involve personnel from all parts of the organization.

16. To be aligned and integrated with the process innovation and digitalization programme, the current processes for project, programme and portfolio management are being reviewed and re-thought to improve the quality of project design and successful delivery for our partners. This long-term initiative is key to supporting implementation of the restated strategic plan, 2022-2025.

17. Both partners and personnel are at the centre of these initiatives under the overarching objective of UNOPS becoming more effective and agile, enabling cost-effective operations.

C. Risk management and control environment

18. The third-party review presented seven recommendations concerning the risk management and control environment:

- (a) Make risk management an integral part of all important decision processes and include reporting of portfolio risk in standard quarterly reporting – ***On track for completion by June 2024.***
- (b) Review the design and functionality of the current risk management framework – ***Completed to planned scope.***
- (c) Undertake a review of risk management policies and procedures – ***Completed to planned scope.***
- (d) Conduct a thorough assessment of the portfolio and potential hidden risks – ***On track for completion by June 2024.***
- (e) Ensure the independence and sufficient capacity of oversight functions, especially internal audit and investigation, and ethics functions – ***Completed to planned scope.***
- (f) Prepare a documented action plan in response to the Internal Audit and Investigations Group self-assessment report recommendations. The action plan should list all the recommendations, proposed action plans, expected date of completion, status update, and an accountable person. The Group should report regularly to the Executive Board and the Audit Advisory Committee on the implementation plan – ***Completed to planned scope.***
- (g) Conduct a comprehensive review of the terms of reference of the Audit Advisory Committee in the light of the findings of S3i. In this respect, a change in the terms of reference should consider the establishment of an Audit and Risk Committee under the Executive Board – ***Completed to planned scope***⁵.

⁵ This refers to the revision of the Audit Advisory Committee terms of reference.

19. UNOPS reviewed the design and functionality of its risk management framework and compared them against Joint Inspection Unit benchmarks⁶ and the Risk Forum maturity model of the High-level Committee on Management. In addition, the UNOPS Internal Audit and Investigation Group conducted a number of end-to-end process reviews to assess the effectiveness, economy and efficiency of UNOPS core processes. Furthermore, UNOPS completed a review of its risk management policies and mapped how, as part of continuous improvement, the related principles will be integrated into the policy framework.

20. Following those reviews, several actions were taken to strengthen the risk management framework. A periodic sample-based testing programme was rolled out to assess the performance of key controls, and a training programme in risk management was launched. An integrated Risk and Compliance Group will be effective 1 January 2024, and risk management and internal control capability is being further strengthened through the multi-year process innovation and digitalization programme.

21. As part of the midterm review that led to the restated strategic plan, 2022-2025, UNOPS conducted a portfolio assessment considering the strategic risk landscape. This was conducted through a global survey among UNOPS leadership, complemented by senior expert interviews and document reviews. The annual budgeting and target-setting process now includes articulation of key assumptions, risks and opportunities by all submitting units. Review of portfolio risks at the country office level are addressed by a dedicated risk-based performance assessment function. A consolidated assessment of key risks within the global portfolio will be finalized with the support of an external consultancy, which is on track for completion by June 2024.

22. To further support a strategic, forward-looking and risk-informed dialogue on priorities for the organization, UNOPS has taken measures to improve risk-informed decision-making and to include reporting of portfolio risk in standard quarterly management reviews. The new approach will be launched in the first quarter of 2024. Moreover, a process is under way to assess the mechanism through which UNOPS considers and accepts risks for new projects, which involves an update to the approach of the Engagement Acceptance Committee. This work will continue in 2024.

23. Several actions were completed to address the recommendation to ensure the independence and sufficient capacity of oversight functions. First, the Internal Audit and Investigations Group conducted a comprehensive and objective self-assessment of its independence and prepared an action plan to address the findings. The comprehensive report was submitted to the Executive Board and all recommendations were approved. As a result, a number of actions have been taken, including approval of a revised audit charter; an 87 per cent increase in the budget of the Group; and conversion of all its headquarters-based personnel to fixed-term appointments. Moreover, the Director of the Group has free and unrestricted access to the Board, and the Group can confirm its independence at the annual session each year and in any closed Executive Board meeting.

24. In March 2023, the ethics offices of the International Monetary Fund and the United Nations Educational, Scientific and Cultural Organization conducted an assessment of the independence of the UNOPS Ethics Office. As of November 2023, 95 per cent of the recommendations had been implemented, pending completion of the Joint Investigation Unit review of Board Governance structures and the overhaul of the 'speak up' whistleblowing process, in line with Executive Board decision 2022/24.

25. As recommended, UNOPS has revised the terms of reference of the Audit Advisory Committee to enhance and protect the independence of the Committee in fulfilling its advisory function to the Executive Director and the Board. The Board took note of the revised terms of reference in its decision 2023/7. The composition of the committee is being renewed in time for its first meeting in 2024.

⁶ JIU/REP/2020/5.

D. Ethics, compliance and organizational culture

26. The third-party review presented 15 recommendations on ethics, compliance and organizational culture:

- (a) Define the ownership and tasks of the compliance function and communicate them clearly within the organization – ***Completed to planned scope.***
- (b) In order to monitor and report on the number of cases received on a regular basis, the Ethics Office should capture the case numbers in real time – ***Completed to planned scope.***
- (c) Overhaul the whistleblowing process and establish clear protocols and rules for confidentiality – ***On track for completion by June 2024.***
- (d) Create protocols for dealing with complaints and investigations, especially involving director level or above. Ensure that the reported concerns/cases are handled in a consistent way, regardless of the status/seniority of the reportee. Encourage personnel to report on unethical behaviour, and create their trust that the ethical policies and guidelines are followed in every situation – ***On track for completion by June 2024.***
- (e) Engage in closer collaboration with other United Nations agencies and relevant external parties around human resources and ethics practices – ***Completed to planned scope.***
- (f) Create a dedicated policy for anti-bribery and corruption – ***Completed to planned scope.***
- (g) Change the ‘tone from the top’ and work to instil United Nations values – ***Completed to planned scope.***
- (h) Ensure a robust management structure with clear reporting lines and sufficient division of duties in respect of finance, legal, human resources and procurement – ***Completed to planned scope.***
- (i) Ensure the competence and capacity of the management team, and a structure with clear accountability in respective areas – ***Completed to planned scope.***
- (j) Create a management team with a functional size and clear mandate, with an emphasis on segregation between operational and risk management, including ethics and compliance – ***Completed to planned scope.***
- (k) Revise the management and organizational culture towards broader engagement and less of a top-down and hierarchical approach – ***Transformation on track for completion by end 2024.***
- (l) Strengthen regional and functional input and participation in key decision-making – ***Completed to planned scope.***
- (m) Increase the number of deputy executive director roles to two (at a minimum), with clear separation between operational and risk management – ***Completed to planned scope.***⁷
- (n) Encourage open engagement and differences of opinion through regular ‘pulse’ surveys, discussion forums and frequent sharing of information – ***Completed to planned scope.***
- (o) Take into use a structured change management process to facilitate an efficient and effective organizational change – ***Completed to planned scope.***

27. As indicated in the restated strategic plan, 2022-2025, UNOPS aspires to foster an inclusive, constructive organizational culture anchored in the values of the United Nations. With the aim of rebuilding trust within the organization, an organizational culture assessment was conducted to inform the journey ahead. The results of the assessment were shared with the Executive Board in November 2023, and a plan to address the findings of the review will be presented at the first regular session 2024.

⁷ UNOPS organizational structure includes two deputy executive director positions, appointment of the second deputy executive director expected to be finalized by end 2023.

28. Reshaping the organizational culture underpins the transformation initiatives and changes UNOPS has embarked upon. To change the tone from the top, a new management team was created in May 2022. Since its establishment, new directors have taken office and key management functions have been elevated to appropriate levels in the organization. To strengthen regional and functional input and participation in key decision-making, management team working groups have been established to advise the management team and ensure effective implementation of key internal initiatives across the organization.

29. Following decision 2022/24 to create a second deputy executive director position, a new organizational structure with clear segregation between management functions and delivery functions was established in January 2023. The structure ensures appropriate separation whereby the corporate policy groups and the regions report to different deputy executive directors. The Deputy Executive Director for Management and Policy took office on 1 October 2023. The recruitment process of the Deputy Executive Director for Delivery and Partnerships was ongoing at the time of writing this report.

30. To address the lack of clarity as to the organizational ownership of the compliance function, a review of that function and its interlinkages with the wider 'second line of defence' functions was conducted. The outcome of that review led to the creation of the Risk and Compliance Group, effective 1 January 2024, reporting to the Deputy Executive Director for Management and Policy.

31. To complement and build upon the UNOPS policy to address fraud and corruption, a dedicated policy for anti-bribery and anti-corruption has been finalized. The policy, which will apply to all UNOPS activities and operations, aims to prevent, detect and address acts of bribery and corruption involving UNOPS personnel, vendors and implementing parties, and other partners. Furthermore, an operational instruction on investigations and measures relating to misconduct allegations against UNOPS personnel is being reviewed by the Internal Audit and Investigations Group in order to clarify the protocols for dealing with complaints and investigations, especially involving the director level and above. The Internal Audit and Investigations Group is training relevant personnel on audit and investigation processes, confidentiality of allegations, fair treatment and objectivity.

32. Pursuant to decision 2022/24, UNOPS is overhauling its speak-up and whistleblowing processes. The aim is to establish a clear process that encourages reporting and safeguards fair and confidential treatment of all reports with appropriate rules and protocols in line with United Nations system best practices and in response to decision 2022/16. The initiative, supported by the Executive Director in collaboration with the Ethics Office, will continue into 2024 and aims to rebuild trust and address procedural issues in close coordination with the wider cultural transformation efforts. The work builds upon the review and update of the UNOPS whistleblower protection policy called 'Protection against Retaliation', promulgated on 19 August 2022⁸.

33. Throughout 2023, the Ethics Office continued to strengthen collaboration with the Ethics Panel of the United Nations, which aligns best practices and creates synergies that contribute to resetting the tone about ethics from the top and further strengthening the independence of the Ethics Office. The Ethics Office reviewed its case-capturing system and in July 2023 introduced a new tool that allows the capture of case numbers in real-time, per service area and topic, and allows more detailed reporting capacities. Finally, as part of changing the tone from the top and working to instil United Nations values, the Ethics Office developed and launched a comprehensive global training series called Ethics in Action. The training reached over 800 UNOPS personnel and consisted of a dialogue with personnel about topics such as speaking up, decision-making when faced with ethical dilemmas, and the updated protection against retaliation policy.

⁸ In accordance with decision 2022/16, paragraph 9.

34. To ensure alignment of UNOPS human resources policies with the United Nations system and to engage more closely with other entities on human resources practices, UNOPS is an active member of the United Nations System Chief Executives Board for Coordination human resources network and related working groups and forums. This active engagement supports our efforts to shape a human resources landscape that is fit for purpose and aligned with the United Nations system framework and values.

35. With the objective of encouraging open communication and engagement among the workforce, UNOPS has established five employee resource groups to provide a forum for colleagues to raise concerns or challenges they experience in the workplace. UNOPS has strengthened collaboration with the joint UNDP/UNFPA/UNOPS/UN-Women Staff Council. The number of local UNOPS personnel associations is growing: they are now present in New York, the Africa region, the Asia region, the Europe and Central Asia region and the Middle East region. Work will continue to strengthen and encourage the representation of global personnel throughout 2024. Finally, UNOPS will continue conducting regular pulse surveys to gain insights from personnel on key themes related to engagement and organizational culture.

36. In line with the third-party review recommendation, UNOPS has taken a structured change management approach to delivering the comprehensive response plan outcomes through: (a) project and change management support to the overall delivery of the plan; (b) designing and delivering key transformation initiatives; (c) building change management capability; (d) development, dissemination and use of the UNOPS Change Management Framework and Toolbox. This foundational work will support the strategic transformation of UNOPS in 2024-2025 and beyond.

E. Financial and performance management

37. The third-party review presented seven recommendations on financial and performance management:

- (a) The pricing should be further developed. Efforts should be made to communicate the logic and the basis of the different pricing model elements internally and with partners so that a common understanding and acceptance is formed – ***Completed to planned scope.***
- (b) The risks related to the financial investment portfolio should be carefully monitored in the current economic situation and reporting should be provided monthly to the Executive Director and senior leadership – ***Completed to planned scope.***
- (c) Invest in resources and capabilities to enhance outcome-reporting – ***Transformation on track for completion by end 2024.***
- (d) Develop the performance management process and strengthen accountability through reporting and results management. Align the frameworks and reporting of indicators. Enhance results communication to management – ***Completed to planned scope.***
- (e) Define more clearly in the operational instructions what types of partnerships are accepted. Consider restricting exemptions of the Executive Office to develop new forms of partnerships without Engagement Acceptance Committee (EAC) review or proper control mechanism – ***Completed to planned scope.***
- (f) All regions need to ensure and reinforce the practice and process of completing the Integrated Practice Advice and Support (IPAS) review⁹ before the project contract is signed – ***Completed to planned scope.***
- (g) The development of the due diligence process should be continued and adequate resources allocated based on the volume of work in due diligence – ***On track for completion by end 2024.***¹⁰

⁹ The IPAS team reviews engagements before final approval and signing of agreements.

¹⁰ This recommendation encompasses the revision of the financial regulations and rules.

38. Pursuant to the recommendation to further develop the pricing at UNOPS, several actions were completed. In August 2022, UNOPS released a policy update to stop the charging of a risk increment to new project agreements. UNOPS updated the management fee calculation methodology to reflect 2021-2022 financial figures, and aligned its management fee-setting process with its forward-looking biennial budget. This was implemented for the first time through the UNOPS budget estimates, 2024-2025.¹¹ At its second regular session 2023, the Executive Board endorsed the approach for setting indirect cost recovery rates based on required revenue needs; approved a net-zero revenue target for the biennium; and took note of UNOPS alignment with United Nations harmonized approaches for cost classification, results-based budgeting and budget presentation. The pricing model was further elaborated in the budget estimates annex on pricing¹², the conference room paper on the UNOPS cost recovery model¹³ and informal sessions with Member States.

39. To address the third-party recommendation on monitoring risks related to the financial investment portfolio, monthly reporting on UNOPS investment performance has been shared with the management team since February 2023. This is in addition to standard quarterly performance and risk reporting to the Executive Director and the Investment Advisory Committee and monthly reporting to the Chief Financial Officer.

40. The restated strategic plan, 2022-2025, includes an expanded results framework with strategic priorities focused on impact, contributions and management results, facilitating performance management in the demand-driven environment in which UNOPS operates. The framework is complemented by a staggered process for organizational performance review, and quarterly management reviews expanded to include thematically focused biennial contributions reviews. The process will culminate in an annual impact review in late February 2024. The outcome of that review will be an input to the annual report of the Executive Director for 2023, to be presented at the annual session 2024 of the Executive Board.

41. Investing in resources and capabilities to enhance outcome reporting will continue throughout 2024. In response to that recommendation, UNOPS is drawing on the findings of an external study relevant to the UNOPS non-programmatic and demand-driven operating model. Actions will be taken to enhance the capacity of the organization with respect to evidence, insights and learning. Work in this area is closely connected to the process innovation and digitalization programme and the review of project, programme and portfolio management.

42. Furthermore, the links between organizational and individual performance needs to be further developed to support increased accountability on decisions and results. This will be addressed as part of the culture transformation.

43. Work is under way to review the UNOPS policy framework so that it is principles-based, less prescriptive, and more effective. In response to the recommendation of defining in the operational instructions what types of partnerships are accepted, a new operational directive on due diligence¹⁴ was promulgated in April 2023. Its purpose is to align the due diligence processes conducted within UNOPS with those of the United Nations Sustainable Development Group common approach to prospect research and due diligence for business sector partnerships,¹⁵ as well as to establish the overarching guiding principles and framework on the basis of which UNOPS will undertake such due diligence across the organization. UNOPS has established a dedicated due diligence unit under the quality assurance group¹⁶ to ensure resourcing and build institutional knowledge on due diligence tailored specifically to the UNOPS operating model. In line with the third-party recommendation, engagement review by the Integrated Practice Advice

¹¹ [DP/OPS/2023/7](#).

¹² [DP/OPS/2023/7 – Annexes](#).

¹³ [DP/OPS/2023/CRP.5](#).

¹⁴ [UNOPS, 2023](#).

¹⁵ [UNSDG, 2020](#).

¹⁶ The Group will become the Risk and Compliance Group as of 1 January 2024.

and Support (IPAS) team is required prior to approval and signing of any agreement. Before the project contract is signed, all regions need to ensure and reinforce the practice and process of completing the review and proactively monitor residual risks identified during implementation. The engagement acceptance process continues to be strengthened in the course of reviewing the project, programme and portfolio management processes.

44. As part of reviewing the policy framework, UNOPS is revising its financial regulations and rules and aims to submit the proposed revised regulations and rules for approval at the second regular session 2024, with a view to applying them as of 1 January 2025. UNOPS will consult with Member States throughout the review process and will seek inputs from relevant United Nations bodies and offices.

F. Sustainable investments in infrastructure and innovation (S3i)

45. The third-party review presented nine recommendations concerning S3i (closure):

- (a) Make sure the value-addition of S3i is clearly understood and create structures to support the value-addition within UNOPS broader operations. S3i needs to be incorporated appropriately into UNOPS existing legislative and internal control frameworks and monitoring – ***Completed to planned scope.***
- (b) Focus on activities close to what UNOPS has been seen to do well through its global implementation capacity, such as efficient project execution, infrastructure, and procurement in challenging circumstances – ***Completed to planned scope.***¹⁷
- (c) Clarify responsibilities on S3i management and assess the current team and capacity. Ensure adequate segregation of duties in the S3i team and establish an independent investment committee with properly defined roles and mandates – ***Recommendation not operationalized as UNOPS will not engage in S3i investments.***
- (d) Comprehensively review all available information and investigation reports and take the necessary steps to resolve legal, financial and exit matters in relation to the S3i portfolio – ***The United Nations Office of Legal Affairs is leading the efforts to recover the funds from the S3i investments.***
- (e) Transfer the S3i project revenue funded by the Government of Finland from the management budget to the UNOPS project portfolio to ensure proper internal controls, monitoring and reporting – ***Completed to planned scope.***
- (f) Assess the need for provisions for the outstanding balance related to S3i investments – ***Completed to planned scope.***
- (g) Continue the risk assessment of the broader portfolio in order to understand if there is systemic failure still to be addressed – ***Completed to planned scope.***
- (h) Perform a thorough review of the costs and implementation activities of the previous Deputy Executive Director and the Executive Office – ***Completed to planned scope.***
- (i) Conduct a full external assessment of the existing S3i impact investing frameworks, policies and capacity. If impact investment operations are continued, UNOPS needs to establish a proper investment governance framework and strengthen the investment process and compatible operational arrangements, prior to making any new investments – ***Recommendation not operationalized as UNOPS will not engage in S3i investments.***

46. Following the appointment of the Executive Director, a.i., it was decided to suspend all S3i investments. Subsequently, UNOPS restated its strategic plan to focus on activities where it has a clear mandate and expertise. The restated strategic plan, 2022-2025, states unequivocally that UNOPS will no longer engage in impact investment using seed capital from the UNOPS reserves.

¹⁷ This recommendation encompasses the support to S3i-affected countries.

47. In January 2023, the Executive Board requested UNOPS to “work towards completely phasing out the S3i initiative”.¹⁸ In September 2023, the Executive Director decided to permanently close the S3i work stream carried out by the Helsinki Office team by end 2023. All recommendations related to assessing the role of S3i, the S3i portfolio, and the Helsinki Office have thus been addressed.

48. The UNOPS Internal Audit and Investigations Group reviewed the S3i project expenditures funded by the Government of Finland to identify any ineligible expenditures prior to sharing the final financial report with the Government. As of 1 January 2023, UNOPS took over the funding of the Helsinki Office against its management expense budget.

49. UNOPS has disinvested from one S3i investment without incurring a financial loss. All other S3i investments have been impaired. UNOPS has engaged the United Nations Office of Legal Affairs to lead the efforts to recover the funds from those investments. UNOPS pays all legal fees associated with these efforts. Due to the uncertain nature of the legal work in relation to the recovery of funds, the collaboration with external counsel through the Office of Legal Affairs will continue into 2024-2025.

50. UNOPS has engaged with S3i-affected countries to support them in transitioning out of the activities. As part of those efforts, UNOPS allocated \$1.7 million to implement projects that can help support sustainable development in the countries.

IV. Proposed way forward

51. The Board may wish to take the following proposals into consideration at its first regular session in 2024:

- (a) Acknowledge the progress in implementing the comprehensive response plan and encourage the ongoing transformation of UNOPS.
- (b) Decide that the progress in implementing the outstanding recommendations will be reported to the Executive Board through the regular reporting cycle of the UNOPS strategic plan, in line with decision 2023/17. The Executive Director will report progress to the Executive Board through the annual report of the Executive Director as well as in the formal address at the annual session, and the first and second regular sessions.
- (c) Take note of the findings of the interim third-party review of the status of implementation of the recommendations.
- (d) Recall its decisions 2022/24 and 2023/23 for UNOPS to commission a third-party review, which will be presented to the Executive Board at the end of the implementation period of the comprehensive response plan.

¹⁸ Decision 2023/4.