**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the
United Nations Office for
Project Services**

Annual session 2024
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Item 18 of the provisional agenda
Statement by the UNOPS Executive Director

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

Summary

This document summarizes progress in implementing the comprehensive response plan. Out of 43 recommendations, 33 have been completed to planned scope, 2 have not been operationalized and 1 is led by the United Nations Office for Legal Affairs (see section F). Of the outstanding recommendations, 6 will be completed in 2024 and 1 will continue until 2027.

Elements of the decision

The Executive Board may wish to take note of the document and comment on progress made by UNOPS in implementing the comprehensive response plan.

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Contents

I.   Introduction and background

1.   This document summarizes progress in implementing the comprehensive response plan and outlines the status of longer-term recommendations that UNOPS is implementing as part of its transformation journey.

2.   In line with Executive Board decision 2022/13, UNOPS commissioned two third-party reviews on: (a) oversight mechanisms that existed for the Sustainable Investments in Infrastructure and Innovation initiative (S3i); and (b) UNOPS internal control systems, risk management and overall governance structures. The latter review included 43 recommendations to UNOPS and 5 to the Executive Board. In response to the reviews, and in line with decision 2022/24, UNOPS developed a comprehensive response plan identifying 82 actions that it would implement to address the 43 recommendations.

3.   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 updates provided by the UNOPS Executive Director at each session of the Board, progress in implementing this response plan is reported through a publicly accessible online monitoring platform[1] and through monthly update briefings to the Board, in line with decisions 2022/24 and 2024/4.

4.   From October to December 2023, a third party conducted an interim review of all recommendations in the comprehensive response plan.[2] The review assessed the implementation and status of the recommendations, and summarized areas requiring further attention from UNOPS management. UNOPS is fully aligned and welcomes the findings of the review. At its first regular session in 2024, the Executive Board took note of the findings of the interim third-party review and acknowledged progress in implementing the comprehensive response plan.[3]

II.   Progress in implementing the comprehensive response plan

5.   This document summarizes progress in implementing the comprehensive response plan. Out of 43 recommendations, 33 have been completed to planned scope, 2 have not been operationalized and 1 is led by the United Nations Office for Legal Affairs (see section F). Of the outstanding recommendations, 6 will be completed in 2024 and 1 will continue until 2027 as planned. Table 1 lists the outstanding recommendations, followed by details on progress in the sections below.

Table 1. Outstanding recommendations and status of implementation.

Workstream	Outstanding recommendation	Status
Governance and management	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.	On track for completion by 2027
Risk management and control environment	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

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[1]   See the comprehensive response plan online monitoring tool at: https://lookerstudio.google.com/reporting/81f25cc9-ff26-4e00-965a-9cfb7dbabf78/page/p_f674h3563c.
[2]   See: KPMG Follow-up of the 2022 Independent Reviews and Annex at: https://content.unops.org/documents/libraries/executive-board/documents-for-sessions/2024/first-regular-session/item-10-comprehensive-response-plan-in-response-to-the-recommendations-of-the-two-independent-third-party-reviews-of-unops/en/KPMG-revised-Follow-up-of-the-2022-Independent-Reviews-Report-of-21-December-2023.pdf.
[3] Executive Board decision 2024/4.

	Conduct a thorough assessment of the portfolio and potential hidden risks.	
Ethics, compliance and organizational culture	Overhaul the whistleblowing process and establish clear protocols and rules for confidentiality.	On track for completion by June 2024
	Revise the management and organizational culture towards broader engagement and less of a top-down and hierarchical approach.	On track for completion by end 2024
Financial and performance management	Invest in resources and capabilities to enhance outcome-reporting. The development of the due diligence process should be continued and adequate resources allocated based on the volume of work in due diligence (this recommendation encompasses the revision of the financial regulations and rules).	On track for completion by end 2024

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 in 2023.*
(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 in 2023.*
(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 in 2023.*

7.   As reported[4] to the Executive Board at its first regular session in 2024, all recommendations under mandate and strategy were completed in 2023 in line with their planned scope.

B. Governance and management

8.   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 in 2023.*
(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. *On track for completion by 2027.*

9.   As reported,[5] to the Executive Board at its first regular session in 2024, recommendation (a) was completed in line with its planned scope in 2023. Recommendation (b) is on track for completion by 2027.

Progress on recommendation (b)

10.   A detailed plan for the process innovation and digitalization programme has been developed to scope and design the architecture for the digital transformation of the organization. A strategy to

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[4] DP/OPS/2024/2.
[5] DP/OPS/2024/2.

implement this programme, with a four-year roadmap (2024-2027), was prepared and endorsed by the UNOPS management team in March 2024. The strategy sets out the vision and scope of the programme (including sub-programmes and projects), principles to guide and govern it, approaches to risk and change management, the timeline to deliver all components and a budget. The strategy will be presented to the Executive Board ahead of the second regular session in 2024, in line with decision 2024/4.

11. Under the programme, process simplification is a prerequisite to process digitalization. UNOPS processes and systems are being reviewed as part of the transformation, following a robust prioritization exercise. This exercise prioritized processes that are key to the ability of UNOPS to deliver on its value proposition in project management, procurement and human resources. UNOPS is identifying the kinds of systems required to best support its different operations so as to strengthen delivery for its partners and beneficiaries.

12. On work related to portfolio, programme and project management processes, UNOPS is on track with its review of processes and is developing digital solutions for engagement acceptance, project management, project closure and grants. A key deliverable in 2024 will be the implementation of processes and systems for engagement acceptance and grants.

13. In the area of finance, a process review is underway to understand requirements for an enterprise resource planning system. A decision on the system is foreseen for the fourth quarter of 2024, with delivery of the system planned for early 2027.

14. In the area of human resources, a request for proposals for a specialized recruitment system has been posted. It will be followed by the acquisition of systems for talent management in 2024 and for performance management in 2025.

15. In the area of procurement, UNOPS is preparing to "go to market" to get a clear idea of available sourcing, contract management and supplier management solutions. Based on this exercise, UNOPS will decide how to upgrade or replace these three systems.

16. Information and knowledge management are key enterprise capabilities that cut across all functions of the organization. A particular focus will be on enhancing the digital capacity of personnel and embedding digital literacy activities in all projects. This will help build the internal skills and knowledge required to make best use of new digital solutions, including by leveraging artificial intelligence.

C. Risk management and control environment

17. The third-party review presented seven recommendations on 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 (ToR) of the Audit Advisory Committee in the light of the findings of S3i. In this respect, a change in the ToR should

consider the establishment of an Audit and Risk Committee under the Executive Board. *Completed to planned scope.[6]*

18. As reported[7] to the Executive Board at its first regular session in 2024, recommendations (b), (c), (e), (f) and (g) were completed to planned scope in 2023. Recommendations (a) and (d) are on track for completion by June 2024.

Progress on recommendation (a)

19. A new risk-informed and more holistic and strategic approach to UNOPS quarterly management reviews has been implemented, coordinated by the Risk and Compliance Group overseen by the Deputy Executive Director for Management and Policy. The risk escalation criteria of the Engagement Acceptance Committee have been revised; implementation is ongoing under the direction of the new committee chair, the Deputy Executive Director for Management and Policy. An early stage assessment of the strategy, mandate and capacity fit of the Engagement Acceptance Committee process has included several completed pilots.

Progress on recommendation (d)

20. The recommendation will be considered closed following the completion of an ongoing external advisory engagement on modelling and analysis of project portfolio risk data. This engagement builds on a recently completed internal analysis and supports embedding an integrated assessment of portfolio exposure across units and data sources.

D. Ethics, compliance and organizational culture

21. 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 in 2023.*
(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 in 2023.*
(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. *Completed to planned scope in February 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 in 2023.*
(f) Create a dedicated policy for anti-bribery and corruption. *Completed to planned scope in 2023.*
(g) Change the "tone from the top" and work to instil United Nations values. *Completed to planned scope in 2023.*
(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 in 2023.*
(i) Ensure the competence and capacity of the management team, and a structure with clear accountability in respective areas. *Completed to planned scope in 2023.*
(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 in 2023.*
(k) Revise the management and organizational culture towards broader engagement and less of a top-down and hierarchical approach. *On track for completion by the end of 2024.*
(l) Strengthen regional and functional input and participation in key decision-making. *Completed to planned scope in 2023.*

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[6] This refers to the revision of the Audit Advisory Committee terms of reference.
[7] DP/OPS/2024/2.

(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 in 2023.***[8]
(n) Encourage open engagement and differences of opinion through regular 'pulse' surveys, discussion forums and frequent sharing of information. ***Completed to planned scope in 2023.***
(o) Take into use a structured change management process to facilitate an efficient and effective organizational change. ***Completed to planned scope in 2023.***

22. As reported[9] to the Executive Board at its first regular session in 2024, recommendations (a), (b), (e), (f), (g), (h), (i), (j), (l), (m), (n) and (o) were completed to planned scope in 2023. Recommendation (d) was completed to planned scope in February 2024. Recommendation (c) is on track for completion by June 2024, and recommendation (k) is on track for completion by the end of 2024.

Progress on recommendation (c)

23. Following Executive Board decision 2022/24, the Ethics Office cooperated with the Executive Director to initiate the review and overhaul of the speak-up whistleblowing process at UNOPS. The Ethics Office is driving a holistic overhaul with a focus on rebuilding trust and addressing issues identified in relevant reviews and stakeholder discussions, taking into account best practices and standards for a user-centric, efficient and transparent overhaul. Overall, the project aims to enhance aspects of de-escalation early in the process and draw on insights from behavioural psychology to prevent issues from further escalation.

24. In 2023, the Ethics Office completed the review phase for the foundational work required for such an overhaul. Preparatory actions included a systematic review and identification of issues from the "Assessment of UNOPS Reporting of Wrongdoing and Grievances Management" (January 2022), the "Third-party Review of the Internal Control Systems, Risk Management and Overall Governance Structures" (November 2022) and the "Review of Organisational Culture" (October 2023).

25. Additionally, preparatory work included a review of the relevant International Organization for Standardization (ISO) standard (ISO 37002:2021, "Whistleblowing Management Systems") and the Joint Inspection Unit review of whistleblower policies and practices in United Nations system organizations[10] as well as relevant practices and procedures from selected international financial institutions, organizations within the wider United Nations, and public and private sector organizations.

26. A series of stakeholder discussions took place with the Office of the Ombudsman, diversity and inclusion focal points, focal points for the prevention of sexual abuse and exploitation and victim's support, personnel and staff associations, and relevant personnel from the People and Culture Group, the Legal Group and the Internal Audit and Investigations Group. To pursue a participatory approach, the review draws on perspectives from a cross-cutting group of over 160 personnel who have volunteered, with management support, to participate in a collaborative forum that acts as a sounding board.

27. To drive change, UNOPS established a steering committee in September 2023, including the Executive Director, the Deputy Executive Director, the Chief of Staff, the Director of the Ethics Office, the Director of the Internal Audit and Investigations Group, the Director of the People and Culture Group and the General Counsel. The committee is tasked with guiding the process of defining solutions. In October 2023, the committee agreed on design principles to underpin the process, such as user-centricity, robustness and fairness, efficiency and timeliness, confidentiality and the possibility for continuous improvements.

28. At the time of writing this report, cross-functional technical experts from the substantive offices were collaborating to facilitate workshops to design solutions based on lessons learned. The

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[8] The UNOPS organizational structure includes two Deputy Executive Director positions. The appointment of the second Deputy Executive Director is expected to be finalized in the second quarter of 2024.
[9] DP/OPS/2024/2.
[10] JIU/REP/2018/4.

work is on track for approval by June 2024, after which the implementation phase will be closely aligned with ongoing efforts to reshape the organizational culture.

Progress on recommendation (d)

29. In addition to the revision of the operational instruction related to the investigation of misconduct, the Internal Audit and Investigations Group has developed a guidance process for investigations of allegations of misconduct against UNOPS senior management and Internal Audit and Investigations Group personnel. It addresses issues related to conflicts of interest that may arise from investigating such allegations, and ensures respect for the due process rights of senior management and Internal Audit and Investigations Group personnel, including confidentiality.

Progress on recommendation (k)

30. UNOPS leadership is committed to shaping an organizational culture that reinforces its identity as the United Nations organization dedicated to expanding partners' capacity for implementation.

31. Pursuant to Executive Board decision 2023/23, UNOPS has developed an organizational culture transformation plan defining the short-, medium- and long-term actions that will help to adjust norms and behaviours, and bring these further into alignment with the core values of the United Nations.

32. These actions are outlined in a separate document submitted to the Executive Board for its annual session 2024. They are structured around five themes: tone from the top, accountability, transparency and communication, investment in people and a future-proof culture.

33. Significant progress is underway. The organization has committed to completing at least one priority under each of the five areas identified by the third-party review in the first half of 2024.

34. An external consultant has been engaged to help define the culture for UNOPS, equip leaders with tools to role model expected behaviours and actively drive culture change, and embed mechanisms for monitoring and measuring progress in culture implementation and success.

E. Financial and performance management

35. 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 in 2023.***

(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 in 2023.***

(c) Invest in resources and capabilities to enhance outcome-reporting. ***On track for completion by the end of 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 in 2023.***

(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 in 2023.***

(f) All regions need to ensure and reinforce the practice and process of completing the Integrated Practice Advice and Support (IPAS) review[11] before the project contract is signed. ***Completed to planned scope in 2023.***

(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 the end of 2024.[12]***

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[11] The IPAS team reviews engagements before the final approval and signing of agreements.

[12] This recommendation encompasses the revision of the financial regulations and rules.

36. As reported[13] to the Executive Board at its first regular session in 2024, recommendations (a), (b), (d), (e) and (f) were completed to planned scope in 2023. Recommendations (c) and (g) are on track for completion by the end of 2024.

Progress on recommendation (c)

37. Investments in resources and capabilities to enhance outcome-based reporting will continue throughout 2024. UNOPS will take actions to improve capabilities related 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 (see section B).

38. This recommendation will be implemented with a view to aligning approaches, capabilities, resourcing and cost-recovery, for outcome-based reporting with the UNOPS non-programmatic and demand-driven operating model. Outcome-based reporting will focus on *contributions* to outcomes and impacts based on a non-attribution approach.

39. The biennium budget estimates, 2026-2027, to be presented at the second regular session of the Executive Board in 2025, are expected to propose how UNOPS can resource capabilities for outcome-based reporting, including the levels of direct and indirect costs to be recovered at the project, country, regional and global levels. The proposal will be informed by an external study that will provide options for management consideration.

Progress on recommendation (g)

40. Following consultations, including a briefing to the Executive Board in October 2023, UNOPS finalized a critical review of its financial regulations and rules in February 2024. This review, which benefited from the experiences of some 40 best-in-class practitioners from across the organization, identified a range of issues and policy gaps. UNOPS has also expanded on an initial benchmarking analysis conducted in late 2023 to understand policy convergence and divergence across the financial regulations and rules of select United Nations entities, namely UNDP, UNFPA, the United Nations Children's Fund and the United Nations Entity for Gender Equality and the Empowerment of Women. Findings from the review and benchmarking exercises will form the basis for drafting a revised set of financial regulations and rules for UNOPS. This process will uphold coherence and consistency with other parts of the UNOPS legislative framework that are also under review.

41. It is expected that the drafting phase will begin in the second quarter of 2024. Consultations on a first draft proposal, including with stakeholders such as the United Nations Office of Legal Affairs and the Advisory Committee on Administrative and Budgetary Questions, could commence in early 2025 or before, if possible.

42. The aim of the revised financial regulations and rules is to ensure that they are fit-for-purpose, reflect best practices in financial management and are aligned with United Nations frameworks, including the Finance and Budget Network of the Chief Executives Board for Coordination.

F. Sustainable Investments in Infrastructure and Innovation

43. 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 in 2023.*
(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 in 2023.[14]*
(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.*

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[13] DP/OPS/2024/2.
[14] This recommendation encompasses support to S3i-affected countries.

(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 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 investment. ***Recommendation not operationalized as UNOPS will not engage in S3i investments.***

44. As reported[15] to the Executive Board at its first regular session in 2024, recommendations (a), (b), (e), (f), (g) and (h) were completed to planned scope in 2023. Recommendations (c) and (i) were not operationalized, and recommendation (d) is led by the United Nations Office of Legal Affairs.

Progress on recommendation (d)

45. The United Nations Office of Legal Affairs is leading efforts to recover funds from S3i investments. UNOPS has been liaising with the office on the initial handover of documents and subsequent review and follow-up requests. The office is working closely with external counsel to assess possible avenues for recovery. UNOPS pays for costs associated with fund recovery efforts, which are expected to continue into 2025. Progress in implementing this recommendation was reported to the Executive Board at a closed in-person briefing session in January 2024. Due to the highly confidential nature of the recovery process, and so as not to prejudice ongoing funds recovery efforts, no further report on this matter can be provided at this time.

III. Comprehensive response plan funding allocation

46. The Executive Board, in its decision 2023/4, approved the allocation of a maximum sum of $35.4 million, with one immediate tranche of $11.8 million from the operational reserve, for the implementation of defined elements of the comprehensive response plan, as detailed in the UNOPS financial outlook for 2023.

47. As part of its decision 2023/22, the Executive Board approved the carry forward of the balance of $23.6 million of the allocated sum of $35.4 million to the biennium budget, 2024-2025, and approved the release of a second tranche of $11.8 million to continue implementation of the comprehensive response plan. The Executive Board decided to release further tranches at the request of UNOPS at a future formal session, contingent on demonstrated progress in implementing the comprehensive response plan.

48. As per decision 2024/4, paragraph 11, the Executive Board approved the carry forward of the balance of the first tranche of $11.8 million into the UNOPS biennium budget, 2024-2025, for implementation of the comprehensive response plan.

49. Information on all expenditures of funds allocated to the comprehensive response plan is available to the Executive Board through an online monitoring and reporting tool.[16] In March 2024, UNOPS provided the Executive Board with a report on the utilization of the first tranche.

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[15] DP/OPS/2024/2.
[16] See the comprehensive response plan expenditures tracking tool at: https://lookerstudio.google.com/reporting/81f25cc9-ff26-4e00-965a-9cfb7dbabf78/page/p_f674h3563c.