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Programme and of the  
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**United Nations Office for Project Services**

## **UNOPS budget estimates for the biennium 2008-2009\***

*Summary*

The Executive Director proposes a results-based budget for the United Nations Office for Project Services (UNOPS) at the level of \$120,009,900 for the 2008-2009 biennium. This is based on a gross revenue target of \$133,343,900 and a resulting contribution to the operational reserve of \$13,334,000 or 10 per cent of gross revenue.

UNOPS has embarked on a path to restore the confidence of Member States and clients. The budget proposals underpin the specific objectives of the UNOPS business strategy for 2007-2009. While most resources are allocated to ongoing services and necessary oversight, specific biennium priorities with related proposed investments include continued improvement and external certification of business practices; learning and certification of staff competencies; knowledge sharing; and the introduction of International Public Sector Accountant Standards (IPSAS).

*Elements of a decision*

The Executive Board may wish to approve the budget and take note of the strategic performance objectives, measures, targets, and associated resource requirements.

\*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.



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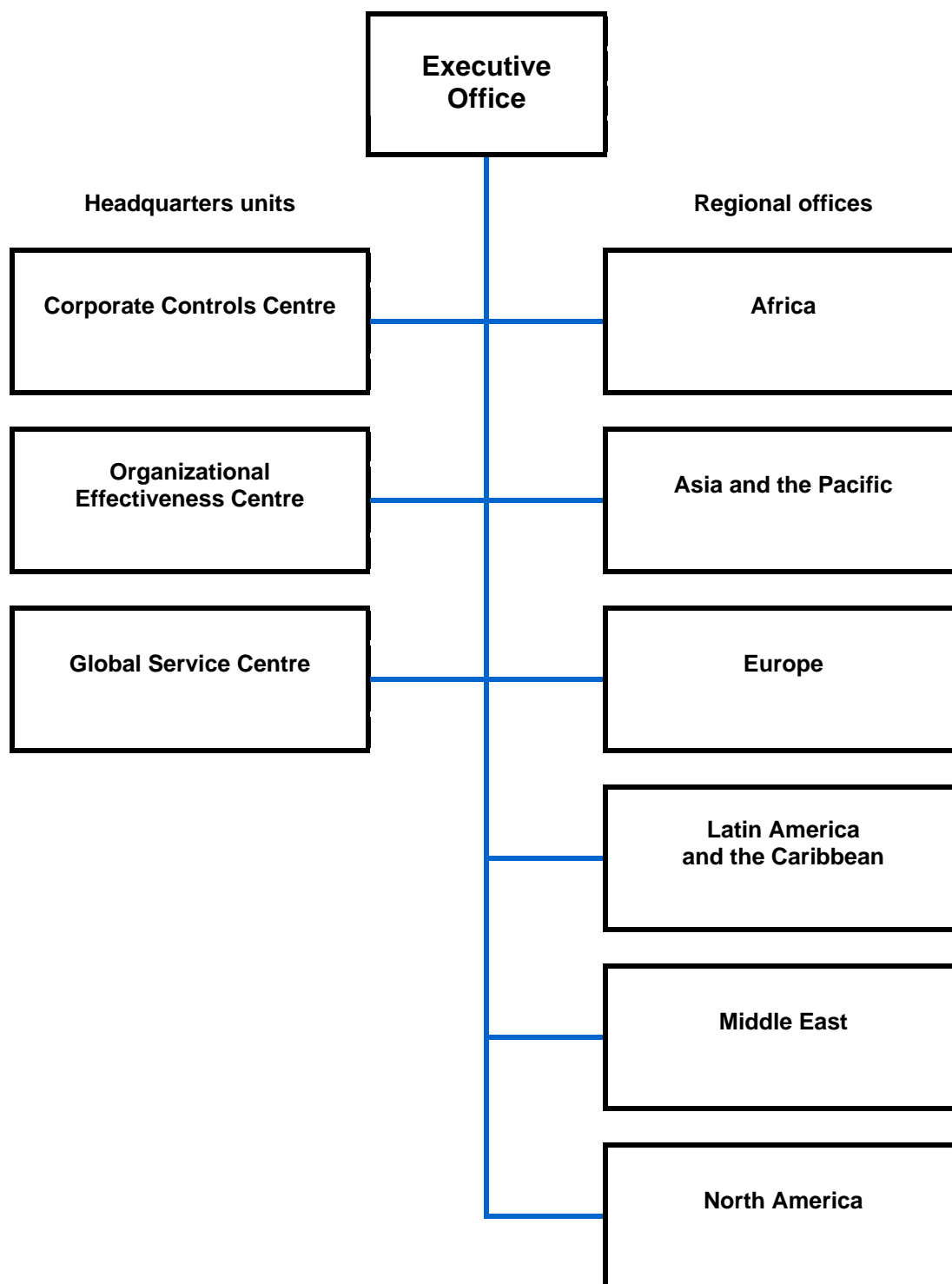
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# Organizational chart



## **I. Executive summary**

1. The 2008-2009 budget proposals are indispensable to achieving the objectives of the UNOPS business strategy for 2007-2009, which was welcomed by the Executive Board at its first regular session 2007. The implementation of the strategy has to date seen steady improvement of UNOPS financial management and other specific objectives, a process that will continue in the new biennium. UNOPS has enjoyed an encouraging increase in demand for its services, including, most remarkably, in the field of procurement. Against this background the organization is poised for increased contributions in support of United Nations peacebuilding, humanitarian, and development work.

2. The biennial budget at the proposed level of \$120.01 million is constrained by four underlying financial imperatives: (a) the recommendation to replenish the operational reserve at the level of 10 per cent of gross revenue or \$13.33 million; (b) the need to build up reserves fully for after-service health entitlements in time for introduction of IPSAS on 1 January 2010, estimated at up to \$5.90 million in total budget expenditures; (c) the significant cost increases caused chiefly by the weak dollar, with an estimated currency impact of \$10.82 million and an inflation impact of \$5.58 million. As a consequence, UNOPS will operate close to a zero nominal-growth condition, with a budget increase from the prior biennium of only approximately one million dollars.

3. The budget approach basically permits building a strong but small base capacity consisting of well-trained staff who, to the extent feasible, are externally certified within their areas. Their work will be supported by effective, efficient, recognized best business practices, ideally with external certification. UNOPS will also continue with moderate investments in knowledge sharing to further foster its core competencies.

4. The presentation of these proposals is inspired in particular by the harmonized approach for results-based budgeting developed by UNDP, UNFPA and the United Nations Children's Fund (UNICEF). That approach is integral to UNOPS performance management systems.

5. Before finalizing the submission to the Executive Board, the Executive Director consulted the Management Coordinating Committee on the budget strategy and was advised to incorporate risk considerations, including a provision for extraordinary losses.

## **II. Strategic and financial context**

### **A. Strategic framework**

6. As a unique and fully self-financed United Nations organization, UNOPS faces greater constraints and must operate under far less predictable circumstances than those United Nations entities that benefit from assessed or voluntary contributions to their core operations. In addition, planning and risk management must accommodate the many unknowns of working in volatile and uncertain environments. This makes a UNOPS budgeting exercise particularly challenging and requires great adaptability in order to adjust to evolving demands for and changes in the composition or volume of services. With limited core staffing on one-year contracts and additional personnel engaged through project or non-staff contracts, UNOPS can flexibly reduce or expand its operations based on client demand.

7. This document derives from prior Executive Board directions, including notably on the business strategy for 2007-2009 (decision 2007/09). Indeed, the budget is a central instrument for achieving the strategic objectives of the organization. Budget priorities have been set to maximize the quality of services rendered to clients within the overarching institutional goal of becoming a United Nations provider of management services capable of meeting recognized world-class standards of performance.

8. The business strategy focuses on achieving the following key institutional goals: financial viability; strong workforce motivation and competencies; best-in-class business processes; high client satisfaction; and strengthened partnerships. These are translated into ten strategic objectives selected for their importance to building an organization which can contribute more, as a service provider, to the results of peacebuilding, humanitarian, and development operations of the United Nations.

9. The 2008-2009 budget is an important step in the process that will permit UNOPS to implement a comprehensive, results-based management system. Already in place is a 'balanced scorecard' system to help manage the implementation of the business strategy. While budget approaches reflect the unique character of each organization, and UNOPS operates under different conditions from those affecting the United Nations Secretariat or the funds and programmes, UNOPS nevertheless benefits from the investments made by those organizations in developing methodologies for results-based budgeting. In particular, this submission is inspired by the harmonized approach of UNDP, UNFPA and UNICEF.

10. The budget incorporates, for the first time, tasks transferred to UNOPS from the UNDP Inter-Agency Procurement Services Offices (IAPSO) as of 1 January 2008 (decision 2007/38), including direct procurement of common-user items for the United Nations system; the maintenance of the United Nations procurement portal; the United Nations Global Marketplace; and the preparation of an annual report on United Nations procurement statistics. The tasks and capacities transferred from IAPSO should strengthen UNOPS as a central procurement resource to the United Nations.

## **B. Financial framework**

### ***Resource projections***

11. The gross revenue target has been set at \$133.34 million based on a delivery of \$2.173 billion. This includes an increase in demand for traditional UNOPS services and the new services transferred from IAPSO. This growth projection should be seen in the context of growing demand for UNOPS services in the past year. New business acquisition in 2007 as of 31 October was \$1.25 billion, compared with the annual target of \$675 million (as per DP/ 2006/11). As can be seen in Table 1, there are changes in the composition and amount of gross revenue due to an estimated increase of revenue from project implementation and reductions in service income from IFAD, in both cases related to volume. The average fee level on project implementation is reduced from 6.4 per cent to 5.5 per cent due to the composition in the project portfolio with a greater share of procurement services. The reduction of income from other sources is of unique nature and includes the Danish contribution towards the transition to Copenhagen and other income flows during the 2006-2007 biennium.

12. At the time of preparing this budget the final results for 2007, which determine the opening balance for the new biennium, were not yet known. One aspect concerns

delivery and related income, as some major procurement activities under way will materialize in December 2007 or in early 2008. While either scenario will contribute positively to the financial results, the actual timing affects the distribution of those contributions between the two biennia. For planning purposes, a delivery forecast of \$840 million and a gross revenue inclusive of services of \$66.9 million have been used for 2007. This is well above the original targets of \$612.26 million and \$49.40 million respectively.

13. Another aspect which will influence the opening balance for 2008 is the status of potential liabilities from 2004-2005 and earlier. At the time of finalizing the budget two major items were under intense discussion with UNDP. These include the unreconciled balance of approximately \$10.0 million in the UNDP-UNOPS interfund — against which UNOPS has already made a provision of \$5.0 million, and the Afghanistan election cost overrun of \$9.6 million — for which UNOPS has set aside \$2.3 million. The net value of other known potential liabilities amount to approximately \$5 million. While it is difficult to now predict the outcome of any settlement, provisions will be made in certified Financial Statements for 2006-2007 based on the information available at that time.

14. The budget expenditures of UNOPS are seriously affected by the weak US dollar, which together with regular inflation and salary increases drives up costs significantly. The proforma salary costs in the proposals are increased by 15 per cent from 2007 to 2008 and an additional 5 per cent in 2009. The estimated cost increase from 2006-2007 to 2008-2009 for currency reasons is \$10.82 million and for inflation \$5.58 million. Any further movement of currency rates and inflationary factors will need to be monitored carefully and accommodated during implementation of the budget.

**Table 1. Budget estimates for 2008-2009**

	<b>2006-2007 estimate (in dollars)</b>	<b>2008-2009 budget (in dollars)</b>	<b>% change</b>
Revenue from project implementation	98,568,000	118,346,500	20.07%
Revenue from service projects	19,387,000	14,997,400	-22.64%
Revenue from other sources	19,518,478		
<b>Total revenue</b>	<b>137,473,478</b>	<b>133,343,900</b>	<b>-3.00%</b>
Staff cost	32,354,000	43,109,169	33.24%
Non-staff cost	35,556,950	26,881,382	-24.40%
<b>Total regional office and country office cost</b>	<b>67,910,950</b>	<b>69,990,551</b>	<b>3.06%</b>
Staff cost	27,613,000	33,315,150	20.65%
Non-staff cost	15,111,960	6,891,451	-54.40%
<b>Total headquarters cost</b>	<b>42,724,960</b>	<b>40,206,601</b>	<b>-5.89%</b>
United Nations service fees (including UNDP)	4,686,790	2,546,875	-45.66%
Investments		1/ 3,276,374	
Other corporate cost	3,199,698	3,489,500	9.06%
<b>Total corporate cost</b>	<b>7,886,488</b>	<b>9,312,749</b>	<b>18.08%</b>

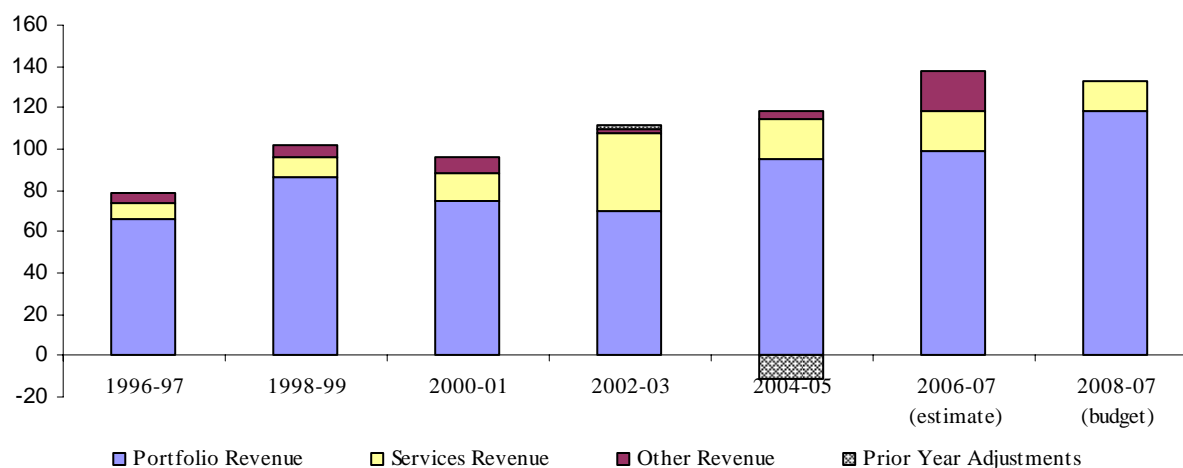
<b>Total cost</b>	<b>118,522,398</b>	<b>119,509,901</b>	<b>0.83%</b>
<b>Net profit/(loss) from ongoing operations</b>	<b>18,951,080</b>	<b>13,834,000</b>	<b>-27.00%</b>
Provision for contingent liabilities – current biennium	(500,000)	(500,000)	
<b>Total extraordinary gain/(loss)</b>	<b>(500,000)</b>	<b>(500,000)</b>	
<b>Total estimate/budget, including extraordinary gain/(loss)</b>	<b>119,022,398</b>	<b>120,009,901</b>	
<b>Contribution to the reserve</b>	<b>18,451,080</b>	<b>13,334,000</b>	
<b>Reserve opening balance</b>	<b>4,362,000</b>	<sup>2/</sup> <b>22,813,080</b>	
<b>Reserve closing balance</b>	<sup>2/</sup> <b>22,813,080</b>	<sup>2/</sup> <b>36,147,079</b>	

*1/ New category for 2008-2009*

*2/ 2006-2007 reserve closing balance subject to adjustment for settlement of prior year liabilities, which will also impact 2008-2009 opening and closing balances*

15. The United Nations provides employees who have met certain eligibility requirements with health care benefits (known as ASHI) after they retire. UNOPS currently treats ASHI liabilities in accordance with United Nations system accounting standards (UNSAS), which require organizations either to accrue for the related expenditures or to disclose unaccrued amounts in the notes to the financial statements. Following the United Nations endorsement of the change in accounting standards from UNSAS to IPSAS, the accrual of all expenditures including after service health benefits will become mandatory. UNOPS therefore intends to make full accrual for ASHI liabilities by the end of 2009. To achieve that objective, in addition to provisions made in 2004-2005 and 2005-2006, \$5.9 million of ASHI charges have been included under staff costs in the present budget proposals.

**Figure 1. Gross revenue from 1996-1997 to 2008-2009**



16. The operational reserve requirement at the time of budget preparation stands at \$30.3 million. Since this amount is based on the three-year average of project and budget expenditures, it should increase annually, with current projections, and reach a level of \$42.5 million when the 2008-2009 financial results have been certified. While a clear goal is to rebuild the reserve to the required level as soon as possible, overcharging clients to increase revenues or under-investing in operational capacity to reduce expenditures would carry great risks for the sustainability of operations. After detailed analysis, UNOPS therefore proposes to target the level of contribution to the operational reserve at 10 per cent of total projected gross revenue, or \$13.3 million for the biennium. This would result in a reserve level at the end of the biennium of \$36.1 million before reflecting any extraordinary losses from 2004-2005 and earlier years in the financial statement for 2006-2007.

### III. Proposals for the 2008-2009 budget

#### A. Summary of budget proposals

17. The Executive Board did not receive UNOPS budget proposals for 2006-2007. Document DP/2005/39 presented an action plan and certain financial projections. In its decision 2005/36, the Board provided strategic guidance aimed at restoring the financial sustainability of the organization. Annex 2 of the progress report of the Executive Director on the activities of UNOPS (DP/2006/11) provided financial projections for 2006 and 2007. The Board took note of this in its decision 2006/06. As illustrated in table 2, below, the net revenue before extraordinary losses of \$18.9 million exceeds the original target of \$13.7 million.

**Table 2. Projected and estimated actual financial performance for 2006-2007**

	<b>2006-07 original targets</b> (in millions of dollars)	<b>2006-07 estimated actuals</b> (in millions of dollars)
Gross revenue	\$108.7	\$137.4
Expenditure	\$95.0	\$118.5
<b>Net revenue</b>	<b>\$13.7</b>	<b>\$18.9</b>

*Note:* Revenues and expenditures pertaining to IFAD are excluded from the targets and included in the actual amounts. The Danish contribution and transition-related expenditures had not been anticipated. Net revenue is before extraordinary gains/(losses)

18. With the present budget submission UNOPS is initiating implementation of results-based budgeting within the context of its comprehensive corporate performance management system, which incorporates strategic objectives, measures, and indicators. In contrast with the harmonized approach developed by UNDP, UNFPA and UNICEF, the starting point for UNOPS is at the level of strategic objectives rather than functions. Furthermore, due mainly to the differences between those organizations and UNOPS, the number of UNOPS functions is smaller. For an overview of the strategic performance objectives in the four perspectives of the balanced scorecard see annex 1. Annex 2 includes definitions of the ten functions used by UNOPS. The measures selected in the present submission are proxy indicators that are complemented by additional measures used by UNOPS.

19. The budget preparation exercise included a thorough review of staffing at headquarters and in the field. The headquarters staffing reflects the new structures implemented since relocating to Copenhagen. All 31 additional posts indicated in



table 3 – one D-1, six professionals and 24 general service staff – are associated with the IAPSO merger. The addition of 21 positions in regional offices and operations centres results from the objective of establishing uniform core capacities in those offices and to ensure that core functions are systematically carried out by staff, and not (as has at times been the case) by service contract holders. As of 2008, in addition to the regional director each regional office will include positions for a deputy regional director, a procurement officer, a legal officer, a human resource officer, and information and communications support staff. A region-based finance officer with supporting staff had already been mandated as part of the restructuring of the finance function in 2007. In operations centres, in addition to the centre director/centre manager there will be at least one administration/finance officer.

**Table 3. Posts by location, 2006-2007 and 2008-2009**

	2006 - 2007			2008 - 2009			Change (increase)		
	HQ	RO	Total	HQ	RO	Total	HQ	RO	Total
ASG	1	0	1	1	0	1	0	0	0
D2/L7	1	0	1	1	0	1	0	0	0
D1/L6	5	12	17	6	12	18	1	0	1
Other international Professionals	52	101	153	58	115	173	6	14	20
All Other	25	142	167	49	149	198	24	7	31
<b>Total</b>	<b>84</b>	<b>255</b>	<b>339</b>	<b>115</b>	<b>276</b>	<b>391</b>	<b>31</b>	<b>21</b>	<b>52</b>

HQ : Headquarters

RO : Regional offices and operations centres

20. To support institutional improvement and augment the staff time being devoted to corporate priorities, the following investments are proposed:

- (a) External certification of business practices – \$0.5 million
- (b) Learning and external certification of staff skills – \$1.5 million
- (c) Knowledge sharing - \$0.3 million
- (d) IPSAS implementation - \$1.0 million

## B. Resources by strategic performance objective

21. The allocation of resources to each strategic performance objective is summarized in table 4, below, while allocation by function is shown in table 5. As might be expected, resources concentrate on operational capacity and financial management objectives, with fewer resources devoted to other priorities.

**Table 4. Budget proposals by strategic performance objective**

Strategic performance objective	2008-2009 resource allocation (in millions of dollars)
Improving financial performance	\$15.61
Mitigating financial risks	\$7.42
Improving the timeliness and quality of reporting	\$5.98
Delivering services that meet or exceed client expectations	\$73.16
Improving communications	\$1.31
Improving the efficiency and effectiveness of business processes	\$7.59
Fostering a knowledge sharing culture	\$1.88

Improving staff competencies	\$3.94
Enhancing workforce diversity	\$0.66
Increasing staff motivation	\$1.97
<b>Total (excluding extraordinary gain/losses)</b>	<b>\$119.51</b>

### Strategic performance objective 1. Improving financial performance

#### *Description*

22. UNOPS recognizes that its operations require a secure financial footing, and the organization is therefore dedicated to improving its financial performance and replenishing its operational reserves to required levels.

#### *Key activities*

23. UNOPS will pursue focused, systematic business development and outreach efforts to refine its services in its traditional areas of work, such as infrastructure, mine action, censuses and elections, the environment, and fund supervision, as well as in areas where demand is growing strongly, such as procurement. UNOPS will also actively seek to enhance those contributions to the United Nations system included in the mandates and capacities transferred from IAPSO.

24. Close attention will be paid to realistic target-setting and continuous monitoring of financial performance through the balanced scorecard and 'financial dashboards'. Tight financial management of income and budget expenditure will result in quarterly budget adjustments, as may be required.

#### *Accountability and funding levels.*

25. The strategic management, policy, and business development function, coordinated at headquarters by the Executive Office and the Corporate Strategy Unit, will improve performance towards this objective. Accountability cascades from the Executive Director through the regional directors to managers reporting to them, based on financial targets set for each of them. Total funding to carry out related activities amounts to \$15.61 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Improved and sustained financial performance	Contribution to the operational reserves (in millions of dollars)	\$13.33	Strategic management, policy and business development	\$15.61

### Strategic performance objective 2. Mitigating financial risks

#### *Description*

26. To attain a secure financial footing, UNOPS must operate in a manner conducive to mitigating financial risks at all times. To that end, UNOPS is strengthening its internal audit and financial management capacities, policies, and procedures.

*Key activities*

27. The existence for the first time of a fully staffed, professionally competent finance team at headquarters, with outposted officers in the regions, will improve financial oversight and control and provide critical advisory services to managers at all levels. Finance staff levels have increased in numbers and qualifications. This was accomplished with only marginal cost increases, in part through the use of national professionals. A new internal control framework and revised financial rules and regulations will be important priorities for the finance function as a prerequisite for implementation of IPSAS in 2010.

28. Internal audit, another new reality at UNOPS, is now staffed in-house, reporting directly to the Executive Director. The number of auditors will increase from three under the prior outsourcing arrangement to five, with only marginal cost increases. The internal audit team will develop and apply tools for risk assessment in its audit work.

29. An external audit advisory committee, with members working pro bono, will offer advice to the Executive Director on risk management and oversight of the organization.

*Accountability and funding levels*

30. The financial management and audit functions, which are coordinated at headquarters by the Corporate Control Centre, will improve performance towards this objective. Accountability for results rests with the Finance Director and the Head of Internal Audit. Total funding to carry out related activities amounts to \$7.42 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Mitigated financial risks	Implementation rate of external audit recommendations (within biennium) <sup>1</sup>	75%	Audit	\$3.44
			Financial Management	\$3.98

**Strategic performance objective 3. Improving the timeliness and quality of reporting***Description*

31. In previous years UNOPS experienced some difficulties in reporting to the Executive Board and to clients. Timely, accurate reporting is a requirement for transparency and accountability.

*Key activities*

32. Real-time reporting that exploits the corporate management system – Atlas – requires continuing migration from the traditional use of imprest transactions at UNOPS. Full implementation of standard operating procedures for the expanded use of Atlas for payments and financial management will occur in 2008.

<sup>1</sup> This indicator measures the rate of implementation of the 2006-2007 audit recommendations received from the United Nations Board of Auditors.

33. Since weaknesses in the interface between UNDP and UNOPS have caused financial reporting problems, arrangements will be made for UNOPS to charge UNDP-funded projects directly through Atlas wherever possible, thus eliminating the need for reconciliation of different project accounts.

*Accountability and funding levels*

34. The financial management function, coordinated at Headquarters by the Corporate Control Centre, will improve performance towards this objective. Accountability for results rests with the Finance Director, regional directors, operations centre directors/managers, and portfolio managers. Total funding to carry out related activities amounts to \$5.98 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Improved timeliness and quality of reporting	Reduction in imprest transactions share of total delivery	80%	Financial management	\$5.98
	Client satisfaction with the timeliness of UNOPS reporting	75%		
	Client satisfaction with the quality of UNOPS reporting	75%		

**Strategic performance objective 4. Delivering services that meet or exceed client expectations**

*Description*

35. UNOPS clients and partners, and the Member States, demand and deserve the best. UNOPS is dedicated to providing client services in a responsive, reliable, and innovative manner.

*Key activities*

36. UNOPS will improve its ability to clarify with clients all mutual expectations and regularly review actual performance. In 2008, UNOPS will begin implementing client surveys systematically to obtain feedback on performance and to identify any corrective action needed.

37. In 2008 UNOPS will also commence reporting to the Executive Board on contributions to the results of its clients. A new management tool will provide useful data on projects as a baseline for the management of results.

38. In line with its business strategy, UNOPS will integrate its efforts fully within United Nations country teams and ensure that it contributes to the work of the United Nations at the country level. As a further contribution, as of 2008 UNOPS will assume responsibility for the United Nations Global Marketplace, the

procurement portal of the United Nations, and will prepare the annual report on United Nations procurement statistics.

*Accountability and funding levels*

39. The operational services and United Nations coordination functions will improve performance towards this objective. These functions are implemented by regional offices and operations centres in cooperation with the Global Service Centre located at headquarters. The accountability for results remains with the managers of those units. Total funding to carry out related activities amounts to \$73.16 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Client expectations met or exceeded	Client overall satisfaction with UNOPS as a service provider	80%	Operational services	\$70.14
			United Nations coordination	\$3.02

**Strategic performance objective 5. Improving communications**

*Description.*

40. UNOPS recognizes that effective communication with external parties – especially clients – is crucial to building mutual trust and long-lasting relationships.

*Key activities*

41. UNOPS will revamp its website in early 2008 and improve the content of this communications vehicle. UNOPS will also produce low-cost publications on services provided. A new customer relationship module will be implemented to capture client data.

*Accountability and funding levels*

42. The communications and external relations function, coordinated at headquarters by the Executive Office, will improve performance towards this objective. Accountability for results rests with the Senior Management Adviser and the Director of Business Development. Total funding to carry out related activities amounts to \$1.31 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Improved communications with clients	Client satisfaction with the ability of UNOPS to communicate clearly	80%	Communications and external relations	\$1.31

### Strategic performance objective 6. Improving the efficiency and effectiveness of business processes

#### *Description.*

43. To deliver management services that meet or exceed client expectations UNOPS must ensure efficient and effective business processes and business practices supported by a robust information and communications technology platform.

#### *Key strategic activities*

44. The continued development and strong implementation of standard operating procedures in the functional areas of project management, finance, procurement, and human resources will remain a priority, together with an effort to obtain internationally recognized certification of core processes, such as from the International Organization for Standardization. Of particular importance is the implementation of a new project acceptance regime based on comprehensive assessment of risks, and a new approach to results-based management and reporting.

45. A new information and communications technology strategy for 2008-2011 is under development and will guide these efforts during the biennium,

#### *Accountability and funding levels*

46. The business process management function and the information and communications technology function will improve performance towards this objective. Accountability for results rests with the Director of Organizational Effectiveness and Human Resources, and the Chief Information Officer. Total funding to carry out related activities amounts to \$7.59 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Improved efficiency and effectiveness of business processes	Number of standard operating procedures in active use <sup>2</sup>	25	Business process management/ information and communications technology	\$7.59
	Headquarters Contracts and Property Committee case deferrals rate	10%		

### Strategic Performance Objective 7. Fostering a knowledge-sharing culture

#### *Description.*

47. Efficient, effective business processes and practices benefit from an organizational environment conducive to the exchange of information and ideas.

<sup>2</sup> A panel of internal expert members within the organization will assess and score the active use of standard operating procedures against well-defined assessment criteria.

*Key activities*

48. Through ‘communities of practice’ networks, UNOPS is supporting the sharing of knowledge and helping core and project staff retain critical institutional memory. The latter process also includes systematic measures such as exit interviews and handover notes, as well as the establishment of an alumni network.

49. Designated global practice leads for infrastructure, census and elections support, mine action, and drug procurement are responsible for enhancing knowledge sharing and management in their areas of responsibility. Part-time practice leads have assumed similar responsibilities in other fields, including functional areas such as project management and procurement.

*Accountability and funding levels*

50. The knowledge-sharing function, coordinated at headquarters by the practice leads in the Executive Office, will improve performance towards this objective. Accountability for results rests with the Director for Business Development and the Director of Organizational Effectiveness and Human Resources. Total funding to carry out related activities amounts to \$1.88 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Enhanced knowledge-sharing	Number of registered members to the communities of practice	900	Knowledge sharing	\$1.88
	Communities of practice usage <sup>3</sup>	5		

**Strategic performance objective 8. Improving staff competencies***Description.*

51. To ensure that UNOPS meets or exceeds client expectations for efficient, effective business practices, UNOPS must give staff the opportunity to improve performance in their respective areas through appropriate, competency-building measures.

*Key activities*

52. In 2008 UNOPS will map the competencies of all staff and continue investing in externally recognized certifications in project management, procurement, and finance. Given the limited financial resources available, additional training will focus on standard operating procedures, Atlas proficiency, performance management, and new policy initiatives mainly by means of web-based learning.

*Accountability and funding levels.*

53. The human resources management function, coordinated at headquarters by the Strategic Human Resources Unit, will improve performance towards this objective.

<sup>3</sup> Formula: Average number of messages per registered member sent to the communities of practice.

Accountability for results rests with the Director of Organizational Effectiveness and Human Resources. Total funding to carry out related activities amounts to \$3.94 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Improved staff competencies	Training rate <sup>4</sup>	50%	Human resources management	\$3.94
	Number of staff professionally certified (within biennium)	100		

### Strategic performance objective 9. Enhancing workforce diversity

#### *Description.*

54. UNOPS believes a diversified workforce contributes to the creation of a motivating work environment and brings new knowledge and innovative ideas that can benefit clients.

#### *Key activities*

55. UNOPS will develop and implement policies to ensure workforce diversity. Managers will work towards corporate diversity targets set for each office.

#### *Accountability and funding levels*

56. The human resources management function, coordinated at headquarters by the Strategic Human Resources Unit, will improve performance towards this objective. Further accountability lies with each manager. Accountability for results rests with the Director of Organizational Effectiveness and Human Resources and with line managers. Total funding to carry out related activities amounts to \$0.66 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Improved diversity through gender balance	Female-to-male ratio in the workforce	0.65	Human resources management	\$0.66
	Female-to-male ratio in the professional categories	0.50		

### Strategic performance objective 10. Increasing staff motivation

#### *Description.*

57. UNOPS views its human capital as a valuable asset and believes that the more motivated staff are, the better the organization can serve its clients.

<sup>4</sup> This measure is exclusive of mandatory training for all staff, such as security training and harassment training.



*Key activities*

58. UNOPS will develop and implement policies for career development, rotation and rewards, working closely with staff in this process.

59. Much of the work of UNOPS is carried out in challenging security situations. The protection of staff is a paramount priority for management. Required investments in internal capacity and contributions to the United Nations Department of Safety and Security are borne by the administrative budget and project budgets.

*Accountability and funding levels*

60. The human resources management function will improve performance towards this objective. Overall accountability for results rests with the Deputy Executive Director (for security) and with the Director of Organizational Effectiveness and Human Resources. Total funding to carry out related activities amounts to \$1.97 million for the biennium.

Management result	Measure	2008-2009 target	Related function	2008-2009 resource allocation (in \$ millions)
Increased job satisfaction	Job satisfaction rate	85%	Human resources management	\$1.97
	Staff perception of the appropriateness of security arrangements in the workplace	90%		

**Table 5. Budget proposals by function**

Function	2008-2009 resource allocation (in \$ millions)
Operational services	\$70.14
Strategic management, policy and business development	\$15.61
Financial management	\$9.96
Human resources management	\$6.57
Information and communications technology	\$4.49
Audit	\$3.44
Business process management	\$3.10
United Nations coordination	\$3.02
Knowledge sharing	\$1.88
Communications and external relations	\$1.31
<b>Total (excluding extraordinary gain/losses)</b>	<b>\$119.51</b>

**Annex 1**  
**Overview of strategic performance objectives in the four perspectives of the balanced scorecard**

<b>Finance</b>	...to improve financial performance (SPO-1)	...to mitigate financial risks (SPO-2)	
<b>Clients and stakeholders</b>	...to improve the timeliness and quality of reporting (SPO-3)	...to deliver services that meet or exceed the expectations of clients (SPO-4)	...to improve communications (SPO-5)
<b>Business processes</b>	...to improve the efficiency and effectiveness of business processes (SPO-6)	...to foster a knowledge sharing culture (SPO-7)	
<b>People</b>	...to improve the competencies of staff (SPO-8)	...to enhance diversity in the workforce (SPO-9)	...to increase the motivation of staff (SPO-10)

SPO – strategic performance objective

## **Annex 2.**

### **Descriptions of UNOPS functions**

#### *Strategic management, policy and business development*

61. Carry out activities to set the strategic direction for the organization, establish strategic priorities, define strategic results, monitor corporate performance, and make strategic investment decisions. The function also covers activities that provide corporate legal guidance; coordinate corporate policy work; analyse business trends; scan the business environment; identify new market opportunities; manage client relations; establish new business partnerships; and coordinate business development efforts across regions and operation centres.

#### *Communications and external relations*

62. Carry out activities to promote effective communications with clients and other external stakeholders, fostering effective horizontal and vertical communication within the organization and a strong corporate identity among UNOPS staff.

#### *Financial management*

63. Carry out activities to strengthen financial procedures, provide financial oversight at all levels of the organization, and devise strategies and policies to mitigate financial risks.

#### *Audit*

64. Carry out activities to strengthen UNOPS oversight and control procedures, ensuring effective business practices and mitigating financial risks. The function covers the recently established internal audit function, coordination activities with external audit bodies, and administrative support to the newly established Strategy and Audit Advisory Committee, comprised of external members.

#### *Human resources management*

65. Carry out activities to devise human resources strategies; develop and implement human resources policies; strengthen recruitment procedures; manage staff performance; manage staff career and development, including competency development; and ensure staff welfare and staff security.

#### *Business process management*

66. Carry out activities to identify process flaws, ensure efficiency and effectiveness of operational business processes, business support processes, and strategic management processes, and ensure process consistency across regions through standardization.

#### *Knowledge sharing*

67. Carry out activities to establish and manage mechanisms to facilitate efficient transfer and dissemination of knowledge within the organization and retention of valuable knowledge in the organization.

*Information and communications technology*

68. Carry out activities to integrate information and communications technology-based systems and leverage information and communications technology in a manner conducive to achieving process efficiency gains. The function also covers daily maintenance and support of information and communications technology-based systems.

*Operational services*

69. Carry out transactional activities to service UNOPS clients. The function covers activities that provide management services to clients, such as project management and project administration services, procurement and contract administration services, recruitment and contract administration services, funds supervision, administration, and management services. The function includes transactional activities related to general administrative support services provided to internal stakeholders, such as recruitment and contract administration services, travel administration, payments, and financial processing.

*United Nations coordination*

70. Support United Nations coordination including active participation in United Nations country teams, in the activities of the Chief Executives Board/High-level Committee on Management, and in the UNDG management group. The function also covers activities related to the maintenance and administration of the United Nations Global Marketplace, as well as the publication of the annual report on United Nations procurement.

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