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**Midterm review of the UNOPS strategic plan, 2014-2017
'Help people build better lives'**

Summary

The Executive Board endorsed the UNOPS strategic plan, 2014-2017, in its decision 2013/23. The midterm review was conducted to assess the UNOPS fit and purpose in a changing global landscape.

The review was conducted by UNOPS as an organizational self-evaluation. It was framed by the UNOPS General Assembly mandate and relevant Board decisions; the UNOPS strategic framework; and the international agreements of the 2030 Agenda for Sustainable Development. It considered UNOPS contributions in the context of developments in the external environment; the operational and management results achieved over the biennium; partner needs and views; and UNOPS experiences.

The review illustrates considerable demand for UNOPS support, including in the most fragile situations. It shows how UNOPS can support the expansion of implementation capacity to achieve sustainable development across a number of sectors, including by mitigating country risks.

The operational results achieved confirm the demand for UNOPS-mandated core competencies: effective specialized technical expertise in infrastructure; procurement and project management; and efficient management support services.

The review confirms the need for support to expand resources for the 2030 Agenda, including from the private sector, as requested by the Board.

The management results achieved reconfirm the viability of the unique demand-driven UNOPS business model.

The review concludes that a clearer expression of the UNOPS strategic purpose will further position it to support the demands of the 2030 Agenda. It recommends a corresponding calibration of the UNOPS vision, mission and contributions goals.

The review establishes a number of priorities that will focus execution of the UNOPS strategy for the next 15 months and position the organization for the strategic plan, 2018-2021. The road map for the next strategic plan will include consultation with stakeholders, assessment of performance in support of achievement of global objectives, assessment of UNOPS 'fit-for-purpose', and organizational excellence.

At the midpoint of its strategic plan UNOPS is pursuing its mission: to help people build better lives and countries achieve sustainable development.



Elements of a decision

The Executive Board may wish to:

- (a) take note of the contributions made by UNOPS to the operational results of governments, and United Nations and other partners, over the 2014-2015 biennium;
- (b) recognize the management results achieved, which confirm the viability of its unique demand-driven business model;
- (c) welcome the intent to more clearly state the UNOPS purpose, including the proposed calibration of the UNOPS vision, mission and contribution goals; and
- (d) recognize the increasing demand for UNOPS contributions to:
 - (i) the efficient, effective expansion of implementation capacity for sustainable development, including in the most fragile situations; and
 - (ii) mobilization of resources for the 2030 Agenda, including from the private sector;
- (e) encourage the UNOPS ambition to enhance use of internal and external data to further focus its execution and account for strategy implementation.

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I. Why we are – the UNOPS purpose

1. At the end of 2015, UNOPS turned 20 years old, a ‘separately identifiable entity’ in the United Nations system, with a 5-year-old General Assembly mandate¹ recognizing its equal status under the auspices of the Assembly, the Economic and Social Council, and the Executive Board.²
2. Through that mandate, Member States expressed clear expectations that UNOPS work with partners in the United Nations system and beyond and provide solutions for the achievement of Member States’ objectives.

A. UNOPS in the global context – the 2030 Agenda for Sustainable Development

3. While much has been achieved over the past fifteen years, the global challenges and risks of the 21st century are immense. During 2015, Member States reached a number of ground-breaking international agreements. The 2030 Agenda for Sustainable Development charts the course.³ Expectations are that the United Nations system will break down silos, recognize mutual comparative advantages, and work across the pillars of the charter in support of achieving the 17 universal, interdependent and mutually reinforcing goals.
4. The UNOPS strategic plan was developed when the 2030 Agenda was still in the making. As an organization, UNOPS was in its teens, its mandate from the General Assembly barely two years old, and it had only recently recovered from past instabilities and fully replenished its operational reserves.

People and UNOPS in context

5. To inform the midterm review, UNOPS reviewed its status with respect to the international agreements that had informed the UNOPS strategic plan and shaped the 2030 Agenda. This provided the backdrop for an assessment of its presence and activities over the past two years, in the context of global challenges, risks and opportunities that people and countries faced by the end of 2015. The full assessment is available as annex I; a summary of some of its findings is presented below.

Development

6. By the end of 2015, 7.3 billion people live in more than 200 countries and territories in different stages of economic and human development. UNOPS had activities in 130 countries, totalling \$2.6 billion of delivery over the biennium.
7. Three and a half billion people, 47 per cent of the world’s population, live in 74 countries that are low- and lower-middle-income and below the 2nd quartile of the human development index. UNOPS had activities in 64 of those countries, representing 64 per cent of delivery.

Least developed countries, landlocked least developed countries, and small island developing States

8. Thirteen per cent of world population – 954 million people – live in 48 least developed countries. UNOPS had activities in 42 of them, representing 56 per cent of delivery.
9. Six and a half per cent of world population – four hundred and seventy-eight million people – live in 32 landlocked developing countries. UNOPS had activities in 19 of them, representing 23 per cent of delivery.
10. Almost 1 per cent of the world population – 69 million people – live in 57 small island developing States. UNOPS had activities in 19 of these, representing 5 per cent of delivery.

¹General Assembly resolution 65/176

²UNOPS is an “other entity” in the United Nations system (DPI/2470 rev.4), signifying its unique model as a self-financing, non-programmatic entity.

³General Assembly resolution 70/1

Conflicts

11. More than 40 medium- or high-intensity conflicts were ongoing. UNOPS had activities in 24 countries directly affected by those conflicts, representing 53 per cent of delivery.

12. The Department of Peacekeeping Operations and the Department of Field Support had 16 active missions – 10 in Africa, five in Asia, one in Europe and one in the Americas – with 124,000 personnel and an annual budget of around \$8 billion. UNOPS had activities in 15 mission countries, representing 24 per cent of delivery.

Humanitarian space

13. More than 40 million internally displaced persons reside in 60 countries. UNOPS had activities in 46 of those countries, representing 65 per cent of delivery.

Climate change

14. Forty-seven per cent of world population – 3.4 billion people – live in 70 low and lower-middle income countries that are below the 2nd quartile on the climate change adaptation index. UNOPS had activities in 58 of those countries, representing 51 per cent of delivery.

Transparency

15. Fifty-seven per cent of world population – 4.2 billion people – live in the 83 countries facing the largest challenges with regard to transparency. UNOPS had activities in 68 of those countries, representing 63 per cent of delivery.

16. UNOPS helps people build better lives. The strong correlation of demand for UNOPS activities and the challenges faced by countries and people, implies that UNOPS can more clearly express and communicate its purpose in the context of the objectives to which it contributes.

Development financing

17. Government expenditure in developing countries was \$7 trillion in 2013, a ten-fold increase since 1990.⁴

18. International financial flows to developing countries were \$2 trillion in 2013, a five-fold increase since 1990.⁵

19. Net official development assistance was \$135 billion in 2014, a 63 per cent increase since 1990 – around 0.3 per cent of gross national income in Organization for Economic Cooperation and Development (OECD) countries, and 6.5 per cent of international financial flows to developing countries.

20. The Addis Ababa outcome document estimates the annual infrastructure investment gap in developing countries to be \$1-1.5 trillion.

21. The size of UNOPS annual delivery is around 1 per cent of official development assistance and 0.07 per cent of international flows to developing countries.

22. While its overall activity volume is modest in the context of global needs and financial flows, UNOPS can leverage its experience and presence to act as a catalyst, channelling government and private-sector funding in support of the 2030 Agenda and ensuring that results are achieved in a transparent, accountable manner, for the benefit of people.

The UNOPS geographical presence

23. Over the biennium UNOPS had activities in 130 countries: 45 in Africa, 30.2 per cent of delivery; 29 in Asia, 37.9 per cent; 27 in the Americas, 13.8 per cent; 24 in Europe, 10.6 per cent; and 5 in Oceania, 1 per cent.⁶

⁴ Sources: OECD/DAC, World Bank development indicators, and the United Nations Conference on Trade and Development, (published by Development Initiatives on the Financing for Development website).

⁵ Ibid.

⁶ Annex I

24. Across three regions, the activity in 11 developing countries amounted to more than \$50 million, accounting for 55 per cent of biennial delivery. In Asia, Afghanistan, Malaysia and Myanmar accounted for 27.2 per cent; in Africa, the Democratic Republic of Congo, Ethiopia, Mali, Somalia, South Sudan and Sudan accounted for 22.4 per cent; and in the Americas, Haiti and Peru accounted for 5.3 per cent.

25. In 25 other countries the activity amounted to more than \$10 million, accounting for 20.3 per cent of biennial delivery: nine countries in Asia, 9.5 per cent; eight in Africa, 4.8 per cent; six in the Americas, 3.9 per cent; one in Europe, 1.3 per cent; and one in Oceania, 0.8 per cent.

26. The remaining 24.7 per cent of activity is attributable to the UNOPS global portfolio and activities across 79 countries. The global portfolio supports a number of developing countries and accounted for 18.2 per cent of these activities: 9.7 per cent for management support services and projects managed out of the United Nations headquarters duty stations in New York and Geneva; 6.5 per cent for projects with delivery in multiple developing countries; and 2 per cent for support to developing countries delivered from 13 other OECD/Development Assistance Committee (DAC) countries.

27. Six and a half per cent of activity was across 79 countries.⁷ In 44 of them, the activity amounted to more than \$1 million: 21 countries in Africa, 2.8 per cent; seven in the Americas, 1.5 per cent; nine in Asia, 1 per cent; four in Europe, 0.4 per cent; and three in Oceania, 0.2 per cent. Half a per cent of activity was across 35 countries where delivery was less than \$1 million: 10 in Africa; 10 in the Americas; six in Asia; eight in Europe and one in Oceania.

28. UNOPS had significant global reach during the biennium. There was strong demand for UNOPS presence in countries and operational contexts where people face the challenges and risks central to the 2030 Agenda. UNOPS can further focus its efforts using internal and external data, including data from the evolving discourse on country risks and fragility.

B. UNOPS in countries in fragile situations, and the risks that they face

Countries in fragile situations

29. In its strategic plan UNOPS recognized the increasing international attention to fragile states.⁸ The concepts and approach to determining which countries are subject to which types of fragility have since evolved. As part of the sharpened focus on the utility of ‘big data’, the concept and approach to determining fragility will likely evolve further.

30. For the purpose of the midterm review, and with a view to assessing the UNOPS presence in some of the most challenging contexts, it has identified 81 ‘countries in fragile situations’.⁹

31. By the end of 2015, 3.2 billion people – 44 per cent of world population – lived in those 81 countries. Many are low-income countries below the first quartile on the human development index. Some, however, are middle-income countries, several nevertheless below the first quartile on the human development index.¹⁰

32. Over the biennium, at least 68 per cent of UNOPS activity was in 64 countries in fragile situations, where 24 per cent of the world population live. The UNOPS activity in 27 such countries accounted for 64 per cent of delivery. In nine of those countries, the activity was more than \$50 million, accounting for 50 per cent of biennial activity.

⁷ The 79 countries include developing countries and economies in transition

⁸ DP/OPS2013/3, paragraph 10

⁹ Annex I

¹⁰ Annex I

Country risks

33. In its strategic plan UNOPS committed to integrating the principles of the United Nations plan of action on disaster risk reduction and resilience into its infrastructure practices.¹¹ As the concept of different aspects of fragility evolves, so does the concept of resilience. There is increasing attention to the potential utility of assessing fragility and resilience through the lens of risks that may affect the achievement of country objectives.

34. A number of country risk indices exist. UNOPS has assessed its biennial presence against three of them: (a) The Humanitarian Risk Index, known as ‘INFORM’; (b) the Global Adaptations Risk Index; and (c) the Global Conflict Risk Index.¹² The assessment confirms that UNOPS activity is concentrated in countries where people face the highest risks.

35. The challenge for a self-financing, demand-driven organization such as UNOPS, which does not maintain country presence financed through core contributions, is to ensure that current presence and experience in such contexts are leveraged to mitigate the different risks people face. In other words, how UNOPS technical expertise and experience from operating in these contexts are harnessed to bring a broader palette of specialized solutions for people in these countries and in other countries facing similar risks that impede the achievement of their objectives.

36. UNOPS is committed to developing and providing strategic solutions that expand the capacity of countries to mitigate the risks faced by their people. It will explore the utility of using various types of data to inform medium- and longer-term operational planning, including the development of strategic solutions addressing various types of risks.

C. The UNOPS vision and mission in a changing global context

37. The UNOPS strategic plan charted a sound course and clarified the UNOPS strategic intent. Rooted in the General Assembly mandate and the United Nations system, its organizational identity was expressed in a statement of vision, mission and values¹³ that stressed its commitment to serving people in need, advancing sustainable practices, and provide service to others. The plan had a relatively technical profile, designed to maintain a fairly low posture in external relations and visibility.

38. It is pivotal that the United Nations system work seamlessly together as Member States face the daunting challenges of the 21st century. A ‘fit-for-purpose’ United Nations must collaborate based on expertise, recognizing comparative advantages and organizational competencies, whether normative, technical or related to management support services.

39. At the midpoint of its strategy, UNOPS has strong foundations and is ready to step up in response to global demands for strategic solutions to mitigate the risks impeding the achievement of common global goals. UNOPS will increase its external visibility and clearly express its *raison d’être* as a United Nations organization supporting Member States in meeting the challenges of the 21st century through targeted solutions.

40. In early 2016, these aspirations were articulated in a purpose statement:

“We help people build better lives and countries achieve sustainable development.

We bring to this task the values and principles of the United Nations and the innovation, boldness, speed and efficiency of a self-financed institution.

We bring the highest international standards to what we do, while respecting local contexts. We do this as our contribution to tackling the huge challenges of the 21st century.

¹¹ DP/OPS/2013/3, paragraph 53

¹² Annex I

¹³ DP/OPS/2013/3, paragraphs 19-21

We provide practical solutions to assist our partners save lives, protect people and their rights, and build a better world.

We aspire to be a leader in the efforts to channel private sector investments for social and environmental impact while addressing the immense needs for sustainable development.

What drives us is a passion to fight inequalities and to provide opportunities to those most vulnerable. This means we often work in the most challenging environments, building foundations for communities to function and people to live with dignity and respect.

We are passionate about quality: in our people and in what we do.

We earn the trust of those we work with by caring about what they value, and by delivering on our promise to always act in the service of people in need.”

41. To convey that purpose clearly, it is proposed that those aspirations be calibrated as follows:
- (a) **Our vision** is a world where people can live full lives, supported by appropriate, sustainable and resilient infrastructure and by the efficient, transparent use of public resources in procurement and project management.
 - (b) **Our mission** is to help people build better lives and countries achieve sustainable development.

II. What we did – value-adding services

A. The UNOPS mandate – focus, services and expertise

The legislative basis for our contributions

42. The legislative basis for UNOPS contributions is established through Member State resolutions and decisions.¹⁴ Member States have provided UNOPS with a mandate to provide: (a) specialized technical expertise, including for capacity development; (b) management support services; and (c) support to the expansion of resources for the 2030 Agenda.

B. Operational results in 2014-2015

The strategic goals we set for our value-adding contributions

43. In its strategic plan UNOPS proposed three technically focused goals to guide UNOPS contributions to the operational results of its partners and their achievement of development outcomes, while integrating and balancing social, economic and environmental considerations.

44. The goals focused on the UNOPS areas of mandate: infrastructure, procurement and project management. They provided a technical focus for how UNOPS would fulfil its mission to serve people in need by expanding the ability and implementation capacity of countries to: (a) design, construct and maintain infrastructure; (b) manage public procurement and supply chains; and (c) design and implement projects.

45. Over the first two years of the strategy, the three goals have provided external and internal focus. Yet they only partially reflect the services areas of the Assembly mandate. The midterm review also reflects human resources, financial management and shared services, demonstrating the full breadth of services the organization can bring to bear in response to new demands to engage in support of the 2030 Agenda.

The value-adding project services we delivered

46. The UNOPS biennial budget totalled \$2.6 billion, \$1.2 billion in 2014 and \$1.4 billion in 2015. The strategic plan recognized that the ability of UNOPS to add value for its partners depends on consistency in

¹⁴ General Assembly resolution 65/176; Executive Board decisions 2009/25, 2010/21, 2013/23 and 2015/12 (see annex II).

delivering high-quality services on a global scale.¹⁵ In consultations leading to the plan, stakeholders expressed support for a focused service offering and appreciated the need to adjust services in line with evolving demand and opportunities.

47. During the biennium UNOPS strengthened the global and local service delivery mechanisms for its five mandated service areas: infrastructure, procurement, project management, human resources, and financial management.¹⁶

48. Analysis of the UNOPS biennial portfolio confirms that the foundation of its work is efficient management support services. The analysis further illustrates the areas where technical expertise and sector-specific knowledge and experience contribute to effectiveness.

49. The implementation of the new enterprise resource planning system, 'OneUNOPS', will enable the organization to enhance and demonstrate the value it adds by measuring and improving efficiency across its service areas. Improved project coding will enable a more systematic accounting of how UNOPS technical expertise contributes effective solutions within and across sectors.

Infrastructure

50. Infrastructure services comprised almost a quarter of UNOPS delivery during the biennium. They spanned sectors such as transport, utilities, waste, and infrastructure assets such as buildings. In 2014, half of the delivery was in transport and about a third in buildings. In 2015, close to half was in buildings and approximately a fifth in transport.

51. UNOPS infrastructure services include planning, design, construction, rehabilitation, client infrastructure, contract administration, operations, and maintenance, as well as technical assistance.

Procurement

52. Over the biennium, UNOPS procured close to \$1.4 billion worth of goods and services. Many constitute vital project inputs for infrastructure projects, while others are the outputs of stand-alone procurement services. Stand-alone procurement represented approximately a quarter of UNOPS global delivery.

53. UNOPS procurement services comprise end-to-end procurement, including warehousing and distribution. They include training and technical assistance for distinct parts of the supply-chain such as planning, sourcing, solicitation and contract management.

Other project services

54. Approximately half of the biennial delivery was project services. Over the biennium UNOPS sharpened definitions, differentiation, and monitoring and reporting on delivery of other project services, such as project management, human resources and financial management services.

55. In 2015, approximately 13 per cent of the other project services were **project management services**. They included the establishment and operation of project management offices and teams, technical assistance and training. **Financial management** accounted for approximately 55 per cent of services, primarily support for grants management and grantee selection. Another 26 per cent were **human resources services**. Here UNOPS supported the management of personnel contracts and recruitment. An additional 6 per cent was **shared services**, primarily in the areas of travel management, communication and outreach, and operations of information and communications technology systems. Finally, UNOPS provided an operational secretariat for hosting global strategic initiatives. Through this delivery modality, UNOPS provided financial management and procurement services accounting for roughly 7 per cent of 2015 activity.

¹⁵ DP/OPS/2013/3, paragraph 65

¹⁶ General Assembly resolution 65/176

Contributions to partner results

56. Over the biennium UNOPS accounted for added value and contributions to partner results by reporting on the outputs its delivery has enabled.¹⁷ UNOPS is now ready to provide a more transparent and differentiated account of its value-adding contributions.

Value-adding efficiencies

57. Efficient use of finite resources will be essential in achieving the 2030 Agenda. As a strategic measure to continuously improve its operations and demonstrate added value, UNOPS will further develop the key performance indicators for its management support services. Investment in 'OneUNOPS' will be a critical lever for these efforts.

58. In project management, the indicators may include: project start-up times, on-cost and on-schedule project delivery, and project closure times. For infrastructure projects they may also include: design review completion, accidents and injuries, and environmental management.

59. In procurement, UNOPS is implementing a new 'e-sourcing' system. Indicators may include: duration of the solicitation process, share of successful tendering, bid compliance, on-time delivery based on purchase order and receipt dates, and completeness and quality of goods received based on receipt amounts and rejections.

60. For human resources services, indicators may include: selection and recruitment speed, timeliness of contract issuance and renewals, and timeliness and precision of payroll. Indicators for financial services may include: on-time financial project reporting, on-time payments to suppliers, and payment rejections.

The partners we worked with

61. The United Nations system remains the largest group of UNOPS partners, accounting for 54 per cent of delivery over the biennium. Governments accounted for 22 per cent of delivery; two thirds of this demand was from non-OECD/DAC governments. Trust funds accounted for 8 per cent of delivery. The remaining 16 per cent was mainly for multilateral institutions, intergovernmental organizations, non-governmental institutions, and foundations.

62. Demand from the United Nations system was primarily for stand-alone procurement and other project services. Over the biennium, such management support services comprised close to 90 per cent. In 2015, stand-alone procurement accounted for 32 per cent, financial management services 25 per cent, human resources services 22 per cent, and project management services 8 per cent.

63. The UNOPS service mix for trust funds includes stand-alone procurement and other project services. In 2015, financial management services accounted for 77 per cent and stand-alone procurement for 21 per cent.

64. The majority of demand from governments is for infrastructure services. In 2015, nearly 70 per cent of government demand was for infrastructure, with another 20 per cent for stand-alone procurement.

United Nations management support services

65. UNOPS is continuously improving its platform for local and global delivery of management support services. These efforts are increasingly recognized by partners in the United Nations system. In addition to recognition of UNOPS value in support services to peacekeeping operations by the High-Level Independent Panel on Peace Operations,¹⁸ a recent study by the United Nations Development Group affirms that UNOPS is the United Nations entity with the competency to provide management focus, skill-sets and systems for high-quality support services.¹⁹

¹⁷ Annex II

¹⁸ A/70/95, paragraph 224

¹⁹ *Constraints Analysis for Common United Nations Business Operations at the Country Level*. New York, May 2016

The suppliers we worked with

66. In 2015, the five largest United Nations Standard Products and Services Codes segments accounted for 65 per cent of total UNOPS procurement of goods and services. The segments were: (a) engineering, research and technology-based services; (b) vehicles and their accessories and components; (c) consultancy services; (d) transportation and storage; and (e) medical equipment, accessories and supplies.

67. Of the \$1.4 billion worth of goods and services procured over the biennium, 34 per cent were supplied by vendors registered in Asia, 26 per cent in the Americas, 22 per cent in Europe, and 18 per cent in Africa. Forty-one per cent were for projects delivered in Africa, 29 per cent in Asia and 14 per cent in the Americas. As much as 41 per cent of goods and services were supplied by vendors from the 81 countries in fragile situations.

The sectors we worked in***Ex-post assessment of contributions across OECD/DAC sectors***

68. The projects UNOPS delivered over the biennium are mapped to 24 of the 38 thematic DAC sectors.²⁰ In other words, the UNOPS project services contributed to the expansion of implementation capacity in a wide variety of sectors. Three sectors account for almost half of UNOPS delivery.

69. More than half a billion dollars' worth of UNOPS delivery was in the 'conflict prevention and resolution, peace and security' sector. Approximately 30 per cent of that delivery represented stand-alone procurement; the other 65 per cent represented other project services such as project management, financial management and human resources services.

70. The 'basic health sector accounted for \$395 million of UNOPS delivery. Approximately 12 per cent in this sector represented infrastructure services, 27 per cent stand-alone procurement, and 61 per cent other project services, mainly financial management and human resources services.

71. The 'transport and storage' sector accounted for \$264 million of UNOPS delivery for the biennium, with close to 84 per cent related to infrastructure.

Ex-ante assessment of contributions to the sustainable development goals

72. To assess readiness to support countries in achieving the sustainable development goals, UNOPS conducted an ex-ante assessment of its biennial portfolio using the lens of the 17 goals.²¹ The assessment suggests that four goals accounted for approximately three quarters of total delivery. UNOPS has also supported objectives linked to a number of other goals.

73. Goal 3, good health and well-being, accounted for 24 per cent of delivery. Eighty-five per cent represented stand-alone procurement and financial management services; the other 15 per cent represented infrastructure.

74. Goal 9, industry, innovation and infrastructure, accounted for 14 per cent of delivery. More than 90 per cent represented infrastructure, mainly in the area of transport.

75. Goal 11, sustainable cities and communities, accounted for 14 per cent of delivery. Twenty-seven per cent represented infrastructure, mainly buildings; 65 per cent represented other project services, mainly human resources.

76. Goal 16, peace, justice and strong institutions, accounted for 24 per cent of delivery. Ninety per cent of that delivery represented stand-alone procurement and other project services such as project management, financial management and human resources services; the other 10 per cent represented infrastructure.

77. The ex-ante assessment showed that UNOPS supported partners in achieving objectives related to a number of other sustainable development goals. These included: goal 1, no poverty; goal 2, no hunger; goal 4, quality

²⁰ Annex II

²¹ Annex II

education; goal 5, gender equality; goal 6, clean water and sanitation; goal 7, affordable and clean energy; goal 12, responsible consumption and production; goal 13, climate action; and goal 17, partnerships for the goals. Others, such as goal 8, good jobs and economic growth, were also supported through projects recorded against one or more of the above goals.

78. Through its management support services UNOPS can contribute to countries' objectives and expand their implementation capacity across all 17 goals. The assessment pinpoints a number of sector-specific areas where UNOPS already has significant experience and technical expertise. UNOPS recognizes that the goals are for Member States to achieve and the United Nations to support. As a self-financing, non-programmatic United Nations entity, UNOPS is responsive to the needs of its partners and will build and deploy its technical expertise based on their demand.

79. Achievement of the goals will require infrastructure investments across a number of sectors, including energy, water, transport, waste, and information and communications technology, as well as health, education, and housing. UNOPS has experience in most of those sectors and can support prioritization and development of national infrastructure plans. With its mandate and technical expertise in public procurement, UNOPS can also support the strengthening of transparent, accountable institutions needed to realize the respective procurement.

80. In the remaining period of the strategic plan, UNOPS is focusing its efforts on developing a 'strategic solutions' approach to its work with partners, using its expertise and experience to offer more comprehensive implementation solutions to partners' challenges in infrastructure and procurement. UNOPS is building its capacity to engage in impact investments, and is preparing a set of vehicles to attract and harness private-sector investment in the service of the 2030 Agenda.

C. The UNOPS position and value-adding contributions

The UNOPS role in the development value-chain

81. Over the past two years the palette of five core service lines has been requested by partners in many countries to help them achieve local, national and global objectives. Analysis suggests that UNOPS management support services and technical expertise were needed to expand the implementation capacity of countries in different parts of the development value chain.²²

82. The ex-ante review illustrates how UNOPS can support countries across all 17 goals. It highlights sectors where the organization has extensive experience and technical expertise, and sectors where future demands may require additional expertise. New demands on UNOPS to support the expansion of the development resource base will require concerted strategic efforts.

83. A clearer delineation between 'efficiency' and 'effectiveness' will enable UNOPS to provide a more systematic and differentiated account of the value it adds. To align with the proposed calibration of its vision and mission, UNOPS proposes a restatement of its three contributions goals.

84. The UNOPS mission is to help people build better lives and countries achieve sustainable development. UNOPS provides specialized technical expertise and management support services, and supports the expansion of resources for the 2030 Agenda. Three contributions goals will frame how UNOPS will provide a focused account of the value it adds through its services, which:

- (a) help people achieve individual, local, national and global objectives, through effective technical expertise grounded in international norms and standards;
- (b) enable partners to do 'more with less' through efficient management support services, delivered locally or as global shared services; and

²² Annex II

- (c) support the ambition of countries to bring a broader resource pool to bear for achievement of the 2030 Agenda.

III. How we managed – UNOPS fit-for-purpose

85. UNOPS realizes that ensuring organizational fitness for purpose involves continuous improvement of structures and processes to meet the expectations of partners and other external stakeholders, while nurturing an organizational culture in which its people can excel. During the past biennium, UNOPS improved its internal management arrangements while achieving significant management results.

A. The UNOPS mandate – governance, risk and compliance

External governance, management and coordination

External governance

86. External governance is established, inter alia, through Member State resolutions and decisions, including on functional policy requirements applicable to the entire United Nations system. Other aspects of UNOPS external governance are accountability to the Secretary-General and engagement in United Nations system policy and management coordination mechanisms.

87. In decision 2013/23, the Board confirmed that, pursuant to General Assembly resolution 65/176, UNOPS governance arrangements are consistent with those of other United Nations organizations.²³ In 2015, the Board established the UNOPS Audit Advisory Committee with terms of reference comparable to those of the audit advisory committees of other organizations under its purview.²⁴

88. UNOPS is an integral part of the United Nations development system. In its strategic plan, UNOPS embedded provisions of the Quadrennial Comprehensive Policy Review²⁵ of direct relevance to its mandate and unique business model. UNOPS will follow the process of further aligning the development system, and, within its remits, be ready to support expansion of the implementation capacity of the development system through management support services and specialized technical expertise.

The United Nations management coordination

89. Early in 2016, the UNOPS Executive Director was formally acknowledged as a full and equal member of the Chief Executives Board. UNOPS is a strong proponent of the common principles guiding United Nations system support to implementation of the 2030 Agenda, including the emphasis on country-led, evidence-based and results-focused approaches; the prominence of expertise over exclusivity; and accentuation of the need to ensure appropriate arrangements for operational support and service delivery. During the biennium, UNOPS continued its engagement in functional networks and working groups under the auspices of the High-level Committee on Programmes, the High-level Committee on Management, and the United Nations Development Group.

Internal governance, management and coordination

90. Internal governance concerns the rules, processes and practices through which the organization is directed and controlled, affecting how decisions are made, performance ensured, risks managed and compliance assured across functions at all levels of the organization.

UNOPS management structure and coordination

91. Over the biennium UNOPS refined its global organizational structure. Its global portfolio of projects was organized under five geographical regions managing several country and multi-country offices. Within those

²³ DP/OPS/2013/3, paragraph 15

²⁴ Decisions 2015/4 and 2015/12. See annex II for further details.

²⁵ General Assembly resolution 67/226

business units the portfolio may in turn be organized in-country, in-country, or thematic project centres. All global projects are embedded within one structure, which enables management oversight, coordination, and integration of in-country operations.

92. To increase agility, UNOPS introduced a global shared-services centre model providing support services on an internal cost-recovery basis. At headquarters, the communications and partnerships functions were strengthened and the infrastructure and project management functions integrated. The risk and quality management function was formally established as a distinct business unit within the structure.

93. UNOPS refined its internal mechanisms for management. There are three main management groups: (a) the Senior Management Group, which meets weekly to advise on short-term operational and strategic issues; (b) the Corporate Operations Group, which meets monthly to advise on strategic issues for the medium and longer term; and (c) the Global Leadership Group, which convenes annually to develop means to operationalize strategic priorities for the medium and longer term. The Strategic Advisory Group of Experts provides independent external advice to the Executive Director.

Global management collaboration for internal improvements

94. In 2015, UNOPS convened two global management meetings and identified a number of internal improvements to ensure fitness for purpose for the 2030 Agenda through internal simplification and empowerment. Topics ranged from UNOPS service offerings, cost recovery of activities and projects, and decision-making arrangements for strategic investments, to engagement acceptance and associated risk management. By the meeting in 2016 the initiative was concluded.

Policy framework and compliance

95. Since 2010, UNOPS has developed and maintained a comprehensive internal policy framework. By the end of 2015, it comprised 106 internal policies: 36 organizational directives and 70 administrative instructions. The average age of the policies was four years, and the framework totalled 1,218 pages of prescriptive content. Thirty-eight per cent of the content was issued as new or revised policy during 2015.²⁶

96. Several of the policies are grounded in legislative decisions of the Executive Board, including the UNOPS accountability framework and oversight policies,²⁷ the terms of reference for the Audit Advisory Committee,²⁸ and the financial regulations.²⁹ Others are grounded in requirements applicable to the entire United Nations system, including the staff regulations and rules³⁰ and the terms of reference for the UNOPS ethics function.³¹ Still others were issued based on the advice of management and internal or external audit.

97. Since 2010, UNOPS has seen a steady decline in the number of internal audit recommendations. In 2015, 158 recommendations were issued compared to 796 in 2010, a reduction of over 80 per cent. In the same period, management significantly increased the speed with which recommendations were addressed, and UNOPS exceeded external benchmarks by the end of 2015.³²

98. As evidenced by the correlation between availability of updated prescriptive content, the decrease in observations by internal audit, and the increased speed with which management addresses potential risks, UNOPS has considerably improved in its management of internal policy and compliance.

²⁶ Annex III

²⁷ Decisions 2008/8, 2008/13 and 2008/ 37

²⁸ Decisions 2015/4 and 2015/12

²⁹ Decision 2012/5

³⁰ ST/SGB/2014/1

³¹ ST/SGB/2007/11, as amended

³² Annex III

Simplified policy framework and tools for operational compliance

99. UNOPS is committed to organizational excellence, accountability and transparency, and continuously seeks to improve its internal governance and operations. ‘OneUNOPS’ provides an advanced platform for customizing operational tools and guidance for personnel, and management information to ensure speed and compliance.

100. UNOPS will embark on a process of simplifying its internal policy instruments and enhance their alignment with business processes. The objective is to further empower personnel to perform their functions efficiently, confident that they are in compliance with UNOPS policy.

101. Based on the recommendation of the High-level Committee on Management,³³ the ‘three lines of defence’ model will frame the initiative. It will include enhancements to: (a) the structure and communication of the internal policy framework; (b) the business processes and tools through which policies are deployed and operations performed; and (c) the internal performance indicators and management dashboards.

102. Advanced dashboards will improve internal transparency, managerial oversight and assurance that UNOPS operations are performed efficiently and in compliance with policy. They will help identify functional areas, business processes and business units where improvements of policy, tools, competencies or resourcing are needed. They may be supplemented by strategic recommendations of internal audit.

Clear organizational principles and imperatives

103. At the highest level, the new internal policy framework will be based on a summary of the key organizational principles that are imperatives for all personnel. The framework will clearly delegate authority for issuance of policy instruments to functional directors.

104. Functional directors will, in turn, be responsible and accountable for simplifying and reducing the volume of prescriptive content, ensuring that business processes and tools enable efficient implementation and appropriate control, and monitoring the exercise of functional delegations within the areas for which they are accountable.

105. A policy committee will be established to facilitate coordination and prioritization in revising and developing new policy, as well as ensuring alignment of policy and business processes and appropriate means of monitoring.

Balanced corporate performance management

106. UNOPS will further develop its balanced scorecard and performance dashboards to facilitate transparency, management oversight and accountability at various levels. The enhancements will reduce the need for manual reporting requirements; draw on the enhanced systems capabilities to generate real-time performance information; and include a more balanced set of performance indicators.

107. The UNOPS internal scorecard comprises a comprehensive set of financially-based performance indicators covering expense and revenue of ongoing operations within its business units, as well as identification of future opportunities. The development of indicators to monitor process efficiencies and compliance will be a priority in enhancing the internal scorecards.

108. By 2016 UNOPS had aligned the scorecards for its business units with the performance appraisals of individual managers.³⁴ In addition to business process efficiency and compliance measures, the enhanced corporate performance management will include more sophisticated incentive mechanisms that foster: (a) integration and synergy of in-country operations; (b) use of global shared services; and (c) global cross-fertilization of technical expertise and partner relations.

³³ CEB/2014/HLCM/FB/3.Rev.1

³⁴ DP/OPS/2013/3, paragraph 74

109. Efforts will include the development of cost-effective approaches to internal knowledge-sharing, including: (a) use of external data on country profiles and risks for internal portfolio intelligence and planning; and (b) succinct documentation of the efficiency and effectiveness contributed by past and present projects.

Enhanced engagement, acceptance and assurance

110. UNOPS is rolling out a new process for assessing and managing project risks. The process will ensure: (a) an earlier, more systematic assessment of a broad range of risk categories associated with new projects; (b) improved efficiency and effectiveness of the UNOPS recurrent project assurance; and (c) a comprehensive risk assessment of the UNOPS portfolio of ongoing projects. This will ensure, inter alia, that project records provide reliable information for real-time knowledge-sharing and strategic assessment and assurance of ongoing activities.

Consolidated global structure

111. In 2009, UNOPS issued a comprehensive policy delineating the authority and responsibility, as well as principles for the accountability and empowerment, of the functional and operational business units comprising the UNOPS global structure. As the structure has changed the policy has been revised and supplemented with organigrams delineating authority within the organization, which include details of how the UNOPS enabling systems will be configured to facilitate managerial oversight and accountability at all levels.

112. Over the years, UNOPS has kept the Board abreast of changes to the delineation of its key functional areas, including in annexes to its biennial budget estimates.³⁵ An update of the main policy will be prepared with the objectives of further delineating authorities and responsibilities in the UNOPS business units, and clarifying the principles under which its revenue, cost and cost-recovery centres operate.

113. The policy update will clarify, inter alia: (a) the functional scope and core responsibilities of headquarters entities; (b) the organizing principles and scope of the country and multi-country offices embedded in regional structures; and (c) the distinction and reciprocity of policy vis-à-vis operational authorities and responsibilities.

B. Management results in 2014-2015

114. From the perspective of management results achieved, at the midpoint of its strategy UNOPS is in a very strong position. Achieving record amounts of delivery while keeping management expense levels stable; surpassing targets for partner satisfaction; exceeding external benchmarks for personnel engagement; and investing in ‘OneUNOPS’, the organization is well positioned to enhance its contributions.

115. The sections below offer highlights of UNOPS corporate performance against the four perspectives of the balanced scorecard: partners, processes, people and finance. In its strategic plan UNOPS established three ‘drivers’ for each of the perspectives; the performance highlights are summarized accordingly.³⁶

Partnerships – recognized value

Deliver world-class services adding sustainable value

116. In 2015, UNOPS solicited partner feedback from more than 400 high-level respondents concerning their operational needs, priorities and perceptions of UNOPS. Results from the survey reflect a high level of satisfaction, at 82 per cent, above the 80 per cent target for the year. “Flexible, efficient and reliable” is how partners are most likely to describe UNOPS.

Build sustainable partnerships

117. This level of satisfaction is reflected in the volume of new and extended agreements signed with partners. The UNOPS ‘engagement addition’ increased from just below \$1 billion in 2012 to over \$1.6 billion in 2015, an

³⁵ DP/2009/10; DP/OPS/2011/5; DP/OPS/2013/6; and DP/OPS/2015/5

³⁶ Annex III

average annual growth rate of 18 per cent. Over the biennium, UNOPS signed memorandums of understanding with 25 key partners, including the United Nations Secretariat.³⁷

Communicate effectively and transparently

118. UNOPS is committed to transparency and continues to publish live data on all ongoing projects on its external website, in full compliance with International Aid Transparency Initiative standards.

Process – process excellence

Manage and benchmark processes

119. With ‘OneUNOPS’ UNOPS is well positioned to further improve business process management capabilities and actual performance. As of January 2016, 60 per cent of UNOPS business processes are supported, almost doubling process coverage compared to the previous system. The aim is that two thirds of all processes are supported by the end of 2017.³⁸

Improve process efficiency and effectiveness

120. While improving speed and quality, ‘OneUNOPS’ will further integrate internal controls and reduce costs associated with performing business processes. Cost savings have already been generated as a result of in-sourcing benefits, entitlements and payroll services, and discontinuing access and support to the legacy system.

121. Indicating the commitment of senior management to resolving issues, the overall implementation rate of accumulated internal audit recommendations in 2015 was 96 per cent, above the 90 per cent target. By the end of 2015, only four internal audit recommendations were more than 18 months old, illustrating management commitment to minimizing longer-term organizational exposure to risk.

Innovate

122. The Business Innovation and Improvement Programme is the largest UNOPS innovation project to date, involving a complete overhaul of its information and communications infrastructure. ‘OneUNOPS’ will serve as an organizational platform for increasing efficiency, control, innovation and collaboration across the organization. The new delivery platform will enable a broader menu of global shared services, which will, in turn, allow efficient, effective deployment of support.

People – people excellence

Business partnering

123. UNOPS sharpened the focus of its human resources function to act as an internal business partner. Improved understanding of regional and functional needs has enabled targeted solutions to people issues affecting organizational performance, including several policy changes and process improvements.

124. In 2015, the organization launched a new version of its people survey with a sharper focus on how engaged its personnel is in achieving UNOPS objectives. At 4.16, the UNOPS employee engagement index numbers³⁹ are well above the external benchmarks for high-performing and global surveying organizations, at 4.06 and 3.83, respectively.

Recruit, develop and recognize talent

125. Global initiatives to recruit, develop and recognize talent were launched, including a new competency framework and talent benches aimed at recognizing internal talent and improving succession planning for business-critical roles. UNOPS established talent benches for business-critical roles, including leadership and functional roles.

³⁷ Ibid.

³⁸ Preliminary benefit realization report on UNOPS enterprise resource planning implementation. Gartner 2016.

³⁹ Annex III

Embrace United Nations values

126. The focus on diversity was strengthened across recruitment and talent management efforts. Diversity considerations are integrated into all areas of talent management with a view to reaching more diverse pools of applicants. Furthermore, UNOPS has refined its personnel contract modalities, including parental leave for individual contractors.

Finance – financial stewardship*Ensure financial control and efficiency*

127. UNOPS delivery increased from under \$1 billion in 2012 to \$1.4 billion in 2015, an annual average growth of 13 per cent, while management expense remained stable. Expressed as a percentage of delivery, management expense fell from 6.2 per cent in 2012 to 4.5 per cent in 2015, indicating that UNOPS was able to ‘deliver more for less’ over the period.

Cost recovery and fair distribution

128. In accordance with UNOPS financial rules and regulations, UNOPS recovers the direct costs of its projects, including relevant shared services, based on identified cost drivers. Indirect costs are recovered through the management fee. UNOPS will explore further refining the cost drivers for different services lines.

Invest in innovation

129. To supplement annually allocated management resources, UNOPS allots a portion of its annual budget to a fund for internal investments in innovation and partnerships. The fund finances eligible investment projects throughout the year. A board of directors representing UNOPS global functions and regions screens investment proposals against established criteria.

C. UNOPS fit-for-purpose – organizational excellence*Organizational excellence*

130. In its strategic plan UNOPS adopted an internationally recognized strategic model for organizational excellence.⁴⁰ That model has been important in helping UNOPS establish priorities for strategic and operational improvements. UNOPS will take advantage of the model in framing its improvement agenda, whether for the organizational architecture or for country-level operations.

131. In preparation for its strategic plan, 2018-2021, UNOPS will undertake a comprehensive internal and external organizational excellence assessment, to take stock, inter alia, of its governance arrangements and fit-for-purpose.

132. UNOPS is in a solid position at the midpoint of its strategic plan, as evidenced by the management results for the biennium. The management improvements and investments made will accelerate its trajectory towards organizational excellence. The continuous enhancement of UNOPS tools, techniques and internal governance arrangements will enable exchange of knowledge and linkages of its people around the world to provide targeted management support services and technical expertise supporting the sustainable development of the countries in which they work.

⁴⁰ DP/OPS/2013, paragraph 63

IV. The way forward – solutions and improvements

A. Priorities for 2017 and beyond

133. At the midpoint of its strategic plan UNOPS is ready to:

- (a) Develop strategic concepts and solutions meeting partner needs and contributing to countries achieving sustainable development;
- (b) Channel more resources towards the 2030 Agenda, including from the private sector;
- (c) Harness technical expertise in infrastructure, procurement and project management for specialized solutions by:
 - (i) building public procurement capacity to support the expansion of resources through realizing the procurement dividend achieved through improved efficiencies and innovation; and
 - (ii) enabling deployment of sustainable and resilient infrastructure within and across sectors: energy, water, transport, waste and information and communications technology, and relevant public enabling assets, such as for social infrastructure in health, education and housing;
- (d) Maintain the edge in providing reliable, efficient management support services;
- (e) Build further support based on presence and experience in fragile and conflict situations; and
- (f) Provide a transparent and differentiated account of its value-adding contributions.

134. Building on its strengths, the results achieved in the past two years, and the changes implemented within the organization, UNOPS should be in an excellent position to increase its activities and contributions to resilience and sustainable development across development, peace and security, and humanitarian efforts.
