1. The Administrator introduced the report of the Secretary-General on the Office for Project Services (OPS) (DP/1994/52). He explained that it contained a new proposal put forward since the second regular session of the Executive Board in May 1994. The proposal had been developed in response to concerns expressed by Member States, and he urged its acceptance by the Board. He also added that he had been requested to inform the Board of the Secretary-General’s desire for the Management Coordination Committee to be chaired by the Administrator.

2. The views of delegations regarding the proposal varied. Some favoured its acceptance, while others expressed reservations, in particular citing concern that it did not reflect the agreements reached at the second regular session of the Executive Board and at informal consultations. Several delegations opposed the creation of a new United Nations agency and emphasized their support for a close association of OPS with UNDP. A continued linkage, however, should include provisions ensuring improved transparency, an element that some stated should be reflected in the decision of the Board. Differing views were expressed on the proposed arrangement for management oversight of OPS. Several delegations underlined their support for a structure headed by the Administrator. Others doubted that OPS needed any oversight body other
than the UNDP Executive Board, and there was widespread support for OPS to continue to report to the Board. One delegation believed that the OPS Executive Director should report directly to the Board, rather than through the Management Coordination Committee (MCC); it was agreed that while reports would be submitted to the Board through the MCC, OPS would continue to be represented at Board meetings by its Executive Director. There was universal insistence that a decision must be taken during the current session of the Board, with several delegations emphasizing that delay was detrimental to the effectiveness of OPS service to developing countries.

3. The representative of the World Bank cited the important role OPS played in assisting World Bank borrowers, through management services agreements, to implement loan projects, and recorded its advocacy for the status of OPS as an autonomous profit-centre with strong linkages to UNDP.

4. In response, the Administrator underlined the flexibility shown by the Secretary-General on the issue of OPS and stated that he hoped that the Board could reach consensus at the current session. The Administrator noted, in response to questions, that the Secretary-General's proposal to maintain "the existing financial and personnel regime" with UNDP included the existing UNDP personnel reassignment process.

5. Following informal consultations, a draft decision was presented to the Board. One delegation requested clarification as to the definition of the term "implementation", as used in the text of the draft. In reply, the Vice-President explained that the word used in the context of the draft was of a broad nature, so as to distinguish between the role of UNDP in funding and coordination, on the one hand, and the role of OPS on the other.

6. Based on discussions of the draft, the Board adopted the following decision:

94/12. Office for Project Services

The Executive Board,

1. Takes note of the Secretary-General's intention to strengthen the coordinating and central funding roles of the United Nations Development Programme in accordance with General Assembly resolution 47/199, and other relevant resolutions and to ensure that the Office for Project Services will undertake implementation rather than funding activities;
2. **Recognizes** the need for a self-financing Office for Project Services, which should become a separate and identifiable entity, without the establishment of a separate administrative apparatus;

3. **Stresses** the importance of OPS continuing to operate within the United Nations development system and not becoming a new agency;

4. **Underlines** the need to enhance further the role of the Executive Board in providing overall policy guidance for and supervision of OPS;

5. **Recommends** to the General Assembly that, instead of the merger proposed in Governing Council decision 93/42 of 18 June 1993, the Office for Project Services should become a separate and identifiable entity in a form that does not create a new agency and in partnership with the United Nations Development Programme and other operational entities, whose administrative support, including that relating to financial and personnel matters, will continue to be provided by UNDP and that the Office should continue to work through the UNDP field network;

6. **Agrees** in principle, to the Secretary-General’s proposal to establish, within existing resources, a Management Coordinating Committee for the Office for Project Services in order to address certain perceived conflicts of interest between the coordinating and implementing roles of the United Nations Development Programme, subject to consideration of a report to be prepared by the Administrator in consultation with the Under-Secretary-General for Administration and Management and the Under-Secretary-General for Development Support and Management Services, on its precise role and functions at its third regular session in 1994;

7. **Endorses** the Secretary-General’s recommendation that the committee would consist of:

   * Chairman: The Administrator of the United Nations Development Programme
   * Members: The Under-Secretary-General for Administration and Management
                 The Under-Secretary-General for Development Support and Management Services
   * Secretary: The Executive Director of the Office for Project Services;
8. **Decides** that, subject to paragraph 6 of the present decision, the Executive Director will report to the Secretary-General and the Executive Board through the Management Coordinating Committee;

9. **Agrees also** in principle to the Secretary-General's proposal to establish, within existing resources, an Office for Project Services Users Advisory Group, under the chairmanship of the Under-Secretary-General for Development Support and Management Services, with the responsibility of ensuring that the Office for Project Services is fully aware of the concerns of United Nations organizations and others who utilize its services and with the responsibility of making appropriate recommendations;

10. **Requests** the Executive Director of the Office for Project Services, in collaboration with the Administrator and subject to the approval of the recommendation in paragraph 5 above by the General Assembly, to report to the Executive Board no later than at its third regular session through the Advisory Committee on Administrative and Budgetary Questions on ways of establishing the Office for Project Services as a separate and identifiable entity and of increasing the transparency of its operations, including proposals concerning:

   (a) The precise role and composition of the Office for Project Services Users Advisory Group;

   (b) The establishment of a separate contracts committee;

   (c) Any necessary revision of the financial and procurement rules of the United Nations Development Programme as they apply to the Office for Project Services in order to ensure the efficiency of the Office and to enable it to work in a businesslike manner;

   (d) More transparent accounting procedures for the Office for Project Services, including improved auditing;

   (e) The responsibility of the Office for Project Services in personnel matters;

   (f) Ways of ensuring that the Office for Project Services perform implementation functions and that it operate on a self-financing basis.

9 June 1994