First regular session 2002
28 January – 8 February 2002, New York
Item 6 of the provisional agenda
Evaluation

UNDP – UNOPS relationship
The Secretary-General has requested that the attached note be circulated to the members of the Executive Board
UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

Note of the Secretary-General

Introduction

1. It will be recalled that the Executive Board had urged action to implement outstanding recommendations contained in the independent evaluation of the relationship between the United Nations Development Programme (UNDP) and UNOPS. I am sure that the Executive Board will welcome the joint paper submitted by UNDP and UNOPS at its first regular session in 2002.

2. The paper submitted jointly by UNDP and UNOPS covers the four key issues that are central to their relationship: roles and responsibilities of the two organizations; UNOPS field presence; resource mobilization; and execution modalities. I am pleased that UNDP and UNOPS have worked together in a constructive manner to move forward in resolving outstanding problems. The present note will focus primarily on governance aspects, which have also been the subject of an internal review carried out, at my request, by the Office of Internal Oversight Services (OIOS) to assist me in determining how UNOPS support to the execution of United Nations programmes could be made more effective, as well as to address management issues.

The role of UNOPS in the United Nations system

3. At the outset, I would like to reiterate my support for the continued work of UNOPS as a “separate and identifiable entity” that is “self-financing”, as originally intended by Member States. It has proven its worth over the years as a provider of services to organizations of the United Nations system for the management and delivery of programmes and projects.

4. The responsibility and accountability for the achievement of programme and project objectives should be with those United Nations organizations that are entrusted with such responsibility and from which UNOPS should receive business. UNOPS should provide services to or through United Nations clients and it is essential that it restrict itself to these parameters.

5. If UNOPS is to continue to meet its key objective of being self-financing, it is essential that it receive sufficient business from organizations in the United Nations system. I shall, therefore, be encouraging all United Nations entities - starting with components of the Secretariat - to avail themselves of the services of UNOPS as long as the UNOPS option remains cost-effective. This, however, does not imply that there is any obligation on the part of United Nations organizations to work through UNOPS.

6. In order to preserve the self-financing nature of its mandate, it is essential that the services provided by UNOPS are made on a reimbursable basis at the full cost of those services.
Management Coordination Committee

7. It will be recalled that the establishment of the Management Coordination Committee (MCC) was endorsed by the Executive Board and subsequently by the General Assembly. The creation of the MCC was recommended by the Secretary-General to assist him in the exercise of his responsibilities in the overall supervision and management of UNOPS. As endorsed by the Executive Board, the objective of the MCC is to maintain and strengthen the functioning of UNOPS as a self-financing entity working in a businesslike manner. The MCC provides policy and management direction, including the setting of operational policy, facilitation and monitoring of compliance, and to ensure transparency of UNOPS operations.

8. The OIOS team had proposed the creation of a Management Board to replace the MCC. The proposal envisaged that authority to approve UNOPS budget and all business acquisitions would be delegated to the Board, which would report regularly, on an “information only” basis, to the Executive Board and also report annually to the Secretary-General. The Board would comprise client representation from the different areas of the United Nations work, the United Nations Controller, the Legal Counsel, representatives from the private sector and the UNOPS Executive Director. It would be chaired by a former high-level United Nations official.

9. While there may have been merit in some aspects of such a far-reaching proposal, I did not consider that it would be appropriate to pursue the proposal, particularly as it would have an impact on the existing authority of the Executive Board and the responsibility of the Secretary-General.

10. I am proposing that the MCC continue with its current oversight and guidance responsibilities but that its composition be revised and expanded. The Administrator of UNDP would continue as Chairperson and would ensure that sufficient time is devoted to this important task.

11. I propose that, in addition to the current members, a few of the major clients of UNOPS in the United Nations system – such as the International Fund for Agricultural Development (IFAD) and the Department of Peace-Keeping Operations (DPKO) - be invited to participate in the MCC. The composition of the MCC could be changed by me, from time to time, to reflect the fluctuation in the volume of business between UNOPS and its different clients in the United Nations system. It would be helpful to have the Legal Counsel (or his representative) and the United Nations Controller (or his representative) participate ex officio, as appropriate, in the proceedings of the MCC.

12. Taking into consideration a recommendation made earlier by the evaluation commissioned by UNDP, I am also proposing that the Executive Director of UNOPS become an ex officio member of the MCC as well as continuing to serve as its Secretary. It will be recalled that the evaluation team had noted that one of the reasons why the MCC may not have functioned effectively was the absence of a body to prepare its meetings adequately. The evaluation report had, therefore, recommended that a working group be set up to meet more frequently to share information; foster cooperation; prepare issues to be submitted to the MCC; and to follow-up on the implementation of the decisions of the MCC and the Executive Board. I believe that this recommendation is still very valid and I am directing the
MCC to set up an appropriate group, to be co-chaired by representatives of the UNDP Administrator and the Executive Director of UNOPS.

13. The proposal that a few of UNOPS major clients participate in the MCC would also ensure that UNOPS is fully aware of the concerns of United Nations organizations that utilize its services. The Users Advisory Group, which was expected to have fulfilled that role, has only met once to date. The objective of the Users Advisory Group could be met in a more rational and cost-effective way through the proposed expansion of the MCC. It should also be noted that there are, at present, regular consultations between UNOPS and its clients in the course of the provision of services. This is expected to be enhanced by the further development of a formal client feedback system, as recommended by OIOS.

14. It is essential that the MCC provide the appropriate level of operational policy direction and monitoring of the activities of UNOPS, in full adherence to the comprehensive set of roles and functions delegated to it by the Secretary-General and endorsed by Member States. It is equally important that the Executive Director of UNOPS cooperate fully with the MCC in ensuring that recommendations and decisions are implemented in a timely manner and that requests for information and documentation are made available promptly. I shall expect the MCC to report to me on a regular basis and to bring to my attention issues that it has not been able to resolve satisfactorily at its level.

15. The Executive Board will continue to provide overall policy guidance and directives to UNOPS. The Executive Director will continue to report to me and to the Executive Board through the MCC.

**Operational improvements**

16. Some specific recommendations on improving UNOPS operations have been made in the internal review that I requested OIOS to undertake. The key recommendations that need to be acted upon in a timely manner are the following:

- United Nations agencies engaging UNOPS should include it in the project planning process at an early stage to ensure that expectations are clarified and that a detailed work plan is established, leveraging each entity’s expertise;
- When contracting for UNOPS services, its clients should develop formal project documents that provide clear details of assignments and acceptable timeframes, as well as each entity’s respective responsibilities for deliverable and performance expectations;
- UNOPS should improve its financial reporting systems to address client concerns over timeliness and accuracy;
- UNOPS should design and maintain a matrix system on a variety of performance indicators such as cost-effectiveness, timeliness and quality of service;
• UNOPS should establish an internal quality assurance function to ensure the development and maintenance of corporate performance and also to ensure compliance with pertinent rules and procedures.

17. I am pleased to note that UNOPS has already initiated measures to implement the above recommendations and I shall be requesting a regular update on progress being made in the coming months.

18. The OIOS team has also recommended that UNOPS be delegated the authority to process its own financial and administrative transactions as this would enable it to introduce, inter alia, the financial support systems that facilitate reporting requirements. This proposal is worthy of further consideration by UNDP and UNOPS and I am pleased to note that they have undertaken to continue to assess the cost-effectiveness and operational implications of existing modalities on both organizations.

Conclusion

19. It is evident that UNOPS has been able to adapt readily to changing situations and needs. Indeed, this would appear to be one of its main competitive advantages. One should, therefore, strive to capitalize on UNOPS strengths while at the same time ensuring that the oversight mechanisms function effectively in order to ensure conformity with established policy directives and decisions. In particular, it is essential that, in view of changing needs and circumstances, UNOPS seek the approval of the MCC before embarking on new strategies.

20. With particular reference to the relationship between UNDP and UNOPS, the success of their future collaboration will depend on the commitment by all relevant parties to focus on improvements to support the aims and objectives of the United Nations. In this context, I am encouraged by the reaffirmation of UNDP and UNOPS of their commitment to maintaining and strengthening an effective and harmonious partnership.

21. It is my intention to ensure that our collective energies are fully dedicated to further strengthening the provision of the most efficient and effective services to Governments. I call on Member States to support us in this effort.