



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

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Organizational matters

**Report of the special session 2022
(30 November 2022, New York)**

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I. Organizational matters

1. The special session 2022 of the Executive Board of UNDP, UNFPA and UNOPS was held in person at United Nations Headquarters on 30 November 2022.
2. The Executive Board adopted the agenda and workplan for its special session 2022 (DP/2022/L.4).
3. Decisions adopted by the Executive Board at the special session 2022 appeared in document DP/2023/4, which was available on the [Executive Board website](#).

Statement by the President of the Board

4. In her opening remarks, the President of the Board said that amid turbulent waters the Board had taken strong actions and decisions in 2022 in response to the troublesome developments related to the UNOPS sustainable investment in infrastructure and innovation (S3i) initiative. In its decision 2022/13, the Board called for two third-party reviews on: (a) the oversight mechanisms that existed for the S3i initiative; and (b) UNOPS internal control systems, risk management and overall governance structures. At the special session, the Board was meeting to reflect on the findings and recommendations of the reviews to seek clarification and provide guidance for swift and decisive next steps. Paramount was getting clarity on what went wrong within UNOPS, taking action to prevent a recurrence, ensuring accountability, rebuilding trust, and focusing on achieving development results on the ground. She called on delegations to continue to work in a spirit of joint responsibility and to produce clear guidance going forward.

UNOPS segment

II. Statement by the Acting Executive Director

5. In his opening remarks ([available on the UNOPS website](#)), the UNOPS Acting Executive Director drew attention to the proposed [UNOPS response plan](#) to the two KPMG third-party reviews on UNOPS S3i oversight mechanisms, and UNOPS internal control systems, risk management and overall governance structure. The plan was based on recommendations from the third-party reviews, UNOPS roadmap for a strategy review, feedback from clients and partners, and Board guidance. Together, they would ensure an ambitious midterm review of the UNOPS Strategic Plan, 2022-2025, that would result in a new draft strategy for UNOPS. UNOPS sought the Board's approval for its proposed response plan, which would replace the existing 10-point action plan to address the S3i crisis.

6. KPMG made 48 recommendations, five of which were directed at the Executive Board. The Acting Executive Director focused on the 43 intended for UNOPS management, addressing them thematically. The first two sets of recommendations highlighted the need for an extensive midterm review of the UNOPS Strategic Plan, 2022-2025, which would serve to reset the plan and would be conducted in a highly participatory and inclusive manner, a process that had already begun. In response to the seven recommendations on UNOPS risk management and control environment, the Acting Executive Director had increased the budget of the Internal Audit and Investigations Group (IAIG) by 87 per cent, ring-fencing it for 2023, while the Board had approved a revised IAIG charter. To address issues on the concentration of power, segregation of functions, and strengthening of due diligence and compliance, in line with KPMG recommendations, UNOPS was finalizing the terms of reference for a second deputy executive director, for which it sought the Board's support. Furthermore, the midterm review would include a review of UNOPS project portfolio to gauge inherent risks and draw lessons.

7. Actions taken to address the 15 recommendations on UNOPS ethics, compliance and organizational culture focused on moving towards United Nations values, addressing top-down leadership issues, and boosting communication. Given the importance of ethics, UNOPS improved its processes for the review of administrative decisions by management for UNOPS personnel, most of whom were contractors, had updated its whistle-blower policy to meet United Nations standards, and was reviewing the independence of the Ethics Office, which had finalized its review of UNOPS due diligence procedures along with recommendations for improvement.

8. In response to the seven recommendations on financial and performance management, UNOPS would shift from pricing and profit to cost recovery, based on United Nations standards, and align with the United Nations system, including through new output level reporting for the Sustainable Development Goals. Regarding the two recommendations on governance and management, UNOPS was building on the new enterprise resource planning system under UNDP leadership to reduce UNOPS investment requirements and introduce new human resources, talent management, and project management functionalities.

9. As directed by the Board, UNOPS would continue to provide the best services it could while refocusing on its original mandate. Building on positive S3i elements, UNOPS would maintain a presence in Helsinki focused on supporting blended and impact financing opportunities, and it would refrain from any form of direct investment engagement. Recovering S3i-related funds remained an ongoing challenge; UNOPS was actively engaged with the United Nations Office of Legal Affairs in that regard.

10. The five recommendations addressed to the Board dealt with risks to its effectiveness and efficiency, functionality and composition, the potential establishment of an audit and risk subcommittee, as well as a possible independent review by the Board of IAIG implementation measures. In that regard, the Acting Executive Director highlighted steps to ensure IAIG independence and capacity. In closing, he drew attention to the use of UNOPS operational reserves. In its actions to shift from profit and building reserves, the UNOPS draft budget 2023 set net revenue to zero; that said, the Acting Executive Director suggested instead that the reserves be distributed proportionate to the paid fee.

11. Across the Board, delegations reiterated their deep concern with the failures within UNOPS related to the S3i initiative, as depicted in the third-party reviews. They called for urgent action and reforms to restore trust in anticipation of the journey ahead. They commended the Acting Executive Director, UNOPS staff, the Board-designated working group, and all stakeholders, for actions taken to date to redress the crisis and welcomed the proposed response plan.

12. Members of the Bureau of the Board said the S3i crisis threatened to harm the reputation of the United Nations and had damaged the shared trust in UNOPS. They welcomed the KPMG reviews as an objective account of what had led to the failures in UNOPS, as well as the recommendations going forward. Those included the need for UNOPS to refocus its mandate, revise its procedures, rebuild its organizational culture, and restore trust. Noting the importance of inclusion, they called on UNOPS to continue to work transparently with the Board and provide access to information for the implementation of Board decisions and the third-party reviews.

13. On behalf of the Africa Group, a delegation stressed the need for Board members to collectively undertake actions to redress the UNOPS crisis, both for their credibility as Member States and for the United Nations organizations they oversee. The group, however, cautioned against pursuing a blanket restructuring of United Nations organizations and the systematic withdrawal of funding contributions. UNOPS should not be synonymous with corruption but viewed as an entity with different operations unrelated to the S3i initiative. They recognized the dedication of UNOPS staff across the globe. The group called for a tactful approach that considered current circumstances in light of the need to preserve UNOPS and other United Nations organizations' development impact on the ground.

14. A group of countries from Latin America and the Caribbean, recalling the failures of the S3i initiative and UNOPS management oversight, reiterated the crisis of faith in UNOPS and in the United Nations system. The group called on UNOPS and its management to implement the recommendations of the third-party reviews with a long-term perspective to re-establish UNOPS credibility and ensure it functioned properly in accordance with United Nations standards. The response plan proposed by the Acting Executive Director was a good starting point.

15. Delegations from the Nordic countries commended the Acting Executive Director's leadership and welcomed his proposed response plan. In light of the third-party reviews, the group stressed the need to: (a) retrieve S3i-related funds to show the United Nations system resolve to safeguard public funding, with wrongdoing fully investigated and those involved held accountable; (b) ensure the proposed response plan was ambitious and included a timeline and organizational responsibility, with clear ownership of actions, to be followed by a third-party review once completed; (c) refocus on UNOPS core mandate, conduct an early midterm review of the Strategic Plan, 2022-2025, suspension of all investment activities, and ending further accumulation of reserves; and (d) ensure IAIG and the Ethics Office had adequate human and financial resources, capacity and access to information to work independently.

16. A cross-regional group of delegations pointed to four essential steps needed to reform, refocus and rebuild UNOPS: (a) full accountability, including individual accountability, grounded in zero tolerance for inaction toward fraud and all behaviour contravening United Nations values, good governance and stewardship of public finances; (b) a return to UNOPS original mandate, using governance reforms to focus on its niche expertise and value added in the United Nations system, including through greater integration within the system; (c) culture change at all levels and measures to protect all UNOPS personnel, including contractors and consultants, especially when whistleblowing potential wrongdoing; and (d) continued honest, regular and transparent interaction with the Board to restore trust in UNOPS and make it again fit for purpose.

17. Underscoring UNOPS important development contributions, delegations in their individual capacities added the following points. They called on the Board to play a more active role in nominating the UNOPS Executive Director, working closely with the Secretary-General, and called for improvements to the Board's working methods in light of UNOPS oversight and governance crisis. There was a request for United Nations leadership to release the United Nations Office of Internal Oversight Services investigative report on UNOPS, as assurance of the United Nations system resolve to pursue accountability. Clarity was sought on UNOPS impact at the regional and country levels, and how the placement of the UNOPS regional office for Africa in Copenhagen affected its operational effectiveness. There was also a request for UNOPS to conduct a forensic audit to explore the factors that led to its internal malfunctioning.

18. In response, the Acting Executive Director assured the Board that in implementing the response plan UNOPS was taking an inclusive approach and all necessary steps to ensure such mismanagement never recurred. That included full accountability. In that regard, he clarified that only the United Nations Secretary-General could make referrals to national authorities on potential criminal behaviour. Furthermore, the independence of UNOPS oversight bodies was now on solid footing, supported and enabled by the Acting Executive Director and through adequate resources. As part of this process, UNOPS would refocus on its original mandate, building on its niche expertise areas and added value within the United Nations system. Related actions UNOPS had taken to date to curb risk included re-establishing the regional directors within management and ending the lending of reserve funds. The response plan would also clearly lay out the roles and responsibilities for its implementation. These actions would dovetail with the implementation of a revised strategic plan subsequent to the midterm review, with clear prioritization areas, ownership, roles, responsibilities, and pointers for a reviewed business model. The revised strategic plan would include a proposed investment plan that built on existing revenue, in line with UNOPS commitment to zero net revenue, and strategic investments in new areas endorsed by the Board.

19. The UNOPS Acting Legal Counsel said the task of recovering S3i-related funds had been handed over to the United Nations Office of Legal Affairs (OLA). UNOPS was working closely with OLA, providing documentation as needed to carry out that task, for which OLA had sought outside counsel to obtain the required expertise.

20. The Director, Internal Audit and Investigations Group, confirmed that IAIG had taken several actions to ensure it was fully independent. Out of 11 recommendations based on an IAIG self-assessment, all had been approved and 10 fully implemented. In addition, the IAIG budget was approved through the UNOPS budget process, without any review by UNOPS personnel; and as IAIG Director, he had the first ever independent meetings with the United Nations Audit and Advisory Committee and the Bureau of the Executive Board, without the UNOPS Acting Executive Director. All internal audit reports were shared weekly with all personnel through UNOPS weekly communication. Furthermore, the IAIG Director had developed a relevant dashboard to share key statistics related to investigation cases with all personnel. In the event of a threat to IAIG independence, the Director said he would inform the Board promptly. On the possibility of conducting a forensic audit, IAIG would only be able to decide once it had discussed with KPMG partners and assessed the various scenarios of wrongdoing laid out in the KPMG reviews, following which it would take action accordingly. In 2023, to gauge UNOPS regional effectiveness, IAIG would audit the top four processes in all regions, as well as policy owners and oversight bodies at UNOPS headquarters.

21. The Director, UNOPS Ethics Office addressed three concerns raised by the Board. First, on cultural change, the Director clarified that one of the purposes of the policy of protection against retaliation was to reduce fear of raising concerns about potential wrongdoing and ensure staff were protected from retaliation. In this respect, the office was actively engaged with the Ethics Panel of the United Nations and the Ethics Network of Multilateral Organizations to align UNOPS with United Nations ethics standards and international best practices. Cultural change, however, required a long-term effort in collaboration with management and human resources to set the tone and ensure an ethical and constructive workplace culture permeated all levels. Second, on the whistleblowing process, the Director welcomed the respective KPMG recommendations and stated that the office would cooperate with the Executive Director to address the process at UNOPS as well as engage with the Ethics Panel of the United Nations to address issues within the wider United Nations system. Third, on independence, the Director stated that the Acting Executive Director had not intervened in any areas under the Ethics Office's mandate. Furthermore, the Director had direct access to the United Nations Audit and Advisory Committee, including regular in-camera meetings, and the Bureau of the Board. He nevertheless called for the formal institutionalization of ethics offices' independence and direct access to the Board.

22. The UNOPS Regional Director, Middle East Region, said the S3i crisis had affected staff morale and ongoing UNOPS projects on the ground, though staff continued to show strong commitment to their work, beneficiaries and UNOPS mandate. The regional office was working closely with Member States to find solutions to projects disrupted owing to the S3i crisis and ensure continuity.

23. The Executive Board adopted decision 2022/24 on the third-party reviews of the effectiveness of the UNOPS oversight mechanisms for the sustainable investment in infrastructure and innovation (S3i) initiative and UNOPS internal control systems, risk management and overall governance structures.