

Annex I

A. Driving and reporting on sustainable implementation approaches

1. The UNOPS strategic plan, 2022-2025 articulates the UNOPS sustainable implementation approaches, which aim to frame safeguards and drive tangible results for people through implementation projects. The embedding of sustainable implementation approaches is based on context and the nature of the activities performed, and the UNOPS implementation standards management framework which provides tools and guidance on recognized practices.

2. In the budget estimates 2020-2021, UNOPS presented an initial framework for monitoring and reporting on these approaches across the three mutually reinforcing dimensions of economic, social, and environmental sustainability. The framework was finalized, and 2019 results reported, in the midterm review of the strategic plan, 2018-2021, drawing on key indicators from the UNOPS sustainability report, which is based on the standards of the Global Reporting Initiative. For the 2022-2023 biennium, the framework has been updated based on the experiences and lessons learned from the first reporting cycle.

3. The framework provides a structured approach to monitor, assess and demonstrate the effect of the sustainable implementation approaches, particularly in implementation projects where UNOPS acts as a principal. The aim is to further enhance accountability and transparency of UNOPS performance and results in furtherance of its strategic goals through sustainable implementation. The approaches include measures for local and national capacity development, and comprise three mutually reinforcing dimensions of sustainability: (a) equitable economic growth; (b) social justice and inclusion; (c) environmental respect.

4. UNOPS already aligns its annual report to the Global Reporting Initiative ('GRI') – the sustainability reporting organization developed in collaboration with the United Nations Environment Programme and the United Nations Global Compact. To ensure consistent reporting on UNOPS sustainable practices, GRI standards and disclosures are mainstreamed into the sustainability framework (see below table), which is organized around economic, social and environmental (S2E) topics in line with the strategic plan, 2022-2025 and the GRI approach.

Framework for monitoring and reporting on sustainable implementation approaches

Dimension	Approach	Measure	2020 baseline	2022-23 ambition ¹
a) Equitable economic growth	<i>(i) Ensuring optimum value for money by pursuing effective management practices and investment strategies, upholding the principles of transparency and accountability, and considering appropriate exit strategies²</i>	Share of infrastructure projects generating labour days	91%	90%
		Number of labour days created for local workers	3.4 million	5.0 million
	<i>(ii) Contributing to improved livelihoods through equitable employment opportunities for local workforce²</i>	Number of labour days created for local women workers	0.8 million	1.0 million
		Number of labour days created for young local workers	1.2 million	1.0 million

¹ 2022-2023 ambition refers to the ambition per year.

² Global Reporting Initiative 203-2: Significant indirect economic impacts; ³ GRI 204: Procurement practices; ⁴ GRI 204-1: Proportion of spending on local suppliers;

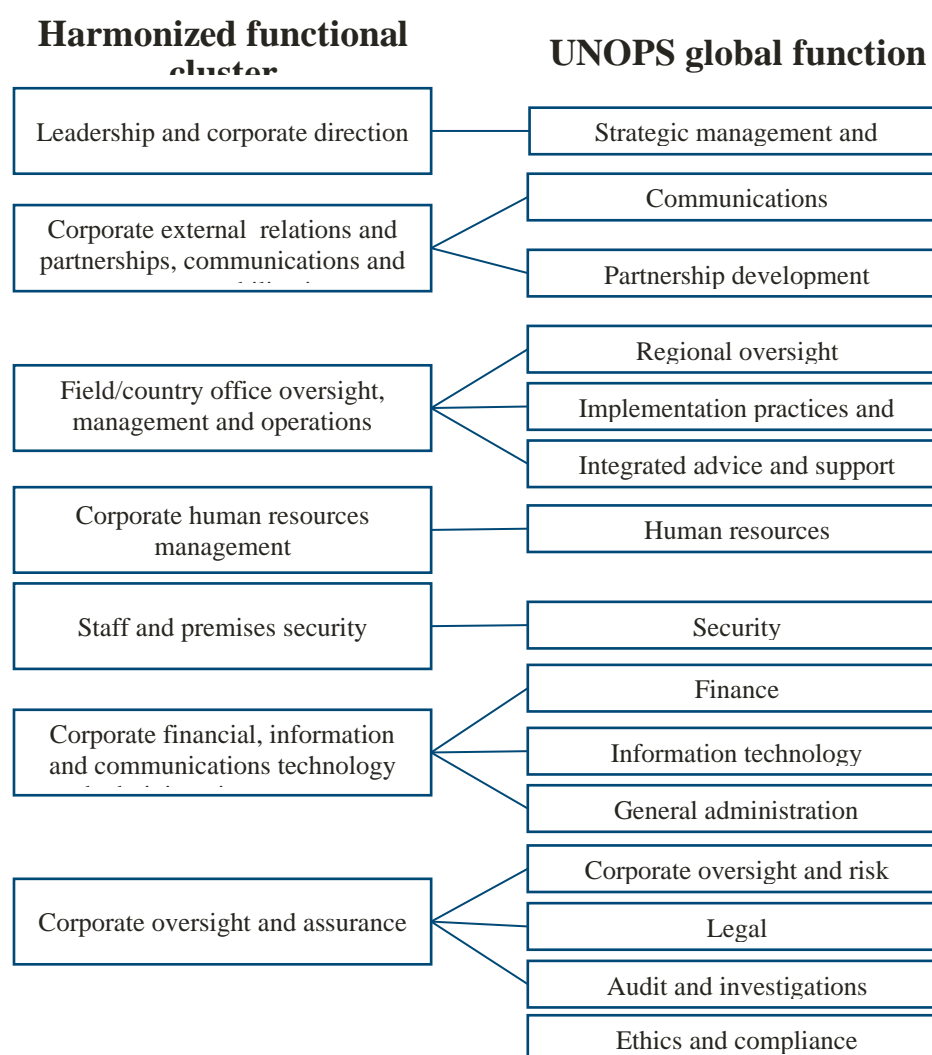
⁵ GRI 413-1: Operations with local community engagement, impact assessments, and development programmes; ⁶ GRI NGO4: Measures to integrate gender and diversity into programme design and implementation; ⁷ GRI 304-2: Significant impacts of activities, products, and services on biodiversity; ⁸ GRI 304-3: Habitats protected or restored; ⁹ GRI 302-1: Energy consumption within the organization; ¹⁰ GRI 308-1: New suppliers that were screened using environmental criteria; ¹¹ GRI 308-2: Environmental impacts in the supply chain.

	<i>(iii) Supporting local communities through expanded market access and use of local suppliers wherever possible, including opportunities for women- and youth-owned businesses³</i>	Share of procurement with local suppliers ⁴	46%	55%
		Share of procurement with suppliers from developing countries, countries with economies in transition and least developed countries	57%	60%
		Micro, small and medium-sized enterprises and women-owned businesses whose capacity has been developed	1,300	1,500
		Women-owned businesses participating in tender processes	1,215	1,500
		Value of tenders awarded to women- owned businesses	\$8.5 million	\$10.0 million
b) Social justice and inclusion	<i>(i) Exercising due diligence, respect for human rights and rights-based approaches, including for people with disabilities and other special-interest groups, and for advancing gender equality and empowerment of women and girls throughout implementation projects²</i>	Share of infrastructure projects with capacity building activities as part of project delivery	80%	80%
		... including women	74%	80%
		... including people with disabilities	10%	12%
	<i>(ii) Engaging local communities and beneficiaries and ensuring equitable access to project benefits, with a particular emphasis on protecting the most vulnerable⁵</i>	Share of infrastructure projects with local community engagement activities as part of project delivery	63%	65%
		... including women	62%	65%
		... including people with disabilities	10%	12%
	<i>(iii) Facilitating access to food, water, sanitation, energy, health, education, justice and security-related service⁶</i>	Share of infrastructure projects enabling access and use of facilities and/or services	62%	60%
		... including for women	57%	60%
		... including for people with disabilities	26%	30%
c) Environmental respect	<i>(i) Mitigating adverse impacts on the environment and improving biodiversity and ecological resilience</i>	Share of infrastructure projects with significant adverse impact on biodiversity ⁷	10%	0%
		Share of infrastructure projects directly protecting and/or restoring habitat areas ⁸	8%	10%
	<i>(ii) Using renewable resources, taking into account the interactions between human development and environmental sustainability</i>	Share of UNOPS energy consumption from renewable energy sources ⁹	7%	8%
		<i>(iii) Encouraging environmentally responsible supply chains for project implementation</i>	Share of new suppliers for major contracts screened using environmental criteria ¹⁰	67%
	Share of suppliers completing corrective action and preventive action plans ¹¹		33%	50%

B. UNOPS global functions

5. UNOPS has developed its budget for the biennium 2020-2021 in alignment with the harmonized approach adopted by UNDP, UNFPA and UNICEF based on decisions 2010/32, 2011/10, 2012/27 and 2013/9, in which the Executive Board approved harmonized approaches for cost classification, results-based budgeting and budget presentation. The harmonized approach includes presentation of the budget in line with seven harmonized functional clusters. In continuation of the budget estimates for the biennium 2012-2013 to 2018-2019, UNOPS deploys a more granular functional framework internally and describes 14 global functions traceable to the seven harmonized functional clusters:

Figure 1: UNOPS global functions mapped to harmonized functional clusters



Strategic management and leadership

6. The global function ‘Strategic management and leadership’ includes responsibility to:
- Develop, champion and act as a role model for the UNOPS mission, vision, values and ethics;

- (b) Set strategy based on understanding the needs and expectations of stakeholders and the external environment, and on an understanding of internal performance capabilities;
- (c) Provide strategic direction and authoritative advice on corporate priorities and ensure appropriate structural arrangements within and between entities in the global structure;
- (d) Identify thought leadership and strategic positioning approaches and opportunities.
- (e) Oversee organizational and/or project portfolio performance, and execute appropriate controls;
- (f) Advise on development, review and updating of relevant policies;
- (g) Advise on implementation, communication and monitoring of relevant policies;
- (h) Engage with external stakeholders, including United Nations coordination.

Communications

7. The global function ‘Communications’ includes responsibility to:
- (a) Develop communications strategies, policies, plans and channels based on communications needs and expectations;
 - (b) Maintain and strengthen the UNOPS corporate identity through unifying internal and external communications, enabling accountability and transparency;
 - (c) Communicate clear direction and strategic focus, ensuring that the people of UNOPS understand and can demonstrate their contribution to its success;
 - (d) Facilitate and encourage the sharing of information, knowledge and best practices, achieving dialogue throughout the organization.

Partnership development

8. The global function ‘Partnership development’ includes responsibility to:
- (a) Establish and deepen strategic partnerships in support of the development of new engagements, and facilitate coordinated, systematic approaches to business partner and client relations management, for mutual, sustainable benefit;
 - (b) Ensure greater collaboration and coordination with key partners, including through the establishment of liaison offices to engage on current projects and future priorities, and for knowledge-sharing;
 - (c) Ensure that UNOPS products and services are promoted and marketed effectively, and that partner relationships are managed and strengthened;
 - (d) Manage UNOPS knowledge partners for sustainable benefits for the organization and its partners;

Regional oversight

9. The function ‘Regional oversight’ includes responsibility to:
- (a) Manage and oversee the portfolio delivery at both Regional and Global level;
 - (b) Ensure regional portfolios sustain high quality and efficient delivery of services;

- (c) ensure regions operate consistently and adhere to UNOPS standards, whilst leveraging local opportunities;

Implementation practices and standards

10. The global function ‘Implementation practices and standards’ encompasses project management, infrastructure and procurement and includes responsibility to:

- (a) Enable timely delivery of successful projects and programmes in accordance with the UNOPS project management methodology, which ensures that quality, speed and results are of the highest standards;
- (b) Advance project management practices, including through the use of tools for community engagement, integration of gender equality; and contribute to national capacity development;
- (c) Identify and develop opportunities for the provision of project management services for partners;
- (d) Support project management as the primary modality of delivery for UNOPS, externally and internally;
- (e) Enable and distribute efficient and effective provision of support and advice to users and external partners, while ensuring adequate controls;
- (f) Within the field of project management, provide and deliver best practice examples, tools, guidance and oversight of projects and project portfolios.

- (g) Enable timely delivery of successful infrastructure projects in which the quality, speed and results are of the highest standards;
- (h) Advance infrastructure practices, including through integrating resilience and climate change adoption elements, and contribute to national capacity development;
- (i) Identify and develop opportunities for the provision of infrastructure services for partners;
- (j) Ensure that the organization’s products and services are developed to create optimum value for partners and beneficiaries and are produced, delivered and managed using sustainable approaches;
- (k) Enable and distribute efficient, effective provision of support and advice to users and external partners, while ensuring adequate controls;
- (l) Within the field of infrastructure, provide and deliver best practice examples, tools, guidance and oversight of infrastructure projects.
- (m) Enable the organization to procure goods and services in a transparent, accountable and efficient manner in order to execute the UNOPS business strategy;
- (n) Advance procurement practices, including through sourcing strategies chains and considerations of product life-cycles, and contribute to national capacity development;
- (o) Identify and develop opportunities for the provision of procurement services for partners;
- (p) Ensure that UNOPS products and services are developed to create optimum value for partners and beneficiaries, and are produced, delivered and managed using sustainable approaches;
- (q) Enable and distribute efficient, effective support and advice to users and external partners, while ensuring adequate controls;
- (r) Within the field of procurement, provide and deliver best practice examples, tools, guidance and oversight of procurement and procurement projects.

- (e) Within the field of business development, provide and deliver best practice examples, tools, guidance and oversight of partner relations and engagements.

Integrated advice and support

11. The function ‘Integrated advice and support’ includes responsibility to:

- (a) Provide support to UNOPS operations globally, with impartial policy interpretation advice and provision of solutions for everyday implementation challenges. Includes thematic areas of: Administration, Finance, HR, Legal, Procurement, and Project Management and Infrastructure;
- (b) Increase consistency of delivery and business efficiency whilst strengthening adequate controls;
- (c) Serve as a body of knowledge to field operations and HQ units alike.

Human resources

12. The global function ‘Human resources’ includes responsibility to:

- (a) Enable UNOPS to recruit, develop and retain a talented workforce with the skills and competencies to execute its business strategy;
- (b) Ensure that UNOPS personnel are aligned, including through linking standardized profiles and job descriptions to organizational structures, processes and products and services;
- (c) Promote a culture that allows the mutually beneficial achievement of organizational and personnel goals, by caring, communicating, rewarding and recognizing, in a way that motivates UNOPS people, builds commitment, and enables them to use their skills and knowledge for the benefit of the organization;
- (d) Promote fairness, equality and diversity, including gender parity;
- (e) Enable and distribute efficient and effective provision of support and advice to users and external partners while ensuring adequate controls (with regards to individual contractor agreements, for example);
- (f) Within the field of human resources, provide and deliver best practice examples, tools, guidance and oversight of human resources processes.
- (g) Drive and support world-class performance and continuous improvement, and nurture a high-performance management culture, ensuring that the organization is flexible and manages change effectively; add risk
- (h) Advise on and drive cross-functional integration and coordination within the organization;

Security

13. The global function ‘Security’ includes responsibility to:

- (a) Provide UNOPS internal entities with advice, guidance and technical assistance regarding health, safety, environmental and security throughout its global responsibilities;
- (b) Consistently provide managers and personnel with the necessary information and tools concerning the day-to-day management of health, safety, environmental and security risks;
- (c) Provide instructions to support health, safety, environmental and security decision-making and to escalate decisions with regional or organization-wide impact to the Executive Director;

(d) Strengthen and make more explicit the overall safety and security framework, culture, and roles and responsibilities within the organization to allow justified, measured approaches and responses to health, safety, environmental and security management practices globally.

(e) Provide information security services, including monitoring, analyzing, and forecasting threats to information assets, advising on information risk management and on contracts related to data security; providing in-person and online capacity building and awareness training, consulting on incident management, and developing and managing policies, standards and guidelines related to information security.

(f) Optimize the use, and effectively manage the life-cycle and physical security, of buildings, equipment and materials;

Finance

14. The global function 'Finance' includes responsibility to:

(a) Steward the resources of the organization, ensuring cost recovery, financial resilience and accurate financial reporting to partners and clients;

(b) Advance development effectiveness, including through further attribution of direct cost for shared services as appropriate;

(c) Maintain appropriate controls and integrity of financial management, in accordance with relevant international standards;

(d) Enable and distribute efficient, effective support and advice to users and external partners, while ensuring adequate controls (in reporting, for example);

(e) Within the field of finance, provide and deliver best practice examples, tools, guidance and oversight of finance processes.

(f) Ensure effective and efficient planning of management budget and results

(g) Maintain appropriate review mechanism for financial and non-financial results, on quarterly and annual basis

Information technology

15. The corporate function 'Information technology' includes responsibility to:

(a) Manage the information technology strategy and its implementation, to support the delivery of UNOPS strategy;

(b) Manage information technology risks

(c) Manage the technology portfolio by optimizing use of existing technology and replacing outdated technology;

(d) Evaluate and develop the technology portfolio to improve the agility of UNOPS and its processes and projects;

(e) Involve relevant stakeholders in the development and deployment of new technologies to maximize benefits generated;

(f) Use technology to support the UNOPS culture of creativity and innovation;

- (g) Aid and advise on transforming data into information, and facilitate distribution of timely, accurate, strategic and tactical management decision support.

General administration

16. The corporate function ‘General administration’ includes responsibility to:
- (a) Facilitate the provision of premises, facilities and support services that are functional, cost-effective and sustainable;
 - (b) Execute the provision of global shared services with regards to payroll, contract administration and payment management.
 - (c) Establish safe, timely and cost-effective travel arrangements;
 - (d) Establish and implement realistic, effective and efficient business continuity and disaster recovery plans;
 - (e) Establish and implement policy for records retention and management;
 - (f) Facilitate host country liaison.

Corporate Oversight and risk management

17. The global function ‘Corporate oversight and risk management’ includes responsibility to:
- (a) Ensure that UNOPS is able to gather, aggregate and monitor risk-related information at all organisational levels and manage risks at a corporate level;
 - (b) Manage internal control framework, including the policies, procedures, standards, activities and systems designed to mitigate risks in UNOPS.
 - (c) Execute corporate performance management mechanisms, including planning, budgeting, monitoring and reporting on the use of financial and human resources, and the organization’s ability to achieve related targets.
 - (d) Ensure that UNOPS projects are regularly assessed against cost and time targets;
 - (e) Ensure that proposed procurement actions are in accordance with UNOPS financial regulations and rules, policies, and instructions;
 - (f) Review the procurement process to ensure that it is fair, competitive, and transparent, provides best value for money, and represents best practices and commonly accepted practices of United Nations procurement.
 - (g) Provide Change Management support to corporate initiatives, ensuring risks inherent to change are minimised.

Legal

18. The global function ‘Legal’ includes responsibility to:
- (a) Provide legal direction and identify legal implications of the organization's major decisions, strategies and transactions,
 - (b) Enable the UNOPS legal and contracting activities to execute its business strategy, ensuring that its legal commitments reflect the UNOPS vision, values and ethics;
 - (c) Enable and distribute efficient, effective support and advice to users and external partners, while ensuring adequate controls.

Audit and investigations

19. The corporate function ‘Audit and investigations’ includes responsibility to:
- (a) Provide independent, impartial assurance and advice designed to improve UNOPS operations;
 - (b) Lead the Executive Director’s investigations into alleged fraud, corruption, waste of resources, abuse of authority or other misconduct or violations of UNOPS regulations, rules and administrative instructions;
 - (c) Help the organization achieve its objectives through a systematic approach designed to evaluate and enhance the effectiveness of risk management, control and governance processes.

Ethics and compliance

20. The corporate function ‘Ethics & compliance’ includes responsibility to:
- (a) Develop standards, training and education on ethical issues
 - (b) Provide independent, impartial and confidential ethics advice to individuals and management
 - (c) Identify key ethical risks and develop, implement and monitor policies and procedures, for ethical risk management and prevention of unethical behaviours as well as safeguarding personnel by providing protection against retaliation.
 - (d) Manage compliance expectations, provide compliance management advice and potential compliance management mechanisms/advice to policyholders.
 - (e) Initiate and/or participate in the corporate initiatives and efforts focused on growing and embedding an organisational culture where individuals understand how to perform their functions consistently and with the highest standards of integrity, how to do the right thing and go beyond compliance with rules - abiding by the spirit not just the wording of UNOPS policies
 - (f) Coordinate the overview of non-compliance and the pan-UNOPS effort on managing non-compliance as well as recommending systemic (cross-functional) solutions for minimising non-compliance.

C. Comparison of original and final budget for the biennium 2018-2019

21. UNBOA has recommended that UNOPS obtain post facto approval of the Executive Board on original and final budget including each line item. The approval is requested for the latest biennium for which Financial Statements certified by the UNBOA are available.

22. The following table presents the comparison of original and final budget for the biennium 2018-2019, and explanation of material variance by line item. For the biennium, the variances are in general a reflection of the need to adapt the organization to the increased demand of UNOPS services by partners.

Statement of comparison of original and final budget amounts 2018-2019

(Thousands of United States Dollars)

	Management budget for Biennium 2018-2019	Management budget for Biennium 2018-2019	Variance		Explanation of Material variance of 20% or higher
	Original	Final	Absolute \$	Percentage (%)	
Total revenue for the period	179,262	175,865	3,397	2%	
Management resources					
Posts	25,487	22,861	2,626	10%	
Common staff costs	18,358	17,548	810	4%	
Travel	7,965	8,151	-186	-2%	
Consultants	61,822	62,963	-1,141	-2%	
Operating expenses	14,976	14,183	793	5%	
Furniture and equipment	1,682	837	845	50%	Less furniture and equipment required than planned
Reimbursements	2,422	1,848	574	24%	Budget revised to reflect reduced demand for UNDP services
Total use of management resources	132,712	128,391	4,321	3%	
Write-offs, provisions and contingency surplus	26,550	0	26,550	100%	UNOPS does not budget internally for write-offs, provisions or contingency surplus. The actual amount is within the original budget estimate.
Strategic investment from surplus	20,000	13,900	6,100	31%	Less than anticipated internal investment opportunities identified
Total use of resources	179,262	142,291	36,971	21%	

23. UNOPS will continue to keep both the Executive Board and the UNBOA informed regarding the original and final budgets and related material changes through the annual Financial Statements. Related annexes were introduced from 2017 UNOPS Financial Statements.

D. Terminology

Activity-based costing: Cost accounting method that identifies activities in an organization and assigns organizational cost based on the resource consumption of the different activities.

Advisory services: Contributing to increased national capacity and ownership through advice to partners on best management practices, standards, systems and processes, and related training, in UNOPS-mandated focus areas.

Global function: An area of specialized expertise within UNOPS. The totality of personnel associated with a global function is referred to as a practice, which transcends entities in the global structure of the organization. All the practices are institutionally anchored at UNOPS headquarters.

Cost driver: In activity-based costing, activities that affect costs are defined as ‘cost drivers’. UNOPS uses cost drivers as a fair proxy to link costs charged to resource consumption.

Cost increase/decrease: Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from inflation and changes in exchange rates.

Delivery platform: The ability to serve partners through the integration of existing processes, information and communications technology systems, and locations. The delivery platform, as backbone to UNOPS activities, seeks to achieve scale, cost savings, and the global reach of UNOPS activities without replicating operational setups in each location where UNOPS is active.

Delivery or delivery volume: Project expenditure, excluding fees.

Direct cost: Costs incurred for the benefit of a particular project or client(s). Such costs are readily identifiable as having direct benefit for a particular project or client(s), and can be clearly documented. Direct costs are not covered by the management fee.

Enterprise resource planning: A management information system that integrates and automates business practices associated with the operations of an organization; or multi-module application software that helps an organization to support such systems; or a combination of the above.

Growth and innovation reserve: Growth and innovation reserve is established by the UNOPS Executive Director on her authority under UNOPS financial regulations and rules. The purpose of this reserve is to invest in the future revenue generating ability of UNOPS.

Harmonized functional cluster: Part of the harmonized approach adopted by UNDP, UNFPA and UNICEF in which UNOPS submits its budget estimates. UNOPS global functions can be mapped to the seven harmonized functional clusters.

Indirect cost: Costs incurred by the management and administration of the organization in furtherance of UNOPS activities and policies. Such costs are charged to projects through a management fee specified in the project agreement.

Individual contractor agreement (known as an ‘ICA’): A UNOPS legal instrument governed solely by its expressed terms and conditions, including the terms of reference and general conditions for such agreements as determined by UNOPS policy. The individual contractor agreement is used to retain the services of a person engaged in his/her individual capacity to perform a specific task or deliver a defined piece of work within specific project-based deliverables of time-limited nature.

Key Performance indicator (KPI): A quantitative expression of level of ambition, providing a gauge for the extent to which a goal is achieved. A performance indicator is typically expressed with a baseline (performance at the beginning of a given period) and a target (level of ambition for performance at the end of that period). The indications of results achieved at a given point in time are typically referred to as ‘actuals’. Results derived from performance against an

indicator may express the extent to which a quantitative goal is achieved, or be used to substantiate a qualitative expression of goal achievement.

Liabilities: All present commitments of UNOPS arising from past events, the settlement of which is expected to result in an outflow from UNOPS of resources embodying economic benefits or service potential.

Management budget/resources: UNOPS budget estimates in support of the management results framework, that is, budget estimates excluding net revenue target and earmarking for potential provisions.

Management results: The UNOPS management results framework is based on its four management goals: partner value; people excellence; process excellence; and financial stewardship. The four management goals provide direction to how UNOPS ensures the viability of its self-financing business model, and reflect the four perspectives (partners; people; process; and finance) of the UNOPS balanced scorecard, a core management tool used to drive performance and maturity at all levels of the organization by means of performance indicators and associated targets.

Net assets: Net assets/equity is the standard term used in IPSAS to refer to the residual financial position (assets less liabilities) at period-end, comprising contributed capital, accumulated surpluses and deficits, and reserves. Net assets/equity may be positive or negative. In the absence of any capital contributions, UNOPS net assets comprise the accumulated surplus, the actuarial gains or losses in respect of post-employment benefits, fair value movements in respect of investments, as well as UNOPS' minimum operational reserve, S3I reserve and the growth and innovation reserve

Net revenue: The difference between gross revenue and expenses.

Net surplus/deficit: Comprises the following components: (a) surplus or deficit from ordinary activities; and (b) extraordinary items.

Operational reserves: The reserve established at the level set by the Executive Board with the aim of guaranteeing the financial viability and integrity of UNOPS as a going concern.

S3I reserve: S3I reserve has been established for funding and recording the valuation of investments under Sustainable Investments in Infrastructure and Innovation initiative, reviewed annually by the Executive Director. The Executive Director may increase the level of funding through the excess operational reserves not allocated to growth and innovation reserve.

Self-financing: Generating its capital from its own revenue, instead of acquiring it from external sources.

Volume increase/decrease: Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period.

Write-offs or writing off: The cancellation of a bad debt or worthless asset from a UNOPS account or project account; the act of cancelling such a debt or asset.
