

**Joint Meeting of the Executive Boards of UNDP/UNFPA/UNOPS,
and UNICEF, UNWomen and WFP**

New York, 4 June 2018

‘Check against delivery’

Annual results

Thank you, Mr. President, it is a great pleasure to be here in New York with you all.

I am delighted to report on our performance last year.

I can be brief – 2018 was our most successful year on record.

We increased our top line delivery from \$1.8 billion in 2017 to around \$1.9 billion in 2018, which should be measured against our astonishing increase of about 25 per cent from 2016 to 2017.

Last year UNOPS-supported projects created over five million days of paid work for local people, a doubling from the year before.

Despite UNOPS growth, our greenhouse gas emissions have fallen.

Our average fee continues on a downward trend, now from 4.9 per cent to 4.7 per cent. We reduce management costs. Last year management expenses fell by close to \$10 million.

Many - probably most of you - have heard me say the following many times. And maybe you tire of hearing it: None of our revenue comes from core funding. UNOPS does not receive, nor do we ask for core funding. We cover our expenses from fees on the services that we render.

We continue to see increased demand for our services directly from governments. They are now our largest partner group, and constitute more than a third (\$685 million) of UNOPS portfolio.

I really want to underline this because it counters a widespread belief that UNOPS almost exclusively serves other UN entities and intergovernmental organizations.

Let me now say a few words on where we are most active:

The majority of our delivery last year took place in some of the world's most fragile and conflict-affected states: Yemen, Afghanistan, Iraq, Somalia and Mali.

In Yemen, needs continue to be critical across all sectors, including for essential services, such as clean water, electricity, waste management and transport. With funding from the World Bank, we improve access to such services for over 65,000 Yemenis, generating more than 230,000 local, paid work days in the process.

In Bangladesh, funded by the UK government, we supported 22 organizations through our work as fund manager, in the coordinated response to help Rohingya refugees in Cox's Bazar, one of the densest concentrations of refugees in the world.

In Ghana, with funding from the Korea International Cooperation Agency (KOICA), we built and equipped a new midwifery training college to improve the safety, effectiveness and efficiency of maternal and child care.

Our work has tremendous social impact to local livelihoods.

Gender

We are very active and in good shape. But we also have internal issues to attend to. Urgently. How we deal with gender at UNOPS is the most pressing.

As the Secretary-General has pointed out, achieving gender equality and empowering women and girls is the “greatest human rights challenge in our world.”

Last year, UNOPS announced two major initiatives on gender:

Parity in the workforce. In January 2018 we set ambitious targets to achieve gender parity throughout our workforce (not only for staff) by 2020 – meaning by the end of this year. I must report to the Board that we will not succeed in achieving full parity in our workforce by the end of this year. Our commitments were not strong enough to drive sufficient change quickly enough. One year into the strategy, women represented 39 per cent of UNOPS personnel. That was up only a meager one per cent in the course of the year.

We must do better. I can assure the Board that I am more adamant than ever to address this issue.

Early April I challenged my senior directors on new measures and their personal commitment to accelerate our efforts. As of today, women represent 40 per cent of UNOPS personnel. By the end of this year we will aim for 43 per cent. All UNOPS senior directors have committed to gender parity. And jointly we decided that until we reach gender parity, we aim to hire 60 per cent women.

We have also committed to hold our people managers accountable: Any instances where suitably qualified women are not recommended to be hired, will undergo further review. Commitments to gender parity are now also in the annual performance objectives of senior personnel.

Gender balancing in our projects. Moreover, last August we also introduced a plan of action to enhance gender equality through UNOPS projects.

I have mentioned that last year UNOPS-supported projects created over five million days of paid work for local people. Women undertook nearly half of this work. And these jobs go beyond traditional women's work.

In Sierra Leone, when hiring teams to rebuild a mountainside after the devastating mudslide, our recruitment was based on the principle of equality. Teams of men and women worked side by side in equal numbers, to clean up the environment surrounding the disaster area.

In Afghanistan, through providing local jobs for women in infrastructure we are challenging stereotypes, providing training and expertise, and facilitating change.

We have also looked at how our processes impact gender. Through design controls, we can ensure that every piece of infrastructure we deliver is gender sensitive. We have invested in new technology to enhance our ability to be more consistent, and to use our analytics to hold ourselves accountable.

We still have room for improvement, but we see no reason to compromise. UNOPS must have the same high standards across all of our projects, not just some.

Innovation

To implement the SDGs, the world needs investments in the order of \$7 trillion globally, annually. A mere \$153 billion annually is official development assistance (ODA). And ODA remained stable from 2017 to 2018. It did not grow.

Today, 80 per cent of global value creation comes from the private sector. Around 80 per cent of the 7 trillion will have to come from private sources.

In many fast growing countries, not least in Africa, 80–90 per cent of employment is found in the private sector.

The bottom line is this: Sustainable development depends on the private sector offering job opportunities.

So we – the UN – must find ways to use ODA catalytically, facilitate new partnerships, to unleash larger sources of financing - public and private.

We believe that our Social Impact Investing Initiative does exactly that.

Through structuring bankable projects in line with UN values and principles, and by putting some of our own reserves into the investable deals, UNOPS now has demonstrated its ability to open the valves for capital to flow into developing countries, at scale, to accelerate the achievement of the SDGs.

I already reported to the Board, we stepped in to co-invest in the renewable energy sector of Mexico, to revitalize a 22-megawatt wind farm to deliver low-cost, sustainable energy to around 50,000 people in underserved communities of the state of Nuevo León.

I am pointing to this project again, not only to highlight the importance of clean energy, but because of the financing model, where we helped the project come alive by taking a share of the financial risk from our own resources.

Since then, we have developed a strong pipeline of projects promoting renewables to address energy shortfalls. We expect financial close for some of these projects before the end of 2019.

Moreover, on the fringes of last year's General Assembly, we signed agreements with the Presidents of Ghana and Kenya to build 100,000 homes in each of these countries.

On 1 June, in his National Day speech, President Kenyatta of Kenya said this:

You heard the President praise our UNOPS affordable housing project in Kenya of 100,000 homes as “the single largest housing initiative in the history of our nation” – a milestone that

could benefit millions of Kenyans – and that he was looking forward to handing over 500,000 house-keys to Kenyans over the coming years.

Since last year, we have signed a second agreement with the government of Ghana, this time to build an additional 100,000 homes for students and teachers.

The Kenya and Ghana projects alone have a market value of around \$5 billion and \$10 billion respectively.

And we have signed deals to build 50,000 affordable homes in the Indian state of Goa, and committed to building 10,000 housing units across four island countries in the Caribbean.

These projects imply that we also build factories in some of the countries, which will generate thousands of local jobs and spearhead sustainability. The projects will use local supply chains, support local contractors, and transfer cutting-edge technologies.

It is our intention to expand our footprint into other developing countries and continue to build on this unique business model, where governments and investors can jointly generate positive long-term social and environmental impact alongside viable financial returns.

To date, UNOPS has committed \$59 million from our own reserves to projects of this nature, of which \$39 million has been deployed. We will keep updating you on the progress we make on this corporate strategic priority.

Quality infrastructure

We also pioneer new thinking in infrastructure.

Through our work with the government of Japan and the European Union, we contribute to shaping the G20 position on quality infrastructure.

Last year our research with the University of Oxford found further evidence that 92 per cent of the SDG targets can only be achieved with high-quality infrastructure. This research will inform how we can be better at helping our partners deliver sustainable impact.

We must build well. Build to last. And that means that we must help develop and apply quality standards in our projects.

Public procurement

Last year, our procurement delivery exceeded \$920 million. Close to half of the contracts (around \$420 million) went to local suppliers.

We continue to support governments improve their public procurement.

In Guatemala, UNOPS helped generate more than \$155 million savings for the government, through improving transparency in public procurement of medical supplies. The money saved was re-invested to the benefit of the citizens.

In Argentina, UNOPS supported the government to procure large volumes of ICT equipment for use by teachers and students. Here, UNOPS expertise helped reduce overall costs by up to 22 per cent.

In Ukraine, we partnered with the government to ensure that all new mothers receive the essential items necessary for a baby's first year of life. UNICEF, in support of the Ministry of Health, decided what items were needed. UNOPS role was to procure these items in the most efficient way possible, and then ensure they reached new mothers quickly. So far, over a quarter million new mothers have benefited, and we were able to generate savings for the government of at least 32 per cent.

Mexico is moving up as one of our most important partners. We offer our support to the national efforts to improve public management. The government has decided to work with us in a strategic partnership. In procurement they see we deliver value for their money and see us as a guarantor against corruption.

Partner survey

Every two years we conduct a survey to measure partner satisfaction.

This year we used a new model. Initial findings show that 76 per cent of our partners are very satisfied, and would recommend us to others. Our partners describe us as effective, efficient and professional.

You may still recall these figures represent a fall from the 91 per cent satisfaction levels reported two years ago. The results of 2016 gave us cause to question. Could such levels be realistic?

So we decided to change the model and let the survey of partner satisfaction be performed by an independent, globally recognized, vendor. We are still analyzing the results.

Reform

UN is undergoing reform. We have and will continue to support these efforts.

In this vein I can inform you that, following the recommendation of the Executive Board (EB) in 2015, the Secretary-General has decided to abolish our Policy and Advisory Committee (PAC). This removes any potential conflict with the EB and your responsibilities to guide our work. This is long overdue as the PAC has not met in seven years.

The Secretary-General, as is evident from your (draft) decision, also decided to set up a client board to provide feedback from partners. This does not conflict with the Executive Board's function and powers, which will remain as they are. I will revert to this matter with updates when we are in a position to report further progress.

Above all, we believe our innovative financing is a very important contribution to reform, making the UN more fit for purpose.

Conclusion

In closing, I firmly believe that our annual report demonstrates UNOPS great potential. We remain committed to doing our utmost to achieve the SDGs.

We are always keen to go further, to do more. And with the continued support and direction of the Board, we are confident UNOPS can continue to grow and prosper.

Thank you.