Statement by Grete Faremo
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Introduction

Madam President, honourable representatives,

It is a pleasure to speak to you, and this is indeed a timely session to share a new UNOPS strategic plan.

Recent months serve to demonstrate the scale of the concerns our world faces. From a pandemic that continues to claim lives and livelihoods across so much of the world; to wildfires and floods which further remind us of the severity of the climate emergency; and humanitarian crises and conflicts affecting the lives of millions, and deepening inequalities.

Now more than ever, the world needs new approaches and renewed ambition, in order to respond to the demands of our time. Our world needs action now.

Our new strategic plan sets out our ambitions on how to build a better future, supporting our partners to achieve the Sustainable Development Goals through our mandate and expertise.

Our work at UNOPS is based on partnerships - this is how we add value. Our current strategic plan has been a success as it has paved the way for a significant increase in demand for our services.

We intend to build on this success and continue our journey to improve, to refine and to enhance the quality of our services, with greater levels of quality, increased efficiency, and ever more effective solutions.

COVID-19

Before I share highlights of our upcoming plan, I will provide a UNOPS update on the pandemic.

Like many of you we have mourned. We have now lost eight colleagues. Once more my heartfelt sympathy goes out to everyone who has been affected by the impact of the pandemic, especially to those who have lost loved ones during this devastating time.

I am so proud of the dedication of all of our colleagues, who continue to work in extreme and unpredictable situations to assist nations and the communities that we serve.

Our work continues. We deliver vital health infrastructure and strengthen health systems; We procure medical supplies and equipment; and we support vaccination roll-out programmes.
And while vaccines have given hope of an end to the pandemic, they have served to open a new frontier of growing inequalities.

Especially in the most challenging locations, we must redouble our efforts. Left unchecked, COVID-19 and its disastrous consequences will be with us for a long time.

**UNOPS Strategic Plan 2022-2025**

Distinguished members,

Allow me now to share further details on our strategic plan 2022-2025.

This plan is firmly rooted in our mandate, the current global context and the 2030 Agenda.

Grounded in lessons learned from COVID-19 and the climate emergency, it focuses on how we can better support national priorities and further strengthen national capacities to achieve the SDGs, including through bridging the financing gap and reducing inequalities.

International agreements shaping the 2030 Agenda for Sustainable Development set a path for us all to deliver better for the people, the planet and prosperity. And UNOPS’ new strategic plan is designed to enhance the capacity we have to support our partners at the country level to significantly increase their contributions to this ambitious agenda.

By being more attuned to the needs of our partners and the communities we serve, we are better-placed to tackle the inequalities that have worsened with the pandemic, and support those most vulnerable to climate change.

By improving our offering to our partners -- including the UN family -- we can better contribute to system-wide initiatives such as the UN reform.

Distinguished members,

Three core areas guide the focus of our new strategy.

They are;
- (1) quality infrastructure,
- (2) improved public procurement and
- (3) our Sustainable Investments in Infrastructure and Innovation (S3i) initiative.

Allow me to expand on these.

**Quality Infrastructure**

Infrastructure offers vast possibilities.
To help countries back on track to meet the SDGs, to mitigate and adapt to climate change, and to accelerate recovery from the pandemic.

Now more than ever, we need infrastructure that is sustainable, resilient and inclusive. You have heard me quote our research with the University of Oxford: that infrastructure can influence 92 per cent of all targets across the SDGs. Let me repeat that figure, 92 per cent.

The significance of this finding is immense.

And in our soon to be published research with the University of Oxford and UNEP, we have explored the influence of infrastructure on the defining issue of our times: the climate emergency.

I look forward to sharing further details with you all, but in short, the findings are stark.

Infrastructure is central to addressing climate change, and fundamental to mitigation and adaptation efforts. And without radical change to how infrastructure is planned, delivered and managed, we will not achieve the objectives of the Paris Agreement and the Sustainable Development Goals.

At UNOPS, together with our partners, we work to support countries in strengthening national infrastructure planning, financing and delivery, to respond to the needs of an uncertain future impacted by a changing climate.

Through partnering with UNEP and the University of Oxford, we bring to governments a combined capacity of expertise in policy, advocacy, research, analysis and practical operational solutions to help address climate challenges.

From Ghana to Saint Lucia, we are helping to develop and act on a vision for national infrastructure that responds both to national needs and international climate commitments.

As the UN organization explicitly mandated in infrastructure, we stand committed to supporting climate action and tackling the climate emergency. Later this year, during COP26, UNOPS will renew the call for resilient infrastructure that works for our climate.

Public Procurement

Similarly, our work continues to help our partners tap into the huge unrealised potential of public procurement to attain the SDGs, combat climate change, tackle corruption and reduce inequality.

Accounting for 15-30 per cent of GDP in most countries, public procurement is immensely important to the 2030 Agenda.

When done effectively, efficiently and transparently, it can ensure public money can better advance national development and support the SDGs, and can generate significant savings that
can be redeployed in support of the goals, so that more impact can be achieved with the same funds.

Improved public spending offers unique opportunities for countries to recover from the socio-economic impact of the pandemic, accelerate the shift to low-carbon economies, and progress towards the Sustainable Development Goals.

Yet corruption poses a serious threat to all of this positive potential. This risk is real and huge: According to the World Bank, every year $1 trillion is paid in bribes.

Our work on improving public procurement has a key focus on tackling corruption and enhancing transparency. From Guatemala and Honduras, to Argentina and Mexico, we work to support national and local institutions to tackle corruption, build better public services, and accelerate progress towards the SDGs, all of this while saving hundreds of millions of dollars, which in turn can be reinvested into national priorities. Our support in strengthening national procurement capacities and fighting corruption has led to improved public health care for millions of people.

**S3i**

Now I come to our third focus area.

As the SG has pointed out, implementation of the Agenda 2030 is dependent on innovative partnerships with the private sector. Significant increases in private investments are needed to bring most of the initiatives to scale. This is especially true for infrastructure.

Our ambitious S3i initiative is specifically designed to tackle this challenge. Through facilitating public and private finance to large scale infrastructure projects, and making our own seed investments where necessary, S3i helps address critical national needs in affordable housing, renewable energy and health.

Distinguished members,

On many occasions, I have shared updates on our affordable housing initiatives, currently in seven countries on three continents.

With participating governments we have identified private partners with construction technology that is resilient to natural disasters, energy-efficient and can be built faster than conventional buildings.

We have partnered with governments to structure projects that allow citizens to buy their first homes, through the provision of long-term mortgages or rent-to-own schemes.

Our model calls for the construction of local factories, and the training and employment of local workers resulting in a tangible contribution to local economic growth.
We recognize that we pursue success in a domain where so many before us failed. These initiatives remain bold, complex and entail considerable risks, compounded by the pandemic.

Our approach has to be tailor-made to the specific needs of each country where we operate, following the guidance and endorsement of respective governments.

While we will be initially focussing on smaller housing developments to prove that the highly innovative concept works in practice, we cannot lose sight of the need to eventually scale up so that significant populations can benefit.

Since we last spoke on S3i, we have reached two significant renewable energy milestones, introducing new partnerships to this exciting and ambitious initiative.

It gives me great pride to tell you that through a landmark investment deal to build a 250MW solar farm, with partners including the Danish Investment Fund for Developing Countries, we will help to bring clean energy to around half a million people in Rajasthan, Western India.

Similarly, in the coming days we intend to sign an investment agreement with the Finnish Fund for Industrial Cooperation Ltd (FINNFUND) and local partners to develop a hydropower platform which aims to provide green energy for more than 350,000 people in communities in Himachal Pradesh, in Northern India.

UNOPS’ equity investment of just $9.3 million into these two transactions leveraged some $330 million in equity and debt co-investments by the public and private sector.

Our next challenge will be to move from stand-alone investment agreements to securing predictable financing, for example by exploring co-creating large-scale funds with investment and asset managers. This approach will be tailored to complement our operational capabilities, including environmental, social and corporate governance aspects, and is intended to enhance our ability to facilitate foreign direct investment to S3i partner countries.

With attention on financing flows, we should not overlook the importance of innovation: the formidable global challenges we face today cannot be solved with the ideas of yesterday. And with our S3i Innovation approach, we provide support to aid the development of promising start-ups and help them secure early funding.

Overall, our S3i work is guided by our firm belief that delivering on the SDGs will not be possible without the active participation of both public and private sectors.

As the SG has effectively put it, “only through global cooperation at an unprecedented level can we build back from the pandemic, get on track to achieve the SDGs and avert the worst impacts of climate change. Business has a central role to play.”
Our priorities

I have shared with you what we intend to achieve through our strategic plan.

Our commitment to human rights, gender equality and diversity and inclusion of the most vulnerable guides our operations.

In this we will build on the success of one of our key corporate priorities over the past years: the issue of gender parity.

Honourable members, I can confirm we have reached gender parity at UNOPS: Today, regardless of contract types, the gender balance of UNOPS is 50 per cent women and 50 per cent men.

I can also confirm that as of today, women hold 46 per cent of our senior roles. This is a significant achievement in a short span of time. When UNOPS started on our gender parity journey in 2018, 38 per cent of our workforce were women.

We set our ambitions high, and in the space of three years since, thanks to much hard work and dedication, we delivered.

Yet we won’t be complacent. Our next step is to broaden our approach to wider diversity and inclusion, considering forms of diversity such as disability, ethnicity and race, economic status, LGBTQI+ identities, youth, and many others, as we move forward into our new strategic plan period.

And we will take the same spirit into the achievement of our other organizational priorities:

We will introduce new practices to refine the way we address social and environmental safeguards that are key to helping people in need and developing resilient communities.

We will expand our gender mainstreaming strategy to include people with disabilities and other vulnerable groups, and redouble our focus on preventing sexual exploitation and abuse.

We will continue our global initiative to ensure we protect people’s health and safety, which focuses on reducing accidents, injuries, and illnesses across our operations.

How we do this will be guided by our management goals, which set our ambitions. These include value as recognised by our partners, people and process excellence, financial stewardship, and include lessons learned from the response to COVID-19.

Business model

Distinguished members
I continue to talk about our business model. Our self-financing nature is unique in the UN. We receive no core funding from governments or others. We deliver services in exchange for a fee.
To survive we must deliver quality, efficient and effective services to our partners that truly benefit the people that we serve.

Our new strategic plan will continue to focus on digitization, to ensure our systems and processes are optimized and fit for the future.

Our new strategic plan will continue to drive efficiencies, working hard to bring down costs and provide value for money for our partners, without impacting the quality of our work.

Allow me to reflect on our current status, when it comes to our self financing nature.

Over the last four years, UNOPS average fees remained below 5 per cent. As you know, these fees finance the management and administration of UNOPS. Other parts of the UN family receive direct contributions from member states, we don’t.

Many years ago, guided by this context, the Executive Board established a modest operational reserve for use in the event of a financial crisis at UNOPS. This was prudent at the time, in 2013.

Since this reserve was set up UNOPS has grown considerably, doubling in size from a 2013 delivery of $1.1 billion, to $2.2 billion last year.

As requested by the Board (decision 2020/8), UNOPS hired independent experts to conduct a detailed study, to determine if this aspect of managing financial risks remained fit-for-purpose.

The results of this study found our current formula for calculating reserves insufficient. Currently standing at $22 million, or 2 per cent of total expenses, UNOPS current minimum operational reserve is one of the lowest in the UN.

In the face of growing demand for UNOPS services and rising complexity, with increasing risks due to the many unprecedented challenges our world faces, we strive to ensure our operations remain financially viable.

We want to continue to pursue a prudent approach in managing our finances, to reassure partners we can deliver on our commitments.

A recent review of UNOPS by the Multilateral Organization Performance Assessment Network - (MOPAN), kindly sponsored by the governments of France and USA, finds similar conclusions.

In MOPAN’s words; “Accompanying UNOPS’ higher ambitions and engagement in new areas and with new ways of working comes increasing risk and a need for significant financial muscle. The increased size, volume, and variety of UNOPS’ engagements, and increased risk profile this implies, require sustained and diligent attention to critical financial metrics and indicators, where UNOPS will need the Executive Board’s engagement.”
Before you today is a decision on this topic.

I ask that the Board adopts proposals to revise the minimum reserve level, and I can confirm that we will address the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in our next budget submission, including in regards to our pricing structure, and in particular managing risks in complex high value and multi-year projects.

Overall, I can confirm that proposed revisions will not impact UNOPS fees or pricing for our partners. On the contrary, UNOPS intends to retain the same cost conscious drive for efficiency as demonstrated over the recent strategic plan, which has contributed to our current success.

In 2021, we have already delivered more than our entire annual total of just a few years ago, and have signed new agreements exceeding $2 billion, demonstrating the trust of our partners in our ability to deliver, even in extraordinary circumstances.

Annual Statistical Report (ASR)

Distinguished members,

Finally, as is customary in this session, let me turn now to share three highlights of the Annual Statistical Report on UN Procurement, compiled by UNOPS on behalf of the UN system.

Findings include that amid a global pandemic, 39 UN organizations spent $22.3 billion on goods and services in 2020.

Driven by increases in health-related equipment and supply purchases related to COVID-19, UN procurement increased by $2.4 billion over the previous year.

And in 2020, UN procurement from developing countries, countries with economies in transition and least developed countries reached an all-time high of $13.7 billion.

Conclusion

Now back to the strategic plan, and in closing, I want to say the following:

Our ambition is to take UNOPS to the next level. We want to honour the increased demand with higher quality services, better risk management, more effective and cost efficient approaches.

This is what our new strategic plan is about. I encourage you - honorable members of the Board - to endorse this approach.