

**Statement by Jens Wandel**  
**Acting Executive Director, UNOPS**  
**to UNDP/UNFPA/UNOPS Executive Board Special session 2022,**  
**30 November 2022**

*Check against delivery*

Madam President, honourable Executive Board Members, colleagues, thank you for taking the time for this extraordinary session of our Executive Board.

I want to start by thanking all Member States for the time and effort you have put into helping UNOPS navigate its way through the current crisis, and for your guidance so far.

This session is particularly important in that regard - and I think our extensive presence here today is testimony to our collective leadership and resolve to do better and move forward.

I am joined here today by the Directors of our Internal Audit and Investigations Group (IAIG) Abdoul Dieng, and our Director of the Ethics Office Berkan Manaigo-Vekil, who you have been working closely with in recent months. Abdoul has been in post since May 2022. Berkan has been working as officer in charge since March 2022 and was formally appointed as Director of the Ethics Office in November 2022, following a competitive process.

I would also like to take this opportunity to introduce our new HR Director Valerie Kushata of Zimbabwe and our new Deputy CFO Lilian Nyang'aya of Kenya, who will join UNOPS shortly. Together with our General Counsel Andreas Vaagt, who is also new and advising us on a temporary basis, we hope to provide comprehensive answers to any questions you might have.

Also with me are our regional directors from Africa, Asia, Middle East, Latin America and the Caribbean, and our New York Cluster, representing the scope of UNOPS work around the world.

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Let me turn to the matters at hand.

You will have received the full and final versions of KPMG's two reviews. One focuses on the effectiveness of the UNOPS oversight mechanisms for Sustainable Investments in Infrastructure and Innovation (S3i). The other focuses on UNOPS internal control systems, risk management and overall governance structures.

I would like to take this opportunity today to reflect on the recommendations from these reports. I will share updates on the actions that I have implemented since we last met, or those that are currently underway.

These actions form part of a **response plan** that UNOPS is proposing. That plan will be based on the learnings and recommendations from the KPMG reports, our roadmap for a strategy review, including feedback from our clients and partners, and guidance from you, our Executive Board.

These, I hope will result in an ambitious midterm review - a **review+** that should result in a new draft strategy for the organization. I am conscious that such a new strategy will be implemented by my successor, and I am sensitive to the need for a transition.

I envisage this response plan to replace the [10-point action plan](#) that the board had directed me to implement in June 2022, in response to the S3i crisis. I consider that this initial action plan has now come to the end of its usefulness. My hope is that the board can see the utility of the newly proposed response plan which I will elaborate on.

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Of the 48 recommendations made by KPMG, 5 were directed at the Executive Board. Here, I will focus on the 43 that were directed at UNOPS management. I will group these together thematically to facilitate conversation.

Let me begin with the **three** recommendations concerning the **mandate and strategy** of UNOPS, and the **nine** that specifically address the **future of S3i**.

These recommendations **highlight the need for an extensive early midterm review** of UNOPS strategic plan. That review will serve as a **reset of the plan** and will be conducted in a highly participatory and inclusive fashion.

I commit to listening to and engaging with our beneficiaries, our partners, my own staff, and of course Executive Board members. I have already convened extraordinary Client Board meetings for both our UN and government partners in September 2022, with the annual meetings scheduled for March 2023. I see these as key steps in helping me chart a new course for the UNOPS strategic plan.

These complement parallel efforts to elicit and take on board our partners' views. Over October and November 2022, we commissioned a third-party to carry out our biannual partner survey. This generated feedback from around 1000 representatives across more than 130 countries and territories.

The preliminary results of our 2022 partner survey confirm that we still have work to do to address the situation at hand.

- Our partners would like to receive more information from us and expect more engagement moving forward.
- Our partners also expect us to continue taking actions to address the situation. And the response plan I have outlined speaks to this call for further action.

This is while 75% of survey respondents find that UNOPS “delivers services which drive impact on the SDGs”.

Drawing on our 2022 portfolio of around USD3 billion, we continue to have to provide the best services that we can, while **refocusing on our original mandate**.

As KPMG suggests, we need to build on what UNOPS is good at. Over the last 2 months, I have brought together colleagues from across UNOPS to discuss our value propositions, in health, renewable energy, climate action, procurement and infrastructure. These conversations are a key step for us to better envisage and articulate how we add value going forward.

Building on the positive elements of the S3i vision, UNOPS intends to maintain a presence in Helsinki. We propose a team with focus on supporting blended and impact financing opportunities for wider development partners, and will stay away from any form of direct investment engagement. As UNOPS will not engage in investments, I do not at this point see us establishing an investment committee, which was suggested as part of a recommendation<sup>1</sup>.

**Seven** recommendations concern our **risk management and control environment**. The reviews have pointed out clear deficiencies in how risk is understood in UNOPS and considered in decision-making.

I have increased IAIG's budget by 87% and ring-fenced their budget for 2023. And IAIG's revised charter has been approved by the Board.

I can also confirm that we will proceed with **finalizing the terms of reference for a second Deputy Executive Director**. This will directly address issues related to the concentration of power, effective segregation of functions, and the strengthening of due diligence and compliance. It responds directly to KPMG's recommendation of giving compliance a clear and visible anchor in UNOPS. In doing so, I would seek the Executive Board's support that UNOPS organigram and budget reflect two Deputy Executive Directors in line with the KPMG Recommendation.

We are in the process of revamping the risk section in our quarterly business review to include a balance between financial and non-financial risks.

As part of the midterm review, we will undertake a **review of our project portfolio to understand inherent risks and draw lessons learned**. For this, I have engaged external experts to help evaluate contributions of several projects. Moving forward, risk will play a preeminent role as we refocus on areas of clear core competency in UNOPS.

**Fifteen** recommendations touch on **ethics, compliance and organizational culture** in UNOPS.

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<sup>1</sup> Recommendation: Clarify responsibilities on S3i management and assess the current team and capacity. Ensure adequate segregation of duties in the S3i team and establish an independent investment committee with properly defined roles and mandates.

Given the need to more profoundly change UNOPS towards what it is good at - towards UN values and goals - and away from elements of a culture of fear, I would be seeking support for an ambitious program of cultural change, entailed in our response plan.

Together with the midterm review of the strategy - a new organigram will be developed to create a more effective decision making structure.<sup>2</sup>

To change the culture of the organization further towards UN values, and address previous issues around top-down decision making, I have flattened hierarchies and included regional directors in the management team again. Furthermore three former senior leaders have been moved from their leadership positions and are no longer part of the management team.

On a weekly basis I am directly communicating with UNOPS personnel through email updates, sharing information, requesting input, and extending offers of support where I can. In two global town hall meetings with all UNOPS personnel in recent months, I have addressed more than a hundred questions in open and transparent formats. The format of the town halls has allowed colleagues to vote on questions freely, and anonymously, to highlight matters that present their greatest interests and concerns.

Based on KPMG's recommendation, I will institute **quarterly pulse surveys** to check on our employees' well-being and engagement and to encourage open dialogue, and information sharing.

It is abundantly clear that cultural change is greatly needed at UNOPS. But cultural change cannot be a short term endeavor. To fully establish a new working culture is a task beyond the timeframe of my role. Our new HR Director will play a pivotal role in this undertaking. Many elements make up the culture of an organization. And it is our responsibility to look critically at where we stand now, and what we need to do moving forward, in order to enact real and meaningful change at UNOPS that will make a lasting difference.

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<sup>2</sup> Recommendations: 1) "Ensure a robust management structure with clear reporting lines and sufficient division of duties in respect of finance, legal, HR and procurement"; 2) "ensure the competence and capacity of the management team, and a structure with clear accountability in respective areas"; and 3) "take into use a structured change management process to facilitate an efficient and effective organizational change".

Of critical importance is the topic of **ethics**. As you know, we have recently improved our processes for the review **of administrative decisions** by management for individuals who work with UNOPS as contractors, who constitute the majority of UNOPS personnel. Likewise, we recently launched a **rebuttal process**, to provide an opportunity for these individuals to challenge performance ratings. Additionally, we are in the process of recruiting specialists dedicated to protecting individuals against retaliation, and in providing support to victims of misconduct. These activities further strengthen our current system of raising concerns within the organization and will contribute further to management accountability.

However, as the reviews recommend - we need to do more and, since taking office in March 2022, the current Director of the Ethics Office has taken steps to strengthen the work in this area.

The Ethics Office **updated UNOPS' whistleblower policy** in August 2022, to bring it to the same standards as UNDP/UNFPA.

Over the last months, the Ethics Office has also strengthened its collaboration with the UN Ethics Panel in areas of outreach and training. It is also working with the wider ethics community on system-wide development of approaches to protection against retaliation.

A **review of the independence of the Ethics Office** by external parties from the Ethics Network of Multilateral Organizations has been initiated and will conclude early next year. This is conducted by the ethics offices of IMF and UNESCO, following the standards of international organizations in similar contexts. Their findings will be presented by the Director of the Ethics Office to the Executive Board and the Executive Director.

In the meantime, our Ethics Office has finalized its review of **UNOPS' due diligence procedures** and reported them to the Executive Office for review and action on the recommendations.

The Ethics Office also last week initiated a training series designed to cultivate a culture of ethics, integrity and accountability. This will open up a dialogue with UNOPS personnel globally

around our commitment to a values-based approach in our daily work, including issues around trust and speaking up.

Most importantly, moving forward, I will support the Ethics Office as per KPMG's recommendations to lead a complete review of and overhaul the whistleblower process at UNOPS and also establish clear protocols to enhance overall trust and the efficiency of the system. My view is that this would be best done in collaboration with the Ethics Panel of the United Nations to "lift" the standards at the UN level - as opposed to an agency by agency approach.

Now let me turn to the **seven** recommendations that highlight **financial and performance management**, including our ability to speak to our contribution to development results, including the SDGs.

As recommended by KPMG, an overhaul of the strategic plan would include key performance indicators, and allow us to move from the concept of pricing and profit towards cost recovery based on agreed UN standards. Meanwhile, for the draft 2023 budget I have aligned cost recovery with the UN High Level Committee on Management (HLCM) standards and Board of Auditors (BoA) recommendations, so there is transparency on what costs are being recovered. Furthermore, profit was called net revenue in UNOPS and in the 2023 draft budget net revenue is set to zero.<sup>3</sup>

I have recently instituted a new way of output-level **reporting aligned to the SDGs** following a new methodology that is approved by the UNSDG. In short, this is to ensure UNOPS is aligned with the UN Sustainable Development Group standards and part of an increasingly well coordinated UN Development System.

To bring UNOPS personnel with me on a journey back to the UN, I have just concluded an **agreement with the UN System Staff College (UNSSC)**. This will train a first cohort of 200 personnel in the SDGs, Our Common Agenda, and key UN programming processes, to help

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<sup>3</sup> Recommendations: 1) Refocus the strategic priorities and establish key performance indicators (KPIs), including quality of service delivery, pricing and level of operational reserves, to respond to a strategic roadmap approved by the Executive Board, 2) The pricing should be further developed. Efforts should be made to communicate the logic and the basis of the different pricing model elements internally and with partners so that a common understanding and acceptance is formed.

UNOPS become a more collaborative, efficient and effective part of UN country teams. All personnel have free access to UNSSC' Blue Line learning platform, which helps establish a common understanding across the UN system.

When we get to discussing the next Biennial 2024-2025 budget estimates, we will also **review our performance and financial management frameworks** and ensure that they are fit for purpose in line with the reset of our strategic direction following the midterm review.

**Two** recommendations touch on the **governance and management** aspects of our work. To address the recommendation on better **operating systems** to support the project and programme management, I have started to engage with a consortium of 8 UN entities that are currently implementing a new ERP under the leadership of UNDP.

I know as a Board member you are aware of this initiative. What I am trying to achieve here is to leverage the good work done by UN colleagues, significantly reduce the investment requirements and ensure that we truly bring new functionalities in human resource management, talent management, and project management.

Concurrently, we are also exploring UNHCR's experience with the "Workday" ERP system. My strategy also includes using digital platforms that have been developed as a result of UN reform. In that regard, I have recently signed an agreement with WFP to use their UN booking hub platform that pilots the shared use of vehicles and guest houses, initially in 20 countries.

Our actions in response to the KPMG recommendations have been grouped under six streams, as presented to you here. I see this as an effective way of tracking progress and reporting on it. and I would like to hear your views in this regard.

I want to make one last point about **S3i** here. Recovering the funds related to the S3i is an ongoing affair. As agreed at the June 2022 Board meeting, I was asked to take all necessary steps to recover funds related to the S3i. This task was handed over to the UN Office of Legal Affairs (OLA), who have been working on the various dimensions of this matter over the last few months. Our acting General Counsel Mr Andreas Vaagt, who is also a former member of the OLA, will be happy to answer questions on the status of the recovery process.



This provides the end of my statement pertaining to the 43 recommendations addressed to me.

The remaining five recommendations are addressed to you as the Executive Board. They touch on the risks to effectiveness and efficiency inherent in the Executive Board, the functionality and composition of the Board, and the potential establishment of an audit and risk committee, plus a possible independent review by the Board of the implementation measures taken by IAIG, among other things.

These are obviously decisions for the Board, but I will speak to one specific recommendation on reviewing the steps taken to ensure the **independence and sufficient capacity of IAIG**<sup>4</sup>. This is a matter between the Board and IAIG. From my side, as explained earlier, I have significantly increased IAIG's budget and ring-fenced it for 2023. The way forward will be managed by IAIG and I stand ready to provide further support required for the execution of this recommendation.

The other point I wanted to make in connection with the recommendations to the Board, touches on decisions on the use of operational reserves<sup>5</sup>. The scale of transformation ahead of UNOPS is both ambitious and necessary. UNOPS will need to invest in developing its organization, to enhance processes and policy, design fit for purpose structures, and support the development of a culture we can be proud of. But we already know that, to be successful, UNOPS will need to address the lack of investment in systems and personnel, as highlighted by KPMG.

As for the remainder of the recommendations for the Executive Board, should the Board find the need for analytical input to any or all of these recommendations, we stand ready to provide such input.

Before closing, I want to make a point about reserves. The KPMG reports have given us every reason to call for a midterm review+. But it is also time to turn our attention to the other significant issue that UNOPS must confront: that of reserves. I have made every effort so far to

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<sup>4</sup> Recommendation: "The Executive Board should consider engaging an external and independent specialist to review the implementation measures taken in relation to the IAIG self-assessment report, and the respective findings of KPMG's review reports."

<sup>5</sup> Recommendation: "When deciding on the use of operational reserve, the Executive Board should take into account the financial investment risk and related recent fair value changes (chapter 6.2) as well as the need for internal organisational development at UNOPS."

reconnect UNOPS with the UN reform, UN standards and values and away from an unhealthy focus on profit and building reserves. As mentioned earlier, UNOPS 2023 draft budget sets net revenue to zero. But I would also like to offer the idea that the reserves are distributed proportionate to the paid fee.

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**In closing**, let me assure you that we will undertake our best efforts at recovery. The reviews have been a key part of our journey of learning and improving and I firmly believe we are on the right track.

This session provides a unique opportunity for us to chart our path forward, to move towards a more fit-for-purpose UNOPS that can better play its part in the delivery of the SDGs and Our Common Agenda.

And the response plan that I have proposed here, in my view, provides a sound foundation for our next steps in this regard. As mentioned earlier, it charts our intended actions in response to the KPMG recommendations across six streams.

But I would truly appreciate guidance from the Board on whether the ambition level in this response plan is commensurate with the seriousness of the situation and if you see any gaps. Is the response plan clear enough to report against, and would the Board be in a position to support it?

The Board's guidance and support here is key to the success of our next steps. And I look forward to hearing your views.

Thank you.