

**Statement by Grete Faremo
Under-Secretary-General and Executive Director UNOPS,
to UNDP/UNFPA/UNOPS Executive Board Second Session
New York – 5 Sept 2018**

Mr President, distinguished representatives,
Once more it is good to be with you all in New York.

UN Reform

This week we enter a new phase of the UN reform.

The SG has just issued the implementation plan for the reinvigorated Resident Coordinator System. The new system will ultimately depend on Member States cooperation to ensure the necessary build-up of the funding needed.

It is vital for the future of the UN that we all follow up and contribute as best we can. While this is in the immediate term the responsibility of Member States, we - the UN entities - can and must contribute as laid out in the hybrid funding model. But indeed also by saving costs and by improving our efficiency. UNOPS is acutely aware of this and will play its role accordingly. UNOPS is fully committed to the reform process.

The UN - as the center of the international public sector - must constantly improve how we help serve people and countries to achieve the SDGs. The alternative would simply be that we would lose our relevance.

Effectiveness and efficiency is required in all social and economic activity all over the world.

UNOPS experience and unique business model may be of great value to this reform as we have been putting a premium on effectiveness and efficiency for several years.

As you know, UNOPS does not receive any funding from core, voluntary or assessed contributions.

Our work is based on a fee-for-service model. This means UNOPS has always had to prioritise efficiency and effectiveness. Otherwise, our partners would simply turn elsewhere for services and implementation.

I continue to highlight how we demonstrate value for money.

- UNOPS today delivers more services than ever. Our management budget remains unchanged over the last decade, while delivery went up threefold.
- Our average fee per project has dropped from 5.6% to 4.9% in the last 4 years.
- Our new Enterprise Resource Planning System (ERP) implemented in 2016 shows we have again significantly reduced systems- as well as transactional costs. Already 2 years later we spend 24% less time per tender that goes out.

To enhance our effectiveness and reduce costs for partners and clients we have harnessed and operate a shared services model, serving our work in many countries. And UNOPS does not need to have permanent presence of such specialists in each and every country where we work.

So services that can be produced in principle “any place” in the world are produced where conditions and cost structures optimize value for money for our partners.

- Not every country office should have to process personnel contracts
- Not every country office should need to process payments to suppliers

And irrespective of where the services are produced, we are always pursuing sustainability, which we report on aligned to the Global Reporting Initiative – GRI – the gold standard of sustainability reporting.

Naturally, like all other affected entities of the UN system, we have studied how the new funding system for the RCs would affect us.

We stand ready to pay our share of the doubled cost sharing when asked to do so.

You may also remember from our June meeting that I talked about the additional 1% coordination levy. We worried, but now we understand that the bulk of our activities will not be subject to the additional levy. If in the final analysis our understanding is confirmed, our partners will not be asked to cover increased costs.

At UNOPS we have welcomed calls from Member States to back the reform process. We welcome Member States requesting UNOPS inclusion in the reform discussions. I can report that we are supporting efforts both here in New York and at country level.

One issue that we still feel deserves attention is to ensure that non-resident UN entities, such as UNOPS, are nevertheless included in the country teams where such inclusion would benefit partners as well as the UN. Now and in the future.

To demonstrate our commitment to the reform process, this month we have seconded a highly qualified senior person to the SG's transition team.

Gender

Now let me turn to the topic we addressed at the last board meeting: gender.

As the Secretary-General has stated, "achieving gender equality and empowering women and girls is the unfinished business of our time, and the greatest human rights challenge in our world".

Earlier this year, in support of these aims, we launched UNOPS gender parity strategy. We set ourselves ambitious targets; to ensure that women, at all levels, see a future career for themselves at UNOPS, recognizing that women and men, sometimes have different needs.

Today I can share some initial results. These are the first steps in an eight year strategy. Over the first half of 2018, 60 percent of our recruitments in leadership roles have been women. And targeted outreach has led to a 20 percent increase in applications to work at UNOPS.

We will face challenges ahead, particularly in some of the fragile and dangerous places where we work. But we must overcome the gender imbalances of the past. We are firmly committed to our gender goals.

I am also pleased to report that last week we launched a new gender mainstreaming strategy and action plan. With the uncompromising ambition to place gender equality and the rights of women solidly at the forefront in our projects.

Infrastructure

And now. Infrastructure.

In today's world, infrastructure that is resilient in the face of hurricanes, floods and earthquakes is more important than ever.

UNOPS is the only UN organization clearly and explicitly mandated in infrastructure.

With this in mind, I would like to share updates on progress of our evidence-based infrastructure approach.

We are currently working with a number of national partners to help countries get a better overview of how their current infrastructure planning, delivery and management practices compare to recognized global best practice, and how they can improve.

We aim to help partners conclude in an informed way:

- Where to prioritize.
- What projects to tackle first?
- How to address any capacity gaps.

These analyses cover water, energy, transport, communications, housing and waste management infrastructure, among others.

And so we strive to develop custom-made roadmaps, tailored to individual contexts, to help guide authorities in managing risks to resilience, including those from climate change, or risks to sustainability.

In recent months, nine new countries have expressed an interest in implementing this approach. We believe this approach, guided by internationally recognized standards, can also provide significant value for least-developed economies and small island developing states.

We would like to offer UNOPS expertise in infrastructure more widely to the UN system. It would allow other entities to focus on their core activities as mandated to them.

Our beneficiaries should expect infrastructure built and delivered according to international quality standards.

Social Impact Investing

Let me turn now to the topic of social impact investing.

You have heard me speak about this initiative since 2015. Following my last speech to you, a number of Member States requested updates on this work.

I am very proud to announce that we have achieved financial close on our first significant project. After extremely thorough technical, legal, financial and social due diligence we passed a major milestone last week.

Through an 8.8 million dollar investment of UNOPS own financial resources, we aim to revitalize a “stranded” project to bring clean energy to communities near Monterrey in Mexico.

By recapitalizing and operating a 22 MW wind energy farm, we will promote climate-smart infrastructure, support local economic development, and help Mexico deliver on its ambitious targets in energy reform and renewables.

In total, 31.6 million dollars was needed to secure this project.

The bulk of this investment - more than 22 million dollars - will be refinanced by BancoMEXT, the Mexican Development Bank.

The Government of Mexico has expressed its strong support for our involvement in this sector, and our intention to engage in Monterrey and elsewhere.

With UNOPS involvement, the project will be able to produce green energy at a lower cost for 50,000 individuals, and save jobs for the current employees.

The project site also operates a free learning centre for school children. They travel from all over the country to learn about the benefits of renewable energy.

We are very excited to announce progress in this initiative.

But we know these figures are but a drop in the ocean.

Developing countries need large-scale investment to build resilient infrastructure.

Estimates from the Inter-Agency Task Force on Financing for Development are stark.

They state that in order to achieve the SDGs, \$560 billion is needed for energy efficiency. And the investment costs for universal access to modern energy in LDCs alone, are in the order of \$12 billion to \$40 billion per year from now until 2030.

Currently, we are exploring potential, additional investments in Ghana, Kenya, Myanmar, India, Mexico, Honduras and in the Caribbean, amongst others.

Aligned to our decades of experience, UNOPS will have an operational role in all of these projects and will target priority areas such as renewable energy and affordable housing, including health infrastructure.

I look forward to providing regular updates on this ground breaking work to Member States.

Procurement

Next I would like to share updates on the topic of procurement.

When we look to reform, and how we can be more efficient and effective, the cross cutting nature of procurement presents many opportunities.

Procurement is fundamental to nearly every activity across the UN.

As I reported in June, the majority of our delivery last year came in the form of procurement.

In total, the goods and services we procured for our partners exceeded one billion dollars. More than half of these contracts went to local suppliers.

Creating local jobs. Creating local economic activity.

Our approach to procurement involves much more than traditional ways of delivering goods and services. Accounting for environmental protection, social progress and economic development throughout the supply chain.

So I am proud to report that last month UNOPS again received a distinction in sustainable procurement.

The world's leading purchasing and supply association – the Chartered Institute of Procurement and Supply (CIPS) awarded us a gold standard.

This is the third time running we have been recognized at gold level.
We remain the only United Nations organization to achieve this honour.

We will build on these foundations by further developing our means to measure, inspect and manage suppliers to ensure they adhere to the highest standards of integrity.

We will do this through improved supply chain risk focus on the number of areas, including human rights, child labour, ethical conduct, environmental responsibility and sexual exploitation and abuse.

UN Procurement

Today I also have the pleasure of presenting the Annual Statistical Report on UN Procurement. It finds, for example, that in 2017 the combined spending of 40 UN organizations exceeded \$18.6 billion.

And aligned to repeated UN resolutions, spending on goods and services from least developed countries increased by more than \$600 million, to reach \$3 billion last year.

Seventy percent of procurement last year was carried out by six UN organizations: UNDP, UNHCR, UNICEF, UNOPS, the UN Secretariat and WFP.

And 19 members of the UN family procure less than 50 million dollars' worth each year.

The 2017 report is an analysis of more than 700,000 purchase orders from across the UN. 18.6 billion is not a small sum. Even a 1% efficiency gain could make a real difference to boost economies where the need is greatest. Such an efficiency gain would free up 186 million dollars for other purposes

The math in that should interest everybody who cares about the prudent use of funds.

I encourage you all to read this report. Together, the UN can do better.

Review of UNOPS management

Distinguished representatives;

We have many items to discuss today.

I would also like to take this opportunity to welcome the independent review of UNOPS management and administration, undertaken by the Joint Inspection Unit last year.

I am proud to highlight the JIU's recognition of UNOPS business model, and further confirmation that our efforts to benchmark our work against internationally recognized standards have been successful. I would also like to draw the Board's attention to the high degree of transparency noted throughout the assessment process.

It gives me great pride to represent an organization committed to open and honest dialogue, in support of strengthening our work towards mutual aims and goals.

The report also contains some recommendations for improvements.

The Joint Inspection Unit has asked us to report back to the Board next year on how we have followed up their recommendations and we will do so.

Conclusion

To conclude,

A common thread unites the topics I have spoken on today -- that of comparative advantage.

Under multiple Presidents, this Board has called for greater recognition and use of UNOPS expertise across the UN. The Joint Inspection Unit now also echoes these calls. Processes built on international best practices can drive quality and save costs.

I continue to come back to this topic. We managed to implement our new ERP (Enterprise Resource Planning) at a fraction of the industrial average costs.

I am even more proud to tell you that our procurement cost and personnel hours saved already 2 years after introduction is substantial and documented by external reviewers. Our transaction costs are equally very low.

This is a contribution to the effectiveness of the UN and to the future of the organization.

And finally, I would like to extend my sincere gratitude to all of our partners.

As we continue this journey of development, striving for excellence, we welcome all feedback, so that we can continue to deliver on our promises, and help countries achieve peace and sustainable development

Thank you.