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UNDP-UNOPS relationship

Joint Report of the UNDP Administrator and the UNOPS Executive Director on the progress achieved in the implementation of Executive Board decision 2002/2 concerning the UNDP-UNOPS relationship

Summary

The present report is submitted jointly by the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Office for Project Services, pursuant to Executive Board decision 2002/2 of 1 February 2001. The report consolidates the two matters to be reviewed by the Executive Board under the agenda item. It provides an update for the Board on the progress achieved in: (a) the expansion of the membership of the UNOPS Management Coordination Committee (MCC); (b) the establishment of a Working Group to support the MCC; (c) the implementation of certain recommendations aimed at improving the operational effectiveness of UNOPS; and (d) addressing issues and opportunities between UNOPS and the UNDP Inter-Agency Procurement Services Office.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1	3
II. Expansion of the MCC	2-3	3
III. The MCC Working Group.	4-5	3
IV. Operational improvements in UNOPS	6	3
V. UNOPS-UNDP/IAPSO: issues and opportunities	7-10	4
VI. Executive Board action	13	5

ABBREVIATIONS

IAPSO	Inter-Agency Procurement Services Office
IFAD	International Fund for Agricultural Development
MCC	Management Coordination Committee
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services

I. INTRODUCTION

1. The present report is submitted jointly by the Administrator of the United Nations Development Programme and the Executive Director of the UN Office for Project Services, pursuant to Executive Board decision 2002/2 of 1 February 2002. The report consolidates the two matters to be reviewed by the Executive Board under the present agenda item. It provides an update for the Board on the progress achieved in a) the expansion of the membership of the UNOPS Management Coordination Committee; b) the establishment of a Working Group to support the MCC; c) the implementation of certain recommendations aimed at improving the operational effectiveness of UNOPS; and d) addressing issues and opportunities between UNOPS and the UNDP Inter - Agency Procurement Services Office.

II. EXPANSION OF THE MCC

2. Further to the endorsement by the Executive Board in decision 2002/2, the Secretary -General invited the Under-Secretary-General for Peacekeeping Operations to serve as a member of the expanded MCC. He also invited the President of the International Fund for Agricultural Development to designate a senior IFAD official to serve as an MCC member. The President of IFAD subsequently designated the Assistant President of the Programme Management Department as IFAD's representative. In addition, as proposed by the Secretary-General, the Controller and the Assistant Secretary -General for Programme Planning, Budget and Accounts Controller; the Assistant Secretary -General for Legal Affairs; and the Under -Secretary-General for Peacekeeping Operations to serve as *ex officio* members. He also proposed that the Executive Director of UNOPS be an *ex officio* member. The expanded MCC met for the first time on 18 June 2002 and reviewed UNOPS' submissions to the Executive Board.

3. In the meantime, over the last four months, the original members of the MCC have been intensively engaged in addressing the UNOPS financial situation, having met at four official meetings, and have been networking informally to deal with matters arising from the work of the MCC Working Group.

III. MCC WORKING GROUP

4. As suggested by the Secretary -General and endorsed by the Executive Board, an MCC Working Group was established to assist the MCC in the exercise of its responsibilities vis -à-vis UNOPS. The Working Group includes representatives of the original members of the MCC. The Working Group is co -chaired by representatives of the Chairman of the MCC and of the UNOPS Executive Director.

5. As a first order of business, the Working Group focused intensively on assisting UNOPS to arrive at a balanced budget, in line with the budget level established by the MCC. A report of the Working Group is available for circulation.

IV. OPERATIONAL IMPROVEMENTS IN UNOPS

6. In his note (DP/2002/CRP.5), the Secretary -General identified a number of recommendations emanating from the review conducted by the United Nations Office for Internal Oversight Services on improving UNOPS

operations. The Executive Board, in its decision 2002/2, endorsed all of these recommendations. An update on each is provided below.

- a) Recommendation: United Nations agencies engaging UNOPS should include it in the project planning process at an early stage to ensure that expectations are clarified and that a detailed work plan is established, leveraging each entity's expertise;

Update: UNOPS had already begun encouraging its UN client organizations that are responsible for project planning and deciding on the use of UNOPS services to involve UNOPS early on in project planning. UNOPS also anticipates that this matter will be included in the communication from the Secretary-General to the various United Nations entities that is foreseen in paragraph 5 of DP/2002/CRP.5.

- b) Recommendation: When contracting for UNOPS services, its clients should develop formal project documents that provide clear details of assignments and acceptable timeframes, as well as each entity's respective responsibilities for deliverable and performance expectations;

Update: UNOPS has always included a responsibilities matrix in its Management Services Agreements, but has recently expanded the use of the matrix in projects funded by UNDP and other UN organizations. The responsibilities matrix is used in particular in UNDP projects under the responsibility of the Bureau for Development Policy.

- c) Recommendation: UNOPS should improve its financial reporting systems to address client concerns over timeliness and accuracy;

Update: UNOPS made significant improvements in its financial reporting systems during 2001. In addition, UNOPS is considering further cooperation with UNDP in the context of a new Enterprise Resource Planning system.

- d) Recommendation: UNOPS should design and maintain a matrix system on a variety of performance indicators such as cost-effectiveness, timeliness and quality of service;

Update: UNOPS has planned to address performance measurement systems within the context of its reform.

- e) Recommendation: UNOPS should establish an internal quality assurance function to ensure the development and maintenance of corporate performance and also to ensure compliance with pertinent rules and procedures.

Update: UNOPS intends to establish an internal quality assurance function as part of an internal management oversight office, which is currently on hold due to budgetary constraints.

V. UNOPS-UNDP/IAPSO: ISSUES AND OPPORTUNITIES

7. At its first regular session 2002, the Executive Board also requested UNDP and UNOPS to explore issues and opportunities involving the UNDP Inter-Agency Procurement Services Office and to report to the Executive Board on this issue at its annual session 2002. The following paragraphs provide a brief overview of the respective legislative mandates of UNOPS and IAPSO and describe a process to enhance cooperation and rationalize the relationship.

8. UNOPS was established by the General Assembly to provide project management and other support and advisory services to UN organizations and through them to others, including governments, international financial institutions, and NGOs. In addition to project management services, UNOPS provides procurement, human resource, training and other implementation services of a managerial and transactional nature. UNOPS'

traditional strengths have rested in the area of large -scale complex projects and related procurement, project supervision and loan administration, and the provision of advisory services, including procurement reform and governance.

9. Under its mandate, IAPSO provides procurement agency services to fellow UN agencies and other eligible partners. This includes:

- a) Negotiating Long Term Agreements and standardized specifications for common user items for the UN system and other eligible clients;
- b) Providing a limited range of procurement advisory services to eligible clients;
- c) Undertaking procurement training and capacity -building initiatives for UN and other eligible procurement staff;
- d) Undertaking research & development activities in the area of public procurement;
- e) Providing secretarial support to the Inter -Agency Procurement Working Group;
- f) Publishing consolidated annual procurement statistics of the UN system;
- g) Developing and disseminating business intelligence information on procurement opportunities in the UN system to the global business community;
- h) Developing and administering the United Nations Common Supplier Database (UNCSD);
- i) Playing a leading role in setting professional standards within the UN system, including developing and implementing e-procurement solutions.

10. The interrelationship between UNOPS -UNDP/IAPSO is not new, in that both UNOPS and UNDP/IAPSO had, as early as 1997, sought to collaborate in the provision of services to UN client organizations by concluding a joint procurement services arrangement. The joint arrangement was based upon then identified complementarity in the service offerings of each office, and the potential opportunities for working together. The initiative has had only limited success, although UNOPS and UNDP/IAPSO have marketed the arrangement to the UN system and have collaborated at times, including in recent months on a joint proposal in response to calls for expressions of interest for procurement services opportunities. There have also been cases where UNOPS and UNDP/IAPSO have partnered with other organizations, based on their respective comparative areas of focus.

11. Both organizations are committed to resolving any differences while striving to identify areas of potential collaboration, such as vendor management and sharing of long-term agreements. UNDP and UNOPS will report on the outcome of this review at the first regular session 2003.

VI. EXECUTIVE BOARD ACTION

13. The Executive Board may wish to take note of the present report.
