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UNIDO and the United Nations development system reform, including the new Resident Coordinator System and the field network

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Report by the Director General

The present document provides an update on UNIDO and the United Nations development system (UNDS) reform, including the new Resident Coordinator system and the field network, in line with decision IDB.46/Dec.12.

I. Introduction

1. As an active and responsible member of UNDS, the reform of the system is of importance to UNIDO. The Organization continues to be engaged in the reform, through the existing United Nations system-wide engagement mechanism, and other ad hoc reform activities. The Director General actively participates in the United Nations System Chief Executives Board for Coordination (CEB) and the United Nations Sustainable Development Group (UNSDG), with senior management engaged in the High-level Committee on Management (HLCM) and High-level Committee on Programmes (HLCP) associated to the CEB. UNIDO also contributes to a wide range of United Nations joint activities at the global, regional and country levels.
2. The Industrial Development Board continues to submit inputs to the high-level political forum on sustainable development (HLPF), highlighting the contribution of inclusive and sustainable industrial development (ISID) to the 2030 Agenda for Sustainable Development. The Board's submission to the HLPF 2019 is particularly important, considering the close linkage with the United Nations Climate Action Summit and the SDG Summit in September 2019.
3. Following extensive consultations among Member States of the United Nations and the UNDS organizations, 2019 marked the first year of implementation of the UNDS reform, with the new reinvigorated Resident Coordinator system being established on 1 January 2019. The associated decoupling of the United Nations resident coordinator (UNRC) function from the United Nations Development



Programme (UNDP) can be seen as probably the most essential aspect of the UNDS reform.

4. At the Segment on Operational Activities for Development of the Economic and Social Council in New York, from 21 to 23 May 2019, Member States took stock of and deliberated on the progress of the implementation of the reform mandates and considered further guidance on key elements of the UNDS reform.¹ Key messages arising from the deliberations include:

- (i) The UNDS reform continued to receive strong support of the United Nations membership;
- (ii) The complex process of de-linking the UNRC system from UNDP was seen as being on track;
- (iii) Cost-sharing contributions of \$75 million had been transferred to the Resident Coordinator Special Purpose Trust Fund (SPTF); the collection of the 1 per cent levy to support funding of the UNRC system began on 1 May 2019, and was expected to contribute \$30 to 40 million by the end of 2019 and \$60 to 80 million per year thereafter; and \$116 million had been raised through voluntary funding;²
- (iv) The United Nations Sustainable Development Cooperation Framework (UNSDCF) will be used to spur a whole-of-system approach, with the new Management and Accountability Framework applied to encourage joint work for collective results;
- (v) UNSDCF plays a critical role towards the achievement of the 2030 Agenda at the country level. In this regard, the importance of partnerships was highlighted, with an emphasis on the need for country-level capacities to be strengthened to support the building of such partnerships;
- (vi) The longer-term re-profiling and restructuring of regional assets was recognized as a very complex exercise, which may take some more time to unfold. Inclusive intergovernmental consultations are expected to continue on the re-profiling and restructuring of the United Nations regional assets;
- (vii) The need to identify options to strengthen the support of UNDS to better meet the needs of small States and small island developing States, including further intergovernmental discussion on the multi-country offices, was recognized;
- (viii) Actions on UNDS repositioning must be rolled out within existing resources. Member States acknowledged that investments may be required up-front, with these investments producing savings in the medium and longer term;
- (ix) Member States welcomed the new Funding Compact, aimed at moving the system towards less earmarked and more predictable funding. More resources should be allocated to pooled or joint funds, and where funding is for an entity-specific activity, this activity should be part of UNSDCF;
- (x) The development of the System-wide Strategic Document continues to be challenging, especially as it was started in parallel with other complex reform tracks. The document should adhere to the mandate set by resolutions 71/243 and 72/279, and capture the comparative and collaborative advantages of the UNDS and their role in support of the 2030 Agenda.

¹ The full summary of the ECOSOC Operational Activity Segment in May 2019 can be found at www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/190726_Summary_of_the_OAS.pdf.

² As reported in May 2019. For updated contributions, see <https://soc.un.org/SPTF/>.

II. UNIDO and the United Nations development system reform

5. As a means to keep Member States informed, UNIDO's responses to the UNDS reform are documented in:

- IDB.47/CRP.10 (as a comprehensive overview of the UNDS reform status structured along the seven areas of the reform);
- PBC.35/CRP.8 (on the current status of UNIDO's field network, roles and responsibilities of field offices, and empowering the field in the context of the UNDS reform);
- [IDB.47/13-PBC.35/13](#) (on latest developments and funding arrangements for the reinvigorated United Nations Resident Coordinator (UNRC) system);
- IDB.46/CRP.3 (on the repositioned UNDS, funding arrangements, benefits for UNIDO, and a preliminary analysis on common premises and common business operations);
- [IDB.46/11](#) (on UNIDO's engagement with and positioning within the reform);
- IDB.45/CRP.7 (on the funding of the UNRC system, and benefits of the system).

6. The UNIDO strategy for positioning the Organization in the context of the UNDS reform, including the field network, is contained in IDB.47/CRP.10.

7. To maximize the UNDS reform opportunities, UNIDO is operationalizing the road map below:

<u>Reinvigorated UNRC system</u>	Time frame
Enhancing engagement with UNRCs	
1. More systematic engagement with UNRCs to ensure that the new system becomes a strong instrument for raising awareness of the importance of economic growth and ISID for advancing national agendas, in turn providing increased opportunities for UNIDO to deliver its services and expertise.	2019 onwards
2. Developing a standard information package for UNRCs to ensure that UNRCs are familiar with: the mandate of UNIDO, the concept of ISID and its importance for the achievement of SDGs, UNIDO's comparative advantages and services (including information on its programmatic tools, the Programmes for Country Partnership (PCPs) and the Country Programmes (CPs)); while also seeking to better integrate the economic dimension and ISID in the training of UNRCs.	2019
3. In countries where UNIDO has a physical field presence, organizing meetings with UNRC twice a year to discuss the economic development needs and priorities of the country and the related potential contributions by UNIDO.	2019 onwards
4. For countries covered by a Regional Hub Office or a Regional Office, the respective UNIDO Representative holding meetings with UNRC every time he/she travels to the country, in addition to maintaining communication flows on a regular basis.	2019 onwards
5. In countries where UNIDO is a non-resident agency, seeking alternative approaches for delivering expertise and advice to UNRC and UNCT. This includes exploring the feasibility of temporary deployments of headquarter-based technical staff to the country or making use of periodic visits of technical staff to liaise with and brief UNRCs. In addition, the Secretariat will explore the possibility of having project staff representing UNIDO in UNCT, after consultation and agreement with the project donor and UNRC.	2019 onwards
6. Continue to support UNIDO staff members that are interested in becoming UNRCs.	2019 onwards

Empowering the UNIDO field network	
7. Reviewing job descriptions of UNIDO Representatives and discussing changes in the performance management system to promote collaboration with partners, particularly UNCTs; increasing accountability of UNIDO Representatives for attaining objectives of UNSDCF; considering the dual reporting lines with UNRCs.	2019
8. Developing guidance and training activities for UNIDO Representatives for adaptation to the new UNDS system and enhanced interaction with UNRCs and UNCTs.	2019
9. Increasing the frequency of regional teleconferences between UNIDO Headquarters and field offices, to discuss country priorities and any issues related to field operations, from biannual to quarterly. Organizing biannual teleconferences involving field offices, Regional Divisions, and project managers.	2019
Strengthening development results and accountability at the country level	
10. Liaising regularly with government counterparts on UNIDO's engagement with UNRC and UNCT and the implementation of the UNDS reform at the country level.	2019 onwards
11. Strengthening the capacity to monitor and report on UNIDO field office engagement with UNRCs and UNCTs, including on information on leadership of relevant thematic groups and joint initiatives. Implemented through: (i) a dedicated section in field office monthly reports; (ii) experiences and lessons discussed during regular HQ and field office teleconferences; and (iii) an annual questionnaire on field office engagement with UNRCs, UNCTs, joint initiatives and other issues related to the UNDS reform.	(i) 2019 onwards (ii) 2019 onwards (iii) 2020
12. The engagement of UNIDO Representatives with UNRCs and UNCTs will be systematically included in their annual performance appraisal.	2019 onwards
<u>New generation of United Nations country teams</u>	Time frame
Cooperation Frameworks (UNSDCF)	
13. UNIDO will draw on its various industrial statistical databases, analytical reports, and research to provide inputs to common country assessments and support UNRC and UNCT with policy advice.	2019 onwards
14. The UNIDO country diagnostic will serve to identify the main opportunities and bottlenecks for advancing industrial development at the country level. Depending on sufficient resourcing, it will serve as basis for the development of new PCPs/CPs, as input to CCA and, by extension, to the design of UNSDCF.	2019 onwards
15. Based on the experience gained with PCPs, the Secretariat will develop and test a streamlined UNIDO country diagnostic methodology. UNIDO Representatives will be subsequently trained on the new country diagnostic approach and their expected inputs.	2019-2020
UNIDO programmatic services at the country level	
16. UNIDO will seek to align the programme cycles and contents of new PCPs/CPs with those of new Cooperation Frameworks. UNRCs will be provided with an opportunity to review the contents of the respective PCP/CP during the formulation process.	2019-2020
17. In ongoing PCPs/CPs, UNIDO will use the occasion of the respective mid-term reviews to seek alignment with new Cooperation Frameworks.	2019 onwards
18. Based on the experience gained during the coming eighteen months, UNIDO will review the PCP and CP guidelines to ensure full alignment with UNSDCF and the Management and Accountability Framework.	2020-2021
19. Measures aimed at increasing the role of field offices throughout the delivery of UNIDO's services, including an enhanced role of UNIDO Representatives in the identification, development, implementation, and reporting of PCPs and CPs, as key members of the programme teams. Whenever appropriate, PCP/CP leadership will be appointed to the field with the UNIDO Representative serving as the PCP/CP programme manager.	2019 onwards

UNIDO presence in the field	
20. Continued training activities as outlined above.	
21. The aforementioned assessment and evaluation will provide recommendations on potential structural adjustments, including a possible redistribution of countries of coverage and/or of countries with representation through a UNIDO field office.	2020
22. Building on these assessments and the experience gained since the promulgation of the terms of reference for UNIDO Field Offices, UNIDO will conduct a full revision of the terms of reference to enable UNIDO Representatives to most effectively respond to the changes emanating from the UNDS reform, and to calls for a stronger field presence, operational efficiency and streamlined reporting lines.	2020
23. The UNIDO Field Handbook will be updated based on the experience gained through the implementation of UNDS reform and any changes introduced to UNIDO's field structure.	2020
24. UNIDO will explore the feasibility of introducing a mechanism to obtain feedback on UNIDO's work and impact at the country level, to help inform further adjustments and improvements in the delivery of UNIDO services.	2020
25. UNIDO is currently testing field office-led project implementation in a select number of countries and, building on this experience, will consider expanding the approach to additional field offices.	2020
Improving business operations	
26. Analysing common business operations on a case-by-case basis to ensure that decisions are based on a thorough cost-benefit analysis.	2019 onwards
27. Continuing close collaboration with the Business Innovation Group project team, and providing required information, as most of the processes are still in the data gathering stage.	2019 onwards
28. Considering on a case-by-case basis the costs and benefits of relocation to joint United Nation Houses, upon construction/selection of such new common premises and the availability of information.	2019 onwards
Revamping the regional approach	Time frame
29. As the revamping effort of the regional UNDS approach is work-in-progress, UNIDO will monitor the developments and identify the opportunities available to contribute further.	2019 onwards
30. Strategic engagement with Member States will be articulated through various regional, subregional and thematic strategies. This includes the UNIDO regional strategic frameworks for the Arab region, Asia and the Pacific, Europe and Central Asia, and Latin America and the Caribbean.	2020
31. UNIDO Representatives will work more closely with Regional Economic Commissions, particularly in countries hosting the commissions, to jointly identify emerging issues of common interest and potential joint programmes and interventions at the national and regional level.	2019 onwards
Oversight and accountability for system-wide results	Time frame
32. Continue engaging in and supporting the development of the new independent system-wide evaluation function.	2019 onwards
33. Increase engagement with the United Nations Evaluation Group and its entities to increase the number of joint evaluations.	2020–2021
34. In line with the UNIDO Evaluation Policy and Charter of the Office of Evaluation and Internal Oversight, UNIDO will keep developing its capacities to conduct SDG-related evaluations, joint evaluations, joint audits, and to support national evaluation capacity-building efforts accordingly.	2019 onwards

<u>The funding compact</u>	Time frame
35. Continue advocating for non-earmarked voluntary contributions to core and non-core activities of the Organization, and pursue efforts towards the UNDS-wide commitments made.	2019 onwards
36. Continue engaging in funds-mobilization efforts, in particular at the country level, from pooled funding, such as the United Nations Joint Fund for the 2030 Agenda.	2019 onwards

III. Action required of the Conference

8. The Conference may wish to take note of the information contained in the present document.
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