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United Nations development system reform

United Nations Development System reform

Report by the Director General

In its decision IDB.46/Dec.12, the Board requested the Director General to regularly report on matters related to the United Nations development system (UNDS) reform to the Programme and Budget Committee, the Industrial Development Board and the General Conference of UNIDO.

The present report provides an update on recent developments concerning the United Nations development system reform.

I. Background and latest developments

1. On 1 January 2019, the reinvigorated United Nations Resident Coordinator (UNRC) system came into force in response to the high ambition of the 2030 Agenda for Sustainable Development and as an embodiment of the vision of the General Assembly ([A/RES/72/279](#)) for a more cohesive, effective and efficient United Nations development system.
2. Dedicated, independent, impartial and empowered UNRCs are at the centre of the reform. Since January 2019, development coordination has become a full-time task for UNRCs, following the separation of UNRC functions from the Resident Representative of the United Nations Development Programme (UNDP). As a result of the reform, UNRCs have greater authority, capacities and independence.
3. The 129 UNRCs are supported by the resident coordinator offices (RCOs), each staffed with five core staff members. Five regional development coordination offices have also been established.
4. According to the United Nations Development Cooperation Office (DCO), the reform is showing results. Relationships between governments and United Nations Country Teams (UNCTs) are reported to have been strengthened through the new approach. The recruitment of 25 new UNRCs in 2019 increased the geographic balance of UNRCs, while also increasing the diversity of UNRCs' agencies of origin.

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As of March 2020, the share of UNRCs originating from UNDP stands at 57 out of 118 active UNRCs.

5. In the reinvigorated system, the United Nations Sustainable Development Cooperation Framework (UNSDCF), formerly known as the United Nations Development Assistance Framework (UNDAF), is the most important instrument for the planning and implementation of UNDS activities in a country. The UNSDCFs guide the entire programme cycle. As such, the new UNSDCFs capture country needs and tailor the UNDS response and presence on the ground.

6. According to DCO, the new modalities for the preparation of common country analyses (CCAs) and the resulting UNSDCFs seem to have enhanced joint strategic planning with more inclusive and pro-active discussions with national governments on their national development plans.

7. In addition to 14 UNDAFs that ended before 1 January 2020, an additional 36 UNSDCFs will need to be prepared for UNDAFs that are ending this year. UNIDO supports the preparation of CCAs and UNSDCFs, also with a view to make a contribution to their economic dimension where appropriate.

8. A report of the United Nations Sustainable Development Group (UNSDG) on the operational, administrative and funding aspects of DCO activities will be part of the 2020 Operational Activities for Development Segment of the United Nations Economic and Social Council (ECOSOC) in May 2020, which will review the progress of the UNDS reform.

9. In autumn 2020, the General Assembly will conduct the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR). In preparation for the 2020 QCPR negotiations, the Operational Activities for Development Segment of the ECOSOC will focus on the four years of implementation of the previous QCPR ([A/RES/71/243](#)), supported by a corresponding report of the Secretary-General.

II. Funding arrangements

10. The budget for the reinvigorated UNRC system and DCO is \$281.2 million per year. In resolution [72/279](#), the General Assembly decided that funding should be provided through: (a) a one per cent coordination levy on tightly earmarked non-core contributions; (b) doubling the cost-sharing arrangement among UNSDG entities; and (c) voluntary contributions to a dedicated trust fund.

11. Due to the biennial budget cycle (2018–2019) and its financial regulations and rules, UNIDO contributed the amount of \$789,817 to the 2019 UNSDG cost-sharing arrangement, as approved by Member States.

12. The UNIDO cost-sharing contribution for 2020 and 2021 was approved by Member States in the Programme and Budgets 2020–2021. The related decision of the General Conference (GC.18/Dec.14) requested UNIDO to pay an amount of up to \$2,637,121 (€2,228,367) per year.

13. The decision also notes that the amount is to be reviewed following the UNSDG's review of the formula for the calculation of the cost-sharing contribution, which was first announced in spring 2018.

14. Following a letter from the Director General to the Secretary-General in September 2019 about the two decisions (IDB.47/Dec.13 and IDB.46/Dec.12) requesting UNIDO to proactively contribute to the review of the cost-sharing formula, the Secretariat contacted DCO in December 2019 to follow up and inquire when and in what manner the review was expected to take place. The only information received to date is that the formula will be reviewed during the 75th session of the General Assembly, as part of the overall review of the new UNDS.

15. Another element of the funding model is a one per cent levy to be added by donors to voluntary contributions that are tightly earmarked third-party non-core contributions, for the purpose of United Nations development-related activities.

16. Details on the levy can be found in section II.B of [IDB.47/13-PBC.35/13](#). Funding partners may elect between agency-administered or donor-administered collection of the levy. In cases where the agency-administered option has been chosen, UNIDO is responsible for collecting, accounting for and transferring the collected levy to DCO.

17. UNIDO reports to DCO on a quarterly basis concerning relevant agreements signed and the coordination levy collection during the reporting period. In 2019, UNIDO collected and transferred a total amount of \$172,571.36 to DCO. The report for the first quarter of 2020 is due by the end of April 2020 and is thus not available at the time of writing.

III. UNIDO positioning in the UNDS reform

18. The Secretariat's efforts to position UNIDO in the context of the UNDS reform are guided by its strategy and roadmap to maximize UNDS reform opportunities (IDB.47/CRP.10). UNIDO has pursued the timely operationalization of the roadmap through a number of measures already implemented in 2019 and further actions planned for 2020.

19. UNIDO has strengthened systematic engagement with UNRCs and UNCTs at the country level through its field offices, and increased its efforts to raise the understanding of the key role of economic transformation and inclusive and sustainable industrial development (ISID) for the achievement of the SDGs. UNIDO participates in 86 UNSDCFs. It also leads 22 UNCT working and results groups and is part of 56 joint programmes.

20. To further enhance joint programming, UNIDO participated in the submission of joint project concepts as a response to the first 2020 call of the Joint SDG Fund. UNIDO Representatives regularly report on their engagement with national counterparts and the UNDS at the country level through field office monthly reports, regional teleconferences, and annual staff performance assessments.

21. UNIDO is expanding the standard information package developed in 2019 to support its Representatives in their engagement with UNRCs. Going forward, UNIDO will brief new UNRCs on its mandate and comparative advantages. In countries where UNIDO is a non-resident agency, the Organization is piloting project staff representation in UNCTs to ensure continuous engagement with the respective UNRC, to raise awareness of UNIDO's mandate, and to promote the delivery of UNIDO services and expertise.

22. The Organization has continued its efforts to further empower the UNIDO field network. Regional training workshops for UNIDO Representatives were initiated in 2019 to increase knowledge of key substantive and technical ISID areas and develop an understanding of UNIDO's programmatic approaches. UNIDO has also revised the job descriptions of its Representatives, which are currently under final internal review. Furthermore, in line with the recommendations of the independent thematic evaluation of the UNIDO field network and the experience gained, the terms of reference for UNIDO Field Offices have also been revised and are currently under internal review prior to promulgation. Regional teleconferences between Headquarters and field offices are held on a quarterly basis, and communication with project managers and field offices has been strengthened through regular teleconferences.

23. UNIDO also regularly contributes to the development of guiding documents, such as the Cooperation Framework Companion Package, a guide on the development and operationalization of UNSDCFs. The Organization's contribution *inter alia* highlights the importance of economic transformation. UNIDO also participated in a

workshop of the United Nations Strategic Planning Network in February 2020 that developed a tool to better link and translate the CCAs into focused priorities of the common United Nations response and then into actionable UNSDCF.

24. UNIDO has also developed and tested a streamlined country diagnostic approach, as well as a country and industrial profile methodology that, contingent on resource availability, will constitute the cornerstone of UNIDO's contributions to the CCAs and UNSDCFs.

25. UNIDO Representatives were trained on the preparation of country and industrial profiles, which will contribute to the preparation of CCAs in the future. Engagement with the UNRC and the UNCT is an essential part of the formulation process of all Programmes for Country Partnership (PCPs) and Country Programmes (CPs). Whenever possible, UNIDO's country-level programmes seek to align with the priorities and cycles of new UNSDCFs. To further enhance country-level engagement, the leadership of PCPs and CPs has been transferred to UNIDO Representatives, as appropriate.

26. UNIDO supports eligible staff members that are interested in becoming a UNRC. The Organization funds their participation in UNRC assessment centres and corresponding training programmes. It nominates them and supports their applications for available UNRC vacancies.

27. UNIDO continues to contribute to the work of the Business Innovation Group and currently continues a case-by-case approach to assess the costs and benefits of joining common business operations and services.

28. The Office of Evaluation and Internal Oversight has contributed to the preparation of the United Nations system-wide evaluation mechanism and is equipped to take part in future system-wide evaluation activities and joint United Nations evaluations.

IV. Action required of the Committee

29. The Committee may wish to take note of the information contained in the present document.
