



**Industrial Development Board**  
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**Programme and Budget Committee**  
**Thirty-seventh session**  
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Item 17 of the provisional agenda  
**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 United Nations development system reform-related matters to the Programme and Budget Committee, the Industrial Development Board and the General Conference of UNIDO.

## **I. Background**

1. The present report provides an update on recent developments concerning the United Nations development system (UNDS) reform, complementing a series of documents on this matter, including:

- IDB.45/CRP.7 (on the funding of the United Nations Resident Coordinator (RC) system, and benefits of the system);
- [IDB.46/11](#) (on UNIDO's engagement with and positioning within the reform);
- 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.47/13-PBC.35/13](#) (on developments and funding arrangements for the reinvigorated RC system);
- PBC.35/CRP.8 (on the 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/CRP.10 (with a comprehensive overview of the UNDS reform status structured along the seven areas of the reform);
- [GC.18/6](#) (on recent developments in the reinvigorated RC system, and maximizing UNDS reform opportunities);
- [IDB.48/10-PBC.36/10](#) (on recent developments, funding arrangements, and UNIDO positioning in the UNDS reform);

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- PBC.36/CRP.8 (on the quadrennial comprehensive policy review 2020, and the review of the cost-sharing arrangement); and
- IDB.48/CRP.6 (on the UNIDO positioning in the UNDS reform, the reinvigorated RC system and the review of the cost-sharing arrangement, improving the efficiency of UNSDG business operations, working arrangements of the United Nations Sustainable Development Group (UNSDG), and the Funding Compact).

## II. Recent developments

2. The implementation of the UNDS reform is progressing well, despite the challenges posed by the COVID-19 pandemic.
3. The newly reinvigorated and independent RC system came into function on 1 January 2019. It comprises 128 RCs, who now serve as the highest-ranking representative of the UNDS, leading 131 United Nations Country Teams (UNCTs). To ensure independence and impartiality of RCs, the RC function has been separated from the function of the UNDP Resident Representative.
4. The UNCTs are the main interagency mechanism at the country level for inter-agency coordination, composed of the representatives of the United Nations entities responsible for the country. UNIDO is currently a member of UNCTs in 83 countries.
5. The progress in implementing the UNDS reform was also welcomed by Member States of the United Nations at the virtual meeting of the 2020 ECOSOC Operational Activities for Development Segment (OAS) in May 2020. It was also recognized that the COVID-19 crisis had put the new RC system to a test.<sup>1</sup>
6. The joint response of the UNDS to the COVID-19 pandemic encouraged closer collaboration in the humanitarian, health, and socioeconomic areas. As previously reported, UNIDO is closely engaged with UNDS partners on the ground and has made important contributions to United Nations Socioeconomic Response Plans, Common Country Assessments, and United Nations Sustainable Development Cooperation Frameworks.
7. In July 2020, the high-level political forum on sustainable development (HLPF) under the auspices of ECOSOC noted that global progress towards the Sustainable Development Goals (SDGs) had stalled and, in some cases, been reversed. It also strongly called for placing the 2030 Agenda at the heart of the recovery from the pandemic, as a guide to build back better. It was noted that the pandemic had exacerbated existing challenges, in particular in vulnerable countries. Furthermore, it was noted that nature-based solutions and circular economy approaches should be strengthened and mainstreamed into decision-making processes to support human health and livelihoods, transform economic systems to consume and produce sustainably, manage increased disaster risks and the associated socioeconomic losses, and address both climate change and biodiversity loss.<sup>2</sup>

## III. The quadrennial comprehensive policy review

8. In light of the above, and the Secretary-General's progress report to the OAS ([A/75/79-E/2020/55](#)), the General Assembly conducted the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR). The new QCPR resolution [75/233](#), guiding the UNDS over the next four years (2021–2024), was adopted on 1 December 2020.
9. The new QCPR resolution reiterates the need for sustainable development in its three dimensions (economic, social and environmental) and in a balanced and

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<sup>1</sup> See document PBC.36/CRP.8 and the OAS Chair's summary.

<sup>2</sup> See document [E/HLPF/2020/6](#).

integrated manner. While recognizing poverty as the greatest global challenge, the resolution stresses the urgency of climate action and a climate- and environment-responsive development approach.

10. The resolution calls upon the UNDS to work towards building back better and toward a sustainable inclusive and resilient recovery from the COVID-19 pandemic. It highlights that the poorest, most vulnerable and those furthest behind must be empowered.

11. The impact of the COVID-19 pandemic is also reflected in the areas of post-conflict situations, disaster risk reduction, human rights, countries in special situations, as well as topics new to the QCPR, such as education, health, disability, science, technology and innovation.

12. Digital technologies are recognized as key enablers of sustainable development, and UNDS entities are encouraged to improve digital inclusion and unlock the potential of digital technologies to attain the SDGs.

13. The resolution also captures the need for integrated policy advice, leveraging partnerships and financing, the importance of stronger collaboration with international finance institutions and multilateral development banks.

14. The resolution stresses that core resources are the bedrock of development activities and urges Member States to maintain and substantially increase their core contributions to the entities of the UNDS, and to protect core contributions in case of national financial constraints. Voluntary funding should be made more predictable and be earmarked less. The resolution reminds that non-core resources complement but do not substitute core resources.

#### **IV. Funding of the reinvigorated resident coordinator system**

15. IDB.48/CRP.6 issued on 20 November 2020 informed about the decisions of the UNSDG leadership concerning the reviews of the cost-sharing arrangement and of the UNSDG working arrangements. As the timing for a revision of the cost-sharing formula was not viewed as ideal by the United Nations Secretariat, the formula will remain unchanged. The calculations for cost-sharing contributions, which currently rely on 2012–2013 data, will be updated on the basis of the latest verified data available. The first data update will apply to 2022 contributions and will be fixed for two years (2022–2023). At the time of the writing of this report, more specific information about the expected UNIDO contribution was not available.

16. Overall, questions on the long-term sustainability concerning the funding model of the \$281.2 million annual budget of the RC system and DCO remain. This concerns particularly the voluntary contributions to the special purpose trust fund. In the current environment of extremely tight budgets, the Member States of the United Nations continue to focus their attention on potential efficiency savings in the RC system. However, early efficiency gains in the UNDS are not generating readily available funds for the trust fund. The revenue from the 1 per cent coordination levy is also falling below expectations.<sup>3</sup>

17. A more comprehensive review of the UNRC system is expected to take place in 2021, focusing on a broader set of issues around the progress of the UNRC system, the benefits of the system, and the best funding model to secure its sustainability.

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<sup>3</sup> According to the website of the Resident Coordinator Special Purpose Trust Fund (<https://unsdg.un.org/SPTF>), in 2020, cost-sharing contributions amounted to \$77.5 million. Approximately \$24 million were received through the imposition of the 1 per cent levy and \$100 million were raised through voluntary funding.

## **V. Action required of the Committee**

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

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