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United Nations development system reform

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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 most recently GC.19/CRP.4 on the benefits of the UNDS reform.

II. Update on the implementation of the UNIDO roadmap to maximize UNDS reform opportunities

2. Following the launch of the UNDS reform, a report was presented to the Board that outlined the approach for the positioning of the Organization in the context of the reform (IDB.47/CRP.10). In line with the principles guiding UNIDO's engagement and the roadmap included in that document, UNIDO expressed its intention to contribute its expertise and experience where appropriate, make adjustments to its own practices and approaches to synergize with the UNDS reform, and to seize the opportunities presented by the reform for the benefit of its Member States.

3. The present document provides an update on the implementation of the UNIDO roadmap to maximize UNDS reform opportunities contained in annex II to IDB.47/CRP.10.

4. At the core of the UNDS reform stands the reinvigorated United Nations Resident Coordinator UNRC System consisting of impartial and independent UNRCs

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with varied professional experiences and backgrounds. According to the *Report of the Chair of the UNSDG on the Development Cooperation Office* in 2021, the share of United Nations resident coordinators (UNRCs) that are former staff of the United Nations Development Programme decreased to nearly 40 per cent.

5. The success in UNRC recruitment and diversification has been underpinned by strong support from UNDS agencies. Many of them, including smaller ones such as UNIDO, have put forward top candidates for recruitment and supported their staff in the development of their career towards a UNRC position.

6. A UNIDO staff member was selected to become the UNRC in Bahrain, and was released in the first quarter of 2022 on secondment to undertake this assignment. Two further UNIDO staff members have been included in the talent pipeline.

7. UNIDO also contributed to (a) the update of the UNRC leadership profile, in terms of requirements, desirable criteria and expectations, (b) preparing, assessing and selecting UNRC candidates, and (c) assessing the performance of UNRCs, as well as of country and programme representatives.

8. Since the implementation of the reinvigorated UNRC system, the Organization enhanced coordination with UNRCs through the systematic engagement of its UNIDO Representatives (URs) and UNIDO Country Representatives (UCRs) at the country level. A standard information package for URs and UCRs was prepared in 2019 and updated in 2021 to assist them further in their interaction with the UNRCs via online and in-person meetings, where possible. In addition, the Managing Director of the Directorate of Programmes, Partnerships and Field Coordination (PFC) has conducted briefings for new UNRCs of selected countries to familiarize them with UNIDO's comparative advantage.

9. With a view to delivering expertise and advice to UNRCs and United Nations Country Teams (UNCTs) in countries where UNIDO is a non-resident agency, the roadmap suggested seeking alternative approaches for the representation of the Organization. The modality piloted in Somalia and the State of Palestine, where technical staff participate as members of the UNCT, showed preliminary positive results.

10. Country visits by project managers were seen as an alternative modality to increase engagement. Despite the COVID-19-related travel restrictions, resulting in fewer in-person briefings of UNRCs and UNCTs, virtual meetings presented new opportunities and allowed many of the smaller UNDS entities to contribute to joint efforts of the UNCTs.

11. The management and accountability framework, endorsed in its final version by the United Nations Sustainable Development Group (UNSDG) principals in September 2021, provides clarity on mutual commitments and respective accountabilities and roles for UNRCs and UNCT members.

12. In support of the implementation of the management and accountability framework, and to promote collaboration with partners, particularly UNCTs, the job descriptions of URs were reviewed by the Department of Human Resource Management. The Information Technology Services Division is working on the technical implementation of a staff performance management module in the UNIDO enterprise resource planning system to also capture feedback from UNRCs and UNCTs.

13. The Terms of Reference for UNIDO Field Offices were updated and promulgated in September 2020 (DGB/2020/09) to further empower field offices, streamline their roles and enhance coordination and integration between headquarters and the field. The UNIDO Field Handbook was also updated in August 2021.

14. The roadmap suggested increasing the frequency of teleconferences between UNIDO headquarters and field offices from bi-annual to quarterly engagements. All regional coordination divisions hold regular meetings with the field offices in their respective regions. The frequency of meetings varies and is needs-based. In addition,

regional coordination divisions also organize regional thematic meetings with the participation of technical departments as well as meetings with individual field offices. In addition, the Managing Director of PFC conducts teleconferences with each region on a quarterly basis, attended by all relevant URs and UCRs as well as headquarters personnel, in line with the Terms of Reference for UNIDO Field Offices (DGB/2020/09).

15. With a view to strengthen development results and accountability at the country level, the roadmap proposes several measures to enhance internal monitoring and information sharing related to the engagement of field offices with UNRCs and UNCTs. These measures are now standard practice, implemented as part of the regular work of URs and UCRs and in line with the Terms of Reference for UNIDO Field Offices.

16. UNIDO supports the analytical functions of UNCTs and resident coordinator offices, particularly in the preparation of common country assessments (CCAs) and United Nations Sustainable Development Cooperation Frameworks (UNSDCFs), drawing on its various industrial statistical databases, analytical reports and research.

17. To support field offices, the Department of Policy Research and Statistics (EPR/PRS) and the Department of Programme and Partnership Coordination (PFC/PPC) designed and delivered training sessions on industrial policy to all field offices. Moreover, a methodology for preparing country industry profiles (CIPs) was developed. Field offices were trained on the methodology and developed CIPs for the countries under their coverage.

18. Based on the positive experience, EPR/PRS and PFC/PPC are currently exploring the feasibility of a second round of CIPs and industrial policy training. CIPs and country diagnostics, the latter of which are conducted by UNIDO if requested as part of the formulation of its country-level programmes, are used as inputs for CCAs and UNSDCFs, which has helped raise the profile of the Organization within UNCTs. They also increased opportunities for field offices to directly provide advisory services to UNIDO partners.

19. Programmatic services, such as the Programme for Country Partnership (PCP) and country programmes (CPs), guide UNIDO's engagement with Member States. The PCPs and CPs continue to be developed based on national ownership and a strong partnership approach, and pursue synergies with interventions of other stakeholders, including UNDS entities.

20. As required by the UNDS reform, the ongoing PCPs and CPs are being aligned with UNSDCFs, to the extent possible, during the mid-term reviews. Increased attention is paid to ensure that newly formulated agency-specific country-level programmes are prepared in consultation with, and cleared by, UNRCs. Written confirmation by the UNRC was obtained for the new PCP for Zambia during its formulation stage, and will be ensured as part of the development of all new UNIDO country-level programmes, in line with the requirements of the new Management and Accountability Framework.

21. The Organization is proceeding with project implementation led by field offices in a selected number of countries and, building on this experience, will consider expanding the approach to additional countries. The resource optimization in technical cooperation (ROTC) approach is also under consideration for a future roll-out in the field.

22. Based on a preliminary in-house capacity review of field offices, a training programme on key substantive, technical and operational issues was initiated to further develop the capacities of UNIDO's field offices and seize opportunities stemming from the reinvigorated UNRC system.

23. Regional training workshops for URs and UCRs were first implemented in the Africa, Arab, and Europe and Central Asia regions in 2019, and rolled out in 2020 as

virtual training programmes to all regions due to the COVID-19 pandemic. Online training activities continued to take place in 2021.

24. Further training activities were provided on agribusiness service modules (2020), CIPs (2020 and 2021), industrial policy (2021), UNSDCFs (2021), the Sustainable Development Goals (SDG) Primer (2021) and the Business Operations Strategy (2021).

25. Over the past three years, UNIDO continued its active engagement in the UNSDG Business Innovations Strategic Results Group (BIG), which is tasked to identify and maximize efficiencies and savings in UNDS operations, particularly through improved Business Operations Strategies, co-location to Common Premises, establishing Common Back Offices and local shared service centres, and exchanging location-independent services through Regional and Global Shared Service Centres. This stream of the UNDS reform, also known as the Efficiency Agenda, is among the areas of work in progress. UNIDO continues to monitor these developments.

26. The roadmap advises to analyse common business operations on a case-by-case basis to ensure that decision are based on a thorough cost-benefit analysis. The Organization is thus undertaking a detailed assessment of the specific conditions at each UNIDO field office location, in consultation with the partners concerned. Where relevant, UNIDO is also assessing the basis for establishing or joining shared services. It is expected that these assessments will lead to a common operational position of UNIDO in 2022, and thus ensure effective engagement in the Efficiency Agenda.

27. More than half of UNIDO field offices are currently located in common premises. Wherever economically sensible, UNIDO will continue to relocate offices to common premises. Some shared facility locations are offered as in-kind contributions from governments and are thus free of rent, but operational expenses and contributions for common services may be equally high or higher than outside the shared facility.

28. UNIDO continues to monitor progress related to the revamping of the regional UNDS approach. UNIDO's work concerning the continuous review, adjustment and update of regional strategies, including approaches to engage with regional economic commissions, donors and other partners, is ongoing. The regional strategies are planned to be updated in the course of 2022.

29. The Organization promotes evaluation coherence through joint and system-wide evaluation. The Office of Evaluation and Internal Oversight (ODG/EIO) contributed to the development of a system-wide evaluation policy, for which the United Nations Evaluation Group (UNEG) recently submitted a draft for the consideration of the Secretary-General.

30. UNIDO met the Funding Compact commitment to increase the accessibility of centralized evaluations by making its evaluations available on the UNEG website. ODG/EIO also contributed to joint evaluations conducted by UNEG members, such as a joint evaluation synthesis report related to food security. An e-learning training programme on evaluation is currently being developed by ODG/EIO to support national evaluation capacity-building, and will be launched in 2022.

31. In line with its commitments under the Funding Compact, UNIDO continues to advocate for non-earmarked voluntary contributions to core and non-core activities of the Organization. The Organization also continues engaging in funds mobilization efforts for pooled funding, in particular at the country level. Such efforts include proposals submitted for funding from the United Nations Joint SDG Fund and the United Nations COVID-19 response and recovery multi-partner trust fund.

III. Action required of the Committee

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