

**General Conference****Twentieth session**

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Item 16 of the provisional agenda

**Reform of the UNIDO field network****Reform of the UNIDO field network****Report by the Director General**

The present report provides an overview of the reform of the field network and its road map including planned adjustments, as part of the overall organizational reform.

**I. Background/context**

1. UNIDO's field network is the face of the organization on the ground to maintain close cooperation with Member States, development partners, and stakeholders at the regional and country level. The field network is also fundamental to strengthen UNIDO's contribution within the United Nations development system (UNDS) reform.
2. UNIDO has maintained its field presence and has taken necessary measures and reforms over the past decades to be more attuned to the needs and priorities of Member States. Historically, structural adjustments that are made to the field network are aligned to the context of the United Nations reform, the drive for efficiency gains by closer collaboration including shared premises and services, and have also been influenced by increasing budgetary constraints of UNIDO.
3. The importance of accelerating the implementation of the 2030 Agenda, and the need for UNIDO to increase its responsiveness to multiple crises continue to test UNIDO's capacities to respond to the demands of Member States, in particular at the country level. The ongoing United Nations reform and the need to fast track the achievement of the Sustainable Development Goals (SDGs) requires the Organization to embrace innovation, ensuring that UNIDO is fit for the future.
4. In light of the internal and external challenges and the changing development cooperation landscape, the Director General, at the beginning of his term, initiated a comprehensive reform process to raise the profile of UNIDO as a modern and results-oriented United Nations organization, and to strengthen its position in line

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with the needs and priorities of Member States. UNIDO's field network is a crucial element of this reform process.

5. The overall purpose of the field reform is to further enhance the field office network as a key asset of the Organization and to bring UNIDO closer to Member States, development partners and stakeholders. The field reform process also paves the way to improve UNIDO's services and responsiveness on the ground. The guiding principles of the reform comprise the following:

(a) Positioning UNIDO optimally in the implementation of the 2030 Agenda on Sustainable Development as well as in the context of United Nations development system reform;

(b) Increasing the level of efficiency and effectiveness to promote a programmatic offer with a focus on selected strategic priorities emphasized by Member States;

(c) Making use of opportunities to innovate in the delivery of UNIDO services to Member States;

(d) Ensuring the effective utilization of resources;

(e) Enhancing the role of field offices in technical cooperation activities and resource mobilization;

(f) Ensuring that any adjustment of the field network positively impacts relationships with governments, beneficiaries, development partners and donors; and

(g) Identifying capacity gaps in the field as a precursor for learning to be fit for the future.

## II. The field reform road map

6. A comprehensive road map for the reform of the UNIDO field network was prepared based on internal discussions and recommendations. The road map included key activities such as participatory review and analysis of field-related information, data analysis using a balanced scorecard tool, benchmarking and analysing the trends and models of other United Nations agencies, internal consultations including establishing working groups, task forces, formulation of proposals, briefing to Member States and operationalization of the planned measures and structural adjustments.

7. As a first step, following a sequential and participatory approach, four internal issue-based working groups led by selected UNIDO field representatives were established in phase one to elaborate concrete reform proposals. These working groups were composed of UNIDO staff from the field, as well as from the regional bureaux and technical cooperation directorates at Headquarters.

8. The working groups focused on the following inter-related topics: (a) the role of field offices in technical cooperation and UNDS reform; (b) new working arrangements for increased efficiency; (c) types of offices and terms of reference; and (d) optimized country coverage.

9. Following the desk review and analysis and considering the recommendations of the internal working groups, preliminary proposals were prepared to guide the strategic direction of the reform.

10. Parallel to the activities implemented as part of phase one of the field reform process, interim arrangements were made in offices with vacant UNIDO representatives to ensure representation and business continuity of field operations.

11. The second phase of the field reform road map consisted of the preparation of comprehensive proposals based on the strategic direction. The strategic direction draws on the results of phase one of the reform. It comprises the following key elements: (a) to achieve a simplified and more effective field structure, including a

more coherent set of functions and responsibilities; (b) to move towards decentralization; (c) to improve efficiency through more flexible working arrangements; (d) to learn and develop capacity; and (e) to improve the focus on results.

12. UNIDO's current field network as the organization's direct link to the realities of industrial development in partner countries comprises 48 offices in five regions covering 156 countries. The experience with the current types of offices demonstrated the need to adjust the types of offices and to refine their specific functions and roles. To further take into consideration evolving needs, the opening of additional offices is under discussion to allow for the expansion of the field network, contingent on the availability of resources.

13. As part of the field reform road map, the planned structural adjustments include simplifying the structure from a three-layer (regional hub, regional and country offices) to a two-layer approach (subregional and country offices). The new UNIDO field structure maintains a physical presence in 48 locations with adjusted functions and responsibilities for a more consistent coverage and reporting.

14. UNIDO is committed to building the momentum for the United Nations reform, together with Member States and United Nations sister agencies. UNIDO's strategic engagement at the field level in the United Nations reform is an overarching driver of the ongoing UNIDO field reform process. The United Nations reform requires a decentralized UNIDO field network, in particular in its strategic and programmatic activities, as well as in its operations. The UNIDO reform takes into consideration the need to strengthen resources for the field network, enabling a stronger field network involvement in technical cooperation.

15. To improve overall organizational efficiency at the field level, the use of available human resources where they are needed most will be explored continuously. The introduction of new working arrangements that would make better use of existing capacities form part of the proposals.

16. Strengthening the field network as part of the reform road map, be it in normative, policy or programmatic areas of work, requires resources to implement. Under the umbrella of UNIDO's Innovation and Transformation Fund, the Secretariat will pursue initiatives to equip the field network to strategically respond to industrial development needs of countries, such as in the industrial policy-related sphere, as well as in relation to other strategic priorities to accelerate industrial development at the country level. Initial capacity-building activities to strengthen the cooperation between the field and Headquarters are underway, including internal webinars on the United Nations reform.

17. In phase two of the road map, UNIDO undertook global and regional briefings for Member States to provide an overview of the planned adjustments and the way forward. Filling the vacant UNIDO Representative positions is a priority and is an ongoing process, in cooperation with the host governments. The implementation of the adjusted field structure will be guided by the promulgated Terms of Reference of the UNIDO field network, expected to be released before the end of 2023.

### **III. Action required of the Conference**

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