



**Industrial Development Board**  
**Fifty-third session**  
Vienna, 30 June–3 July 2025

**Programme and Budget Committee**  
**Forty-first session**  
Vienna, 13–15 May 2025  
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 the United Nations Industrial Development Organization (UNIDO).

## **I. Background**

1. The present report provides an update on the United Nations development system (UNDS) reform. The report is part of a series of reports on this subject presented to policymaking organs of the United Nations Industrial Development Organization (UNIDO) since 2018.
2. Major elements of the reform, such as the reinvigorated United Nations resident coordinator (UNRC) system, have been in place since January 2019. In its resolution [79/226](#) of December 2024, the General Assembly welcomed the progress achieved in implementing the UNDS reform resolutions [71/243](#) and [72/279](#).

## **II. Recent developments**

3. The reform of UNDS aims to enhance inter-agency cooperation and coordination, and to promote a more effective multilateral acceleration of the implementation of the 2030 Agenda for Sustainable Development. UNIDO continues to actively support the repositioning of UNDS.

### **United Nations resident coordinator system and country teams**

4. The Organization strengthened its engagement with UNRCs and positioned itself as an active member of United Nations country teams (UNCTs), engaging in 120 UNCTs and 194 joint interventions or programmes in 2024.

For reasons of sustainability, this document has not been printed. Delegates are kindly requested to refer to electronic versions of all documents.



5. The 2024 system-wide evaluation led by the United Nations Sustainable Development Group (UNSDG) aimed to assess progress towards the new generation of UNCTs. UNIDO took part in the evaluation exercise at the field and headquarter levels, supporting data collection efforts. The final report is planned to be finalized in May 2025.

6. A key element of UNIDO's internal reform process is the reform of the field network, aiming to more effectively implement the Organization's mandate and support countries in accelerating the achievement of global, regional and national development goals. The new terms of reference for UNIDO field offices are part of the field reform package and introduce changes such as a streamlined structure and coherent set of functions, as well as refined reporting lines. Moreover, the new terms of reference for field offices highlight the Organization's intention to enhance decentralization, in line with the UNDS reform process, to strengthen the field network's involvement in and contribution to country programming and technical cooperation activities.

7. As of the time of preparation of this report, there were 47 per cent male and 53 per cent female UNRCs from 62 different nationalities. Over the past years, the number of UNRCs originating from different agencies continued to increase. Currently, UNRCs originate from 27 different agencies, one being from UNIDO, who is based in Bahrain.

#### **United Nations Sustainable Development Cooperation Frameworks**

8. In the area of country-level programming, UNIDO continued to support and leverage inter-agency coordination and coherence for the achievement of development results, especially with its multi-stakeholder model for accelerating inclusive and sustainable industrialization in Member States, the Programme for Country Partnership.

9. UNIDO's country programming documents and activities derive from and are aligned with the nationally agreed and owned United Nations Sustainable Development Cooperation Frameworks (UNSDCFs).

10. The UNIDO regional bureaux and field offices are currently contributing to 112 UNSDCFs. In 2024, UNIDO signed four new UNSDCFs, namely for Angola, Colombia, Equatorial Guinea and Sierra Leone.

11. Several of these UNSDCFs highlight UNIDO's leadership in the "prosperity" and "planet" pillars at the country level. The continuous strengthening of UNIDO's engagement provides an opportunity to effectively promote its mandate within UNSDG and in common programming processes of UNDS at the country level.

12. Contributions for UNIDO's technical cooperation activities resulting from inter-agency cooperation saw a significant increase in 2024, with net contributions of programme support costs amounting to \$12.6 million, of which an estimated sum of \$6 million originated from inter-agency-pooled funds. This represents 3 per cent of all voluntary contributions to the Organization in 2024.

#### **Funding of the United Nations resident coordinator system**

13. In accordance with General Assembly resolution [72/279](#), the network of UNRCs, their offices and the United Nations Development Cooperation Office are funded through a hybrid model based on (i) a 1 per cent coordination levy (on tightly earmarked third-party non-core contributions); (ii) the UNSDG cost-sharing arrangement; and (iii) voluntary contributions to a dedicated special purpose trust fund.

14. In 2024, UNIDO provided a UNSDG cost-sharing contribution of \$2.24 million, the same amount as in 2023.

15. In 2024, the Organization received \$890,344 from its funding partners through the administration of the 1 per cent coordination levy, which it transferred to the United Nations Secretariat.

### **Funding compact**

16. The funding compact ([A/74/73/Add.1](#)), developed in 2019 as part of the UNDS reform, was based on the mutual understanding that achieving the 2030 Agenda would require efforts on the sides of both the UNDS and Member States, and that significant changes in development funding were imperative.

17. While both Member States and UNDS have made progress in implementing the compact, several important commitments have not been met. Six years after its adoption, and with some targets expiring, a new funding compact ([A/79/72/Add.2](#)) was introduced in 2024.<sup>1</sup> United Nations Member States agreed that a more strategic and effective instrument was needed to change overall funding behaviour and enhance mutual accountability.

### **Efficiency agenda**

18. The implementation of the efficiency agenda, guided by the Business Innovations Group, is a key component of the UNDS reform. It aims at maximizing programmatic gains, changing the culture of corporate business operations and strengthening client orientation and satisfaction. The efficiency agenda has four key elements: the business operations strategies (BOS), common back offices, common premises and global shared services.

19. UNIDO field offices are taking part in the data collection for the BOS annual review. The results for 2024 will be published in the first half of 2025 and contain data on efficiencies due to entity-specific initiatives and inter-agency collaboration at the country level through BOS. The latest data indicate that UNSDG member entities reported an unprecedented level of total realized efficiency gains in 2023, amounting to \$553 million.

20. The UNDS reform's ambitious target of increasing the share of common premises to 50 per cent by 2021 could not be met *inter alia* due to capital requirements for ownership or construction of new premises. As at March 2024, 31 per cent of United Nations buildings were common premises and housed 54 per cent of United Nations system staff. UNIDO has already achieved the co-location target in previous years, with 63 per cent of its field offices currently located in common premises. However, this figure may fluctuate, as cost efficiency determines the location of UNIDO offices.

21. The implementation of common back offices, while very promising, is not yet advancing at an optimal pace. UNIDO is analysing the related service offer in each country on a case-by-case basis to appraise the operational and financial impact. In 2024, common back offices were operational in four countries, of which UNIDO joined the ones in Kenya and Viet Nam.

22. UNIDO has achieved significant efficiency gains and cost savings in its core service functions over the past years. The Organization's own corporate services remain highly competitive and are more cost-effective than services outsourced to other UNDS entities. UNIDO continues to seek further opportunities in the efficiency agenda, particularly at the country level, and to engage on a case-by-case basis, i.e. where operationally and financially beneficial.

### **Reporting**

23. The Organization contributes to system-wide reporting, including via the UNSDG data portal (UN INFO) and by providing data for the UNSDG output

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<sup>1</sup> [E/RES/2024/19](#).

indicator framework, which is summarized in the annex to the annual report of the UNSDG Chair.<sup>2</sup>

### **III. Outlook**

24. The General Assembly adopted resolution [79/226](#) on the new quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR) on 19 December 2024. The new QCPR resolution will guide the UNDS until 2028, providing policy-level guidance for enhanced coordination and efficiency towards the advancement of the 2030 Agenda. The preparations for the QCPR resolution were informed by the progress report of the Secretary-General on its implementation and other documentation presented at the operational activities for the development segment of the Economic and Social Council.

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

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

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<sup>2</sup> The annex titled “Measuring the UN contribution towards the SDGs” can be found at: <https://unsdg.un.org/resources/unsdg-chair-reports>.