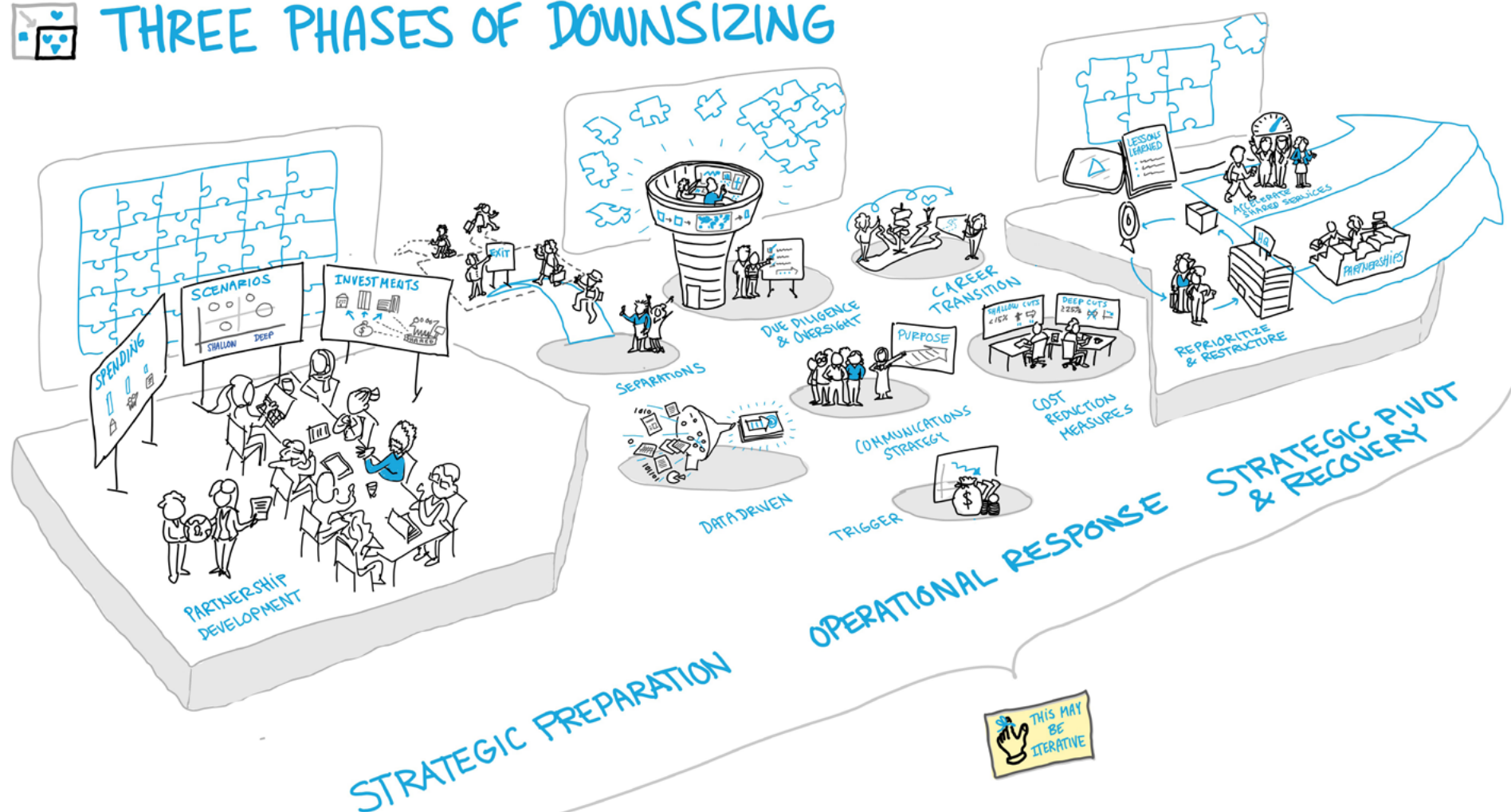


Downsizing in the United Nations: Managing impact, building resilience, and seizing strategic opportunity

THREE PHASES OF DOWNSIZING





This report is a part of **‘UNLOCK-ing Change in the United Nations’** series, prepared by UNSSC, within the ambit of the United Nations Lab of Organizational Change and Knowledge (UNLOCK) initiative. It provides a set of lessons learnt from past change endeavors, and a future roadmap to support the change and system-wide transformation in the context of the UN80 initiative. UNLOCK is a UNSSC project, devoted to organizational change and transformation. In addition to knowledge curation, the UNLOCK team is convening change practitioners across the UN system, providing change advisory services and capacity development.

This paper draws on a range of organizational experiences related to mergers within the United Nations system. Some of the cases referenced are ongoing, while others have concluded, offering a mix of real-time insights and retrospective reflections. The individuals interviewed and quoted in this report drew on their professional experience in the UN system. Their perspectives are shared in a personal capacity and do not represent the official views of their organizations.

We extend our sincere thanks to all those who generously contributed their time and insights through interviews. Their reflections have been invaluable in shaping the analysis and recommendations presented. Special thanks go to Mads Svendsen for conducting the interviews and leading the drafting of this report with thoughtfulness, rigor, and care. The insightful illustrations, translating complex concepts into engaging ideas, were produced by Ole Qvist-Sørensen.

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Executive summary

Downsizing has become a systemic reality across the United Nations system. Nearly half of all respondents (43 percent) to UNLOCK's 2025 State of Change Management survey¹ identified downsizing as one of the change initiatives currently taking place in their entities. Faced with sustained financial pressure, shifting donor priorities, and rising delivery expectations, UN entities are increasingly required to reduce headcount, restructure operations, and reframe their delivery models. This reflection paper examines how downsizing – when approached strategically and empathetically – can serve as a catalyst for renewal, resilience, and reform.

Drawing on recent experiences from entities including the United Nations Development Programme (UNDP), International Organization for Migration (IOM), World Health Organization (WHO), United Nations High Commissioner for Refugees (UNHCR), United Nations Mission in Liberia (UNMIL), and the UN Secretariat, this paper explores the strategic, operational, and emotional dimensions of downsizing. It highlights how scenario-planning, structured communication, and staff engagement can mitigate disruption and preserve institutional credibility. UNDP's proactive restructuring and IOM's rapid response and accelerated reform illustrate how early planning and adaptive governance can turn crisis into opportunity. WHO's prioritization of core functions and UNHCR's launch of shared services under duress reveal the challenges of sequencing and morale management in a context of accelerated reform.

¹ State of Change Management in the UN System 2025, UNSSC/UNLOCK, forthcoming; 123 respondents from 38 entities.

The paper also reflects on the role of change managers and internal advisory capacity in coordinating transitions, supporting staff, and sustaining productivity. Evidence from the Joint Inspection Unit underscores that reforms supported by change-agent networks and results frameworks are significantly more likely to succeed. UNMIL's closure experience further demonstrates the importance of framing, fairness, and legacy preservation.

Ultimately, this paper shows that a strategic and empathetic approach to downsizing is possible – one that treats it not merely as a technical adjustment, but as a strategic inflection point. By investing in preparedness, embedding change management capacity, and centering the human experience, UN entities can navigate downsizing with integrity and emerge stronger.

These insights are synthesized into a practical framework for leaders and change managers to help prepare for and manage downsizing (Annex A). The framework outlines key phases and actions for managing downsizing strategically and empathetically across the UN system. Annex B contains a brief description of each of the cases referred to in this paper.

1. Why this topic matters now

The UN system is experiencing a convergence of pressures: declining core contributions, volatile earmarked funding, shifting donor priorities, and rising delivery expectations. Downsizing is no longer a rare event – it is a recurring reality. UN entities are being asked to do more with less, often with little time to prepare.

As Manoj Juneja (formerly from the World Food Programme, WFP) observed, “The challenge is not just the size of the cuts – it’s the speed at which they must be made.” In this environment, the ability to respond quickly, strategically, and humanely is a test of leadership. But the effects on entities of downsizing do not need to be catastrophic. When cuts are shallow and the entity has some time to reflect and respond, they offer an opportunity to recalibrate, streamline, and future-proof operations.

As the cases referred to in this paper illustrate (see summary of cases in Annex B), there are a wide range of lessons to be learned from the different downsizing cases. The experiences of IOM, UNHCR, UNDP, and WHO illustrate that downsizing, while often triggered by crisis, can also serve as a powerful catalyst for transformation.

As David Penklis (formerly from UNMIL) emphasized, “*Downsizing often places entities into a rapid, action-oriented crisis transformation state – requiring immediate realignment of structures, mandates, and personnel under intense time pressure.*”

IOM's experience in early 2025 illustrates how a sudden funding shock can accelerate reform agendas which had begun in 2023. As Deputy Director General (DDG) Lee noted, "We had to completely accelerate the reform agenda... and really look at our financial situation."

UNHCR's experience underscores how rapidly funding shocks can escalate. In 2024, the agency faced a close to USD 2 billion reduction as compared to the previous year due to a drop in donations from major donors – forcing a reduction of around 30 percent of positions.

Entities like UNDP demonstrate how early strategic planning can turn financial constraint into institutional renewal when the cuts are less deep. Others, like WHO and IOM, show how even deep cuts can be managed with dignity and purpose.

2. Strategic framing and communication

Effective downsizing hinges not only on technical execution but on strategic narrative-framing, scenario-planning, leadership alignment, and transparent communication – each of which plays a critical role in shaping staff experience, preserving morale, and enabling coherent reform under pressure.

How leaders frame the rationale for, and the intent and process of, downsizing shapes how staff experience it. At WHO, Hatem El Khodary emphasized the importance of prioritizing core functions, following a comprehensive corporate process and communicating



clearly even when faced with time pressure: *"We had to accelerate our restructuring process... we didn't have the luxury of time."* Still, by following a comprehensive corporate process it enabled fair and transparent outcomes.

UNDP, by contrast, had time. Linda Maguire described how UNDP anticipated stress and acted earlier – commissioning a Business Model Review in 2024 to rethink how it creates, finances, and delivers value, leveraging on previous reforms in shared services, digital/ERP, and contract modalities – to avoid blunt, across-the-board cuts.

UNDP's planned response to its projected USD 100 million budget shortfall included the development of several alternative scenarios, some including relocation of central bureau staff out of New York. This scenario-

based approach is enabling leadership to assess feasibility, communicate transparently, and prepare for divergent outcomes depending on administrative decisions and funding realities.

David Penklis's use of the mantra "Lean, Clean, and Green" during UNMIL's closure illustrates how reframing the narrative can soften psychological resistance and foster a sense of purpose. He further reflected that a clearly defined end-state vision is essential; without it, downsizing risks fragmentation, mandate confusion, and operational misalignment.

The Joint Inspection Unit's (JIU) system-wide 2019 review of 47 reforms found that reforms are twice as likely to embed change management deeply when supported by a change agent network – underscoring the importance of structured staff engagement beyond initial messaging.

IOM's leadership emphasized scenario-planning and unified governance as key enablers of effective response. Five funding scenarios were developed in late 2024, each with tailored strategies. DDG Lee highlighted the importance of distinguishing between controllable and uncontrollable factors and aligning leadership around shared principles: *"The leadership team has to be 100 percent together... we all played the role that we needed to play to make this work."*

UNHCR's leadership communicated the urgency clearly, but the tight timeline left little room for strategic redesign. Nevertheless, the restructuring was taken forward as collaboratively and strategically as possible, guided by a set of parameters set by the senior management. These included: a) Focusing on areas of

comparative advantage, such as protection, solutions, and emergency response; b) preserving a strong operational footprint in large displacement situations; c) streamlining headquarters (HQ) and regional bureaux, while centralizing enabling support functions to increase efficiencies; d) building new engagement models where the entity was no longer physically present; and e) engaging in UN80, aiming to capitalize on other agencies' complementary capacities. In all cases, strategic framing helped staff understand the "why" behind the change – and reduced resistance.

As Jan Mattsson, former UN Under-Secretary-General for UNOPS, emphasized, transparency and results-based management are not just technical tools – they're trust-building mechanisms. When staff can see the metrics and understand the rationale, they're more likely to engage with the process rather than resist it.

3. Emotional and psychological support

Downsizing carries a profound emotional toll, making empathy, transparent communication, and robust support systems essential; entities like IOM, UNDP, UNHCR and WHO illustrate how informal and continuous consultations, career transition services, recognition events, and welfare mechanisms can help staff feel valued and supported.

Downsizing is emotionally charged. Staff experience anxiety, grief, uncertainty, and loss. Leaders must recognize this human dimension and respond with empathy. WHO held informal consultations, presented in staff members' native language, and maintained an open-door policy. As they navigate this ongoing transformation, the leadership remains committed to treating every individual with empathy, respect, and dignity. The corporate approach to downsizing prioritized transparency, support, and care for those impacted. The Director General recognizes the value each person brings to the organization and strives to make this transition as smooth as possible for all.

UNDP's approach was human-centred: transparent timelines, and open channels for staff feedback, including town halls, FAQs, and direct messaging to foster trust – pairing empathy with fiduciary responsibility.



IOM deployed career transition services, welfare support and recognition ceremonies. Staff were offered webinars on pensions, entitlements and job search strategies.

At UNHCR, despite the compressed timeline, there was a clear effort to support staff and maintain transparency. Consultations were held with directors, staff surveys were conducted, and support structures were put in place.

To support staff in the still ongoing process (at the time of writing), UNHCR is offering a range of services, including career counselling, fair and transparent recruitment processes, and the assurance that termination emoluments are paid in line with staff rules, regulations, and contractual terms. A priority roster is being created for separated staff and affiliates

to improve their chances of future employment. Additionally, UNHCR is providing post-separation healthcare options, free learning resources to help staff build new skills, webinars to address specific questions, interview support sessions, and regional career empowerment webinars tailored to local contexts.

These efforts helped staff feel seen, heard, and supported – even in moments of loss.

David Penklis emphasized that downsizing must never feel like abandonment. Personal gestures – such as certificate handovers and recognition events – help staff feel valued even during separation.

He also highlighted the importance of support mechanisms, including ombudspersons, pension advisors, and legal representatives, to reduce anxiety and prevent escalation into legal disputes.

However, while the support has been helpful there is no denying that downsizing is very difficult. Staff at UNHCR have described a pervasive sense of powerlessness. Downsizing affected all staff, irrespective of length of service or performance. Since the restructuring process was based on functions, it did not consider whose position was cut. The emotional toll of downsizing was also deeply felt at IOM. “Some colleagues, who have dedicated their careers to IOM, were affected,” said DDG Lee. Internal communications had to balance transparency with empathy, acknowledging diverse staff realities while reinforcing organizational purpose.

Feedback from staff across various entities suggests that, while there have been strong efforts to foster empathy, transparent communication, and consistent support, these values are not always experienced uniformly by staff. Organizational hierarchies continue to influence how information and support are accessed, with individual experiences often shaped by the specific leadership styles of managers, representatives, or directors. Communication can be slow to cascade through the organization, sometimes due to lengthy approval processes or varying levels of engagement from leaders. In some cases, communication may be delayed or omitted altogether, whether due to differing views on transparency, discomfort with difficult conversations, or competing priorities.

4. Maintaining morale and productivity

Maintaining morale and productivity during downsizing requires intentional strategies to address survivor’s guilt, sustain motivation, and preserve institutional knowledge. This can be achieved through fair policies, recognition efforts, staff engagement, and the activation of change-agent networks that help ensure continuity, responsiveness, and trust throughout the transition.

One of the paradoxes of downsizing is that those who remain often struggle with survivor’s guilt, increased workloads, and diminished morale. Maintaining productivity requires deliberate effort.

Productivity often declines when staff lose sight of the end game. David Penklis found that invoking pride – linking staff contributions to national progress – helped sustain motivation.

UNDP's early 2000s downsizing, which involved the separation of approximately 2,000 staff, offers important lessons. Jan Mattsson (former Director of Bureau of Management at UNDP, and former head of UNOPS) emphasized that the process was framed not simply as cost-cutting, but as a strategic reprofiling to align staffing with a new decentralized operational model. Contracts were cancelled across country offices, and separation packages were used not just for retirees but to enable re-skilling and renewal. This approach helped preserve morale and institutional credibility, especially among remaining staff, who saw that separations were handled with dignity and purpose.

The UN Secretariat's current structured downsizing policy prioritizes fairness by considering performance, seniority, and integrity. Comparative reviews also consider contract type, with permanent contracts being the last to go. Staff affected by downsizing are flagged for priority consideration for any job openings they apply to within three months of notice of termination (one month for fixed terms). However, the process introduces uncertainty – cutting a post doesn't always mean the incumbent will be impacted. There may be an individual in the same job profile in another work unit who has less seniority who will be affected instead.

WHO used mapping and matching protocols to manage staff positions during the restructuring, and

based on staff rules, reassignment windows were provided for eligible staff, providing a list of any vacant positions that matched their profiles before formal separation procedures began.

At UNDP, some staff have recently volunteered to relocate. In IOM, some staff moved to lower-cost duty stations to save colleagues' positions. WHO incorporated staff feedback into organograms and gave affected staff a chance to comment before final decisions were made.

Recognition played a key role. UNMIL, during its closure, organized job fairs, certification programs, and social gatherings to honour staff contributions. These gestures helped sustain morale and reinforce a sense of purpose. UNMIL anticipated productivity challenges during its closure and responded by front-loading tasks, retaining key personnel (including retirees), and maintaining constant communication. The key lesson: flexibility and responsiveness are just as essential as structure and sequencing for sustaining productivity.

JIU research (2019) highlights that productivity often dips during transitions unless entities proactively plan for temporary staffing and continuity – an insight especially relevant for downsizing contexts where critical functions must be preserved.

IOM retained affected staff in its recruitment system as first-tier candidates, enabling rapid rehiring when new projects emerged. This approach helped preserve morale and institutional knowledge. As DDG Lee explained, "We are in this together... if we get new projects, you will be the first one to be called back in."

UNHCR faced the dual challenge of running the business while simultaneously trying to restructure it. Divisions like Human Resources (HR) struggled to manage the logistics of downsizing while maintaining continuity. In some cases, staff were released prematurely based on assumptions about the coverage of the yet-to-be launched shared services – before the centre’s scope was even finalized.

The UN Department of Operational Support (DOS) indicated that following the creation of the Department in 2019, a change-agent network initiative had a positive impact, increasing buy-in and understanding of staff and contributing significantly to the development of the culture of the Department.

This aligns with the findings from the 2019 JIU study of 47 reforms, which found that reforms that included change agents achieved depth scores ranging from 66 percent to 76 percent consistently across entities of all sizes. In contrast, reforms without change agents scored significantly lower, between 25 percent and 44 percent. A high depth score indicates not just the presence of change management elements, but the quality and comprehensiveness with which they were applied. It reflects how well strategies were designed, implemented, and sustained – such as communication plans, leadership engagement, staff readiness assessments, and feedback mechanisms. In practical terms, a high depth score means that change management was not treated as a checklist, but as a strategic and integrated process that permeated the reform effort.

Statistically, this means that reforms are nearly twice as likely to embed change management deeply when supported by a change-agent network. One of the central roles of change agents is to ascertain and strengthen staff engagement – a critical factor for successful reform and maintaining morale and productivity. They help ensure that changes are clearly communicated, that staff perspectives are heard and integrated, and that resistance is addressed constructively. In doing so, they help transform reform from a top-down directive into a participatory process, increasing the likelihood of lasting institutional change.

The findings of the 2020 UNSSC/UNLOCK case study on change-agent networks across five UN entities – DOS, OCHA, UNOPS, WFP, and Young UN – reinforce the strategic value of these networks in enabling meaningful reform. Change agents are not only conduits for communication and staff engagement; they also serve as initiators of change, facilitators, community builders, coaches, and mentors. Their diverse roles allow them to bridge gaps between leadership and staff, surface silent voices, and foster a culture of openness and innovation. The case study highlights how change-agent networks contribute to organizational performance, support two-way dialogue, and help implement change in ways that are participatory and context-sensitive. Importantly, they also build internal capacity for change by cultivating relational skills, resilience, and a shared sense of purpose among staff. These networks, when well-supported and intentionally structured, become engines of cultural transformation and institutional learning – making change not only possible, but sustainable.

5. Indicators and tracking

Effective downsizing requires data. Only one fifth of UN reforms studied by JIU earmarked budgets for change management, and fewer than one third included results frameworks – making it difficult to assess cost-benefit or justify future investment. In the 2025 response to the UNSSC/UNLOCK State of Change Management survey, only 33 percent said that the definition of success is clear (57 percent somewhat clear and 11 percent unclear) and only 23 percent said that the metrics are clearly defined (48 percent somewhat clear and 25 percent unclear).

UNDP's use of metrics – such as leverage and management efficiency ratios – to assign savings targets across bureaux demonstrates how data-driven approaches can guide fair and effective restructuring.

IOM built dashboards to monitor separations by region, grade, and gender. These tools helped leaders make informed decisions, correct misconceptions, and ensure fairness. IOM used its dashboard to ensure that the realignment was proportionate and balanced, and that not any one group was affected the most. For example, the dashboard showed that most grades were affected, including D-level positions, and not only junior staff.

To facilitate the transition, UNHCR established a Transition Working Group tasked with overseeing the implementation of new organizational structures, monitoring staffing changes, and coordinating communication efforts throughout the ongoing transition period.



Reflecting on the UNMIL closure experience, David Penklis recommends mapping the final three months of downsizing in detail, using weekly tracking of staffing levels, counting of number of containers, and archiving progress to monitor execution.

He also stressed the importance of retaining documentation for post-closure audits and committee reviews, which may occur up to a year later.

Post-implementation assessments are critical to ensure that downsizing has delivered the intended results – reviewing structure, capacity, and mandate alignment is essential for long-term effectiveness.

JIU recommends that entities align monitoring with reform goals, using multi-phase surveys and clear indicators to track staff understanding, adaptation, and long-term impact.

Tracking also enabled real-time course correction and accountability. Mattsson emphasized that performance data isn't just for internal decisions – it's a way to maintain credibility with staff, donors, and partners. Transparent metrics help agencies defend trade-offs, demonstrate fairness, and build trust during difficult transitions.



Table: Examples of indicators for tracking

Category	Indicator	Purpose	Unit of Measurement
Financial efficiency	Savings targets achieved	Measures whether cost reduction goals are met	% of target achieved / monetary value saved
	Leverage ratios	Assesses resource optimization and operational efficiency	Ratio (e.g. % of core vs. non-core funding)
	Reassignment success rate	Tracks effectiveness of internal redeployment and retention	% of reassigned staff vs. eligible pool
Staffing & HR	Separations by region, grade, and gender	Ensures fairness and proportional impact across demographics	Number and % of total separations
Implementation	Communication effectiveness	Assesses clarity, timeliness, and reach of change-related messaging	% of staff reached / feedback score
	Staff adaptation survey results	Gauges employee understanding and adjustment to organizational changes	Survey score / % positive responses
Structural alignment	Mandate and structure alignment review	Evaluates whether the new structure supports strategic goals	Qualitative assessment / alignment score
Change management	Existence of results frameworks for change process	Enables structured evaluation and long-term impact tracking	Binary (Yes/No) / Number of Key Performance Indicators tracked

6. Strategic opportunity when facing shallow cuts

Downsizing is not always a crisis – it can be a catalyst for strategic renewal. When organizations face modest budget reductions and have time to plan, downsizing offers a chance to:

- Reallocate resources toward high-impact functions
- Consolidate duplicative roles
- Pilot new delivery models
- Strengthen partnerships and diversify funding

This section explores how entities across the UN system have approached downsizing proactively, turning financial constraints into opportunities for innovation, partnership-building, and structural alignment. Drawing on examples from UNDP, IOM, and others, it highlights how thoughtful leadership, adaptive planning, and behavioural insights can transform shallow cuts into a strategic pivot rather than a reactive retreat.

Anchored in the 2026–2029 Integrated Resources Plan and Integrated Budget, UNDP’s “adaptive shielding” approach introduces a built-in adaptive mechanism to manage volatility while protecting country-level delivery when core funding falls below a threshold, allowing for strategic allocation rather than formulaic distribution.

JIU’s findings suggest that downsizing can offer a unique opportunity to embed behavioural science approaches and organizational health metrics (e.g. the McKinsey Organizational Health Index) – practices shown to enhance staff engagement and the sustainability of reform.

IOM’s downsizing was accompanied by a strategic push to preserve core capacity. This included country and regional infrastructure, enabling services (HR, finance, IT, oversight), technical expertise (e.g., border governance, climate mobility), and fundraising and oversight capabilities. These elements were central to IOM’s “Resilience Campaign,” launched to engage Member States in sustaining operational continuity. This approach turned a budget shortfall into a strategic pivot – aligning structure with mission and positioning the organization for future growth.

Leadership responses to downsizing vary significantly depending on the scale of the cut and the time available to implement. The table below outlines these differences, highlighting the strategic and operational shifts required in shallow versus deep-cut situations.

Table: Strategic implications of deep vs. shallow cuts

(Adapted from reflections shared by Manoj Juneja and other senior UN leaders)

Dimension	Shallow cuts (≤15%)	Deep cuts (≥25%)
Time to respond	Moderate- to long-term planning possible	Urgent, often reactive
Strategic opportunity	High – enables recalibration, alignment, and innovation	Limited – focus shifts to survival and containment (unless the organization has already put in place measures to be agile and resilient)
Staff engagement	Can be inclusive and consultative	Often constrained by time
Leadership role	Strategic framing, scenario-planning, and piloting	Crisis management, prioritization, damage control
Change manager role	Coordinating redesign, enabling transitions	Managing separations, preserving morale
Risk profile	Low to moderate – reputational and operational risks manageable	High – legal, reputational, and delivery risks
Narrative framing	“Strategic pivot” or “resilience-building”	“Emergency response” or “last resort”
Examples	UNDP (2025): Adaptive shielding, scenario-based budgeting	UNHCR (2024–2025, ongoing)
Success factors	Early planning, data-driven decisions, leadership alignment	Transparent criteria, welfare support, rapid execution

However, even in cases with relatively shallow cuts, early archiving, documentation, and asset disposal are essential. As David Penklis observed, starting clean-up before staff departures prevents operational gaps and preserves institutional memory.

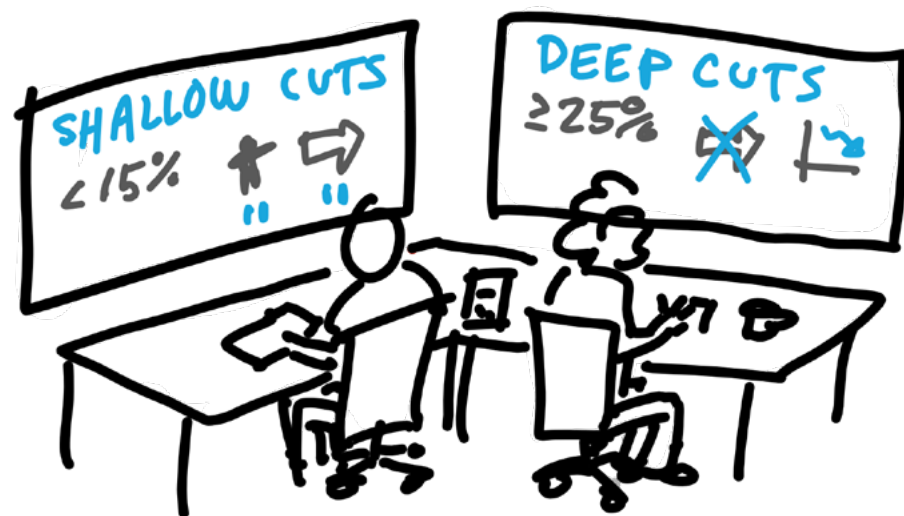
When facing deep cuts, like UNHCR is facing during 2025, it becomes difficult to manage the practical sequencing of change efforts. UNHCR’s Global Shared Services initiative, launched under duress, aims to centralize HR, Finance, IT, and Supply Chain functions in Budapest. While expected to yield up to 30 percent savings, the sequencing has been suboptimal as there has been little time to optimize and simplify the processes in advance of the move. This will all have to be undertaken as the Global Shared Services starts operating.

7. Reflections for the future

While downsizing may be unavoidable, it need not be destructive. When guided by strategic intent, empathy, and data, it can become a moment of renewal. However, recent UN experiences reveal that without early investment in resilience, internal advisory capacity, and performance metrics, entities risk falling into reactive survival mode, missing the opportunity for meaningful reform and long-term transformation.

Leaders must frame the narrative, model empathy, and make hard decisions with clarity. Change managers must coordinate logistics, support staff, and track performance. Together, they can turn constraint into opportunity.

Across the UN system, longstanding calls for reform and transformation now intersect with the current context of deep budget cuts. In some organizations, reductions of 25 percent to 40 percent are being implemented under compressed timelines, largely in response to fiscal pressures and shifts in donor contributions. Senior leaders note that these circumstances leave limited space for innovation, redesign, or alignment with transformational reform agendas. Entities are focused on managing separations, protecting core functions, and mitigating reputational harm. This dynamic narrows the scope for deep reform as entities are occupied with short-term damage control rather than long-term transformation. This has implications for the system's capacity and coherence moving forward.



Jan Mattsson's reflections on UNDP's downsizing in the early 2000s underscores the importance of pairing structural change with strategic clarity. The creation of the Management Consulting Team during this period illustrates how internal advisory capacity can help entities navigate complex transitions by supporting ongoing change management and organizational improvement efforts across the entity. Investing in such internal change and transformation capabilities makes an entity more agile and resilient and enables more coherent, proactive, humane, and effective change and adaptation.

UNDP's recent experience shows that early scenario-planning and stakeholder engagement can create space for strategic reform even amid financial pressure. IOM's proactive scenario-planning and early engagement with Member States helped stabilize operations in 2025. However, funding for 2026 remains uncertain. DDG Lee emphasized the need to preserve core capacity to enable future growth: "We know the issue of migration and mobility is not going to go away... our operation probably would have to grow back in 2027–2028."

UNHCR's experience illustrates this tension clearly. The organization implemented significant structural changes under intense time pressure, driven primarily by financial constraints. While some strategic elements emerged – such as the creation of an enhanced Global Data Service and a Shared Services Centre in Budapest – the compressed timeline limited broader strategic design and vertical coherence (this is being tracked, and some corrective action will be taken as part of the 2026 planning process). The crisis has accelerated a

shift in UNHCR's operating model. The organization is moving from a stable, programme-based funding model to one that is increasingly project-based and reliant on earmarked funding. This shift has implications for workforce composition, budgeting, partnerships, and organizational culture. A new task team has been established to explore and define this evolving model.

8. Role of change managers and leaders

Leaders set the tone for transparency, alignment, and empathy. They framed the rationale, engaged staff, and made strategic decisions. Leaders played a critical role in downsizing by ensuring fairness through structured policies and transparent communication, while also managing uncertainty and preserving institutional capability. As Patrick Carey from UN DOS emphasized, effective leadership requires balancing empathy and transparency with strategic clarity to guide staff through complex transitions with integrity.

Change managers translated constraints into structured action, facilitated support systems such as change-agent networks, coordinated redeployments, and tracked performance. Their role was pivotal – not just in execution, but in shaping the emotional and relational dynamics of change.

The UN Secretariat's past use of change-agent networks offers a compelling model. Staff volunteers

met regularly with leadership, contributed to staff engagement surveys, and facilitated cultural initiatives such as virtual water coolers and assertiveness campaigns. These grassroots mechanisms helped surface concerns and foster trust during reform.

As Patrick Carey noted, *"The change-agent network generated concrete suggestions for management and overall had a positive impact on staff understanding and acceptance of change."* This aligns with findings from the 2019 JIU study on change management in the UN system, which showed that reforms supported by change agents had significantly higher success rates. Change managers are critical as coordinators of these change-agent networks.

David Penklis highlights that downsizing is a whole-of-entity activity – change managers must act as facilitators of the process, supported by leadership and staff across all functions. He also reflected that retaining critical personnel – such as retirees or those with secure future posts – is vital to maintaining continuity during downsizing. He further emphasized the importance of engaging staff representatives early, as they can surface emerging tensions and help prevent reputational risks like public demonstrations.

JIU's 2019 analysis of 47 reforms found that leadership alone is insufficient – successful change requires coalitions of staff across levels, empowered to listen, engage, and transmit reform messages.

Embedding change management capacity within the organizational structure – rather than relying on ad hoc teams – was a key success factor in reforms that sustained learning across cycles.

9. Key lessons from UN downsizing experiences

Downsizing across the UN system has revealed consistent patterns, challenges, and strategic insights. While often triggered by financial constraints or shifting donor priorities, downsizing can also serve as a catalyst for renewal and reform - if approached with foresight, empathy, and strategic clarity. This final section synthesizes lessons from recent UN experiences, offering practical guidance aligned with the framework in Annex A. It highlights how early scenario-planning, strong governance, staff engagement, and operational resilience can help entities navigate reductions in a way that preserves institutional credibility and enables long-term transformation. Crucially, it also recognizes the emotional toll that downsizing can have on staff, their families, and the wider organizational culture. Anxiety, grief, and uncertainty are common responses, and how these are managed can significantly influence morale, trust, and the sustainability of reform.

Strategic planning and scenario design

- **Invest in preparedness before crisis hits**

Entities that plan during periods of growth are better equipped to respond strategically when financial constraints emerge. Early investments in scalable systems, shared services, and flexible policies enable resilience and reduce reliance on reactive measures.

- **Use scenario-planning to inform decisions**

Developing multiple funding and operational scenarios enables entities to distinguish between shallow and deep cuts, tailor responses accordingly, and avoid blunt instruments. Scenario-planning supports clarity, agility, and informed decision-making. These scenarios may include relocation options.²

- **Reprofile to align with strategic mandates**

Downsizing should not be treated as a simple reduction in headcount. Reprofile – realigning roles and structures to match evolving mandates – can strengthen organizational relevance and effectiveness.

Governance, leadership, and decision-making

- **Protect core functions and capabilities**

Functions that are central to mandate delivery and comparative advantage should be ring-fenced. Strategic budgeting approaches, such as pooling of non-essential budget lines, can help preserve high-impact areas during resource constraints.

- **Avoid blunt instruments where possible**

Measures such as vacancy freezes, travel bans, and indiscriminate contract terminations may be unavoidable in deep cuts but should be used sparingly. These tools often erode morale and undermine long-term effectiveness.

² For more information, see UNSSC/UNLOCK (2025), UN-Locking Reflections on Relocations in the UN.

- **Base decisions on data, not assumptions**

Dashboards, expenditure baselines, and performance metrics help ensure fairness, correct misconceptions, and enable real-time course correction. Data-driven approaches are essential for transparency and accountability.

Staff engagement and support

- **Handle separations with empathy and fairness**

The way separations are managed affects morale, trust, and reputation. Transparent processes, recognition of contributions, and access to career support services help maintain cohesion and dignity.

- **Ensure continuity during transitions**

Maintaining overlapping capacities during transitions – such as dual setups or phased relocations – can reduce operational risk and preserve service quality. This is especially important when relocating critical functions.

- **Build internal change management capacity**

Dedicated change management teams play a vital role in coordinating logistics, supporting staff, and translating strategy into action. Internal advisory capacity helps entities navigate complexity with coherence and empathy.

Risk management and operational resilience

- **Balance urgency with strategic clarity**

While crisis can accelerate reform, it also increases risk. Structural changes made under pressure must be supported by robust planning, risk mitigation, and clear governance to avoid unintended consequences.

- **Monitor cultural and operational impacts**

Downsizing affects not only staffing levels but also organizational culture, service delivery, and institutional memory. Monitoring morale, service quality, and continuity is as important as tracking financial savings.

Taken together, these lessons underscore that downsizing is not merely a technical exercise—it is a strategic inflection point with profound human consequences. Success depends not only on how well entities prepare and execute operational plans, but also on how they support people through the transition. By investing in internal change management capacity, using data to guide decisions, and centering the human experience - including the needs of families and dependents - UN entities can turn constraint into opportunity. These insights are essential not only for future downsizing efforts but also for broader organizational reforms across the UN system, where resilience, empathy, and strategic clarity must go hand in hand.

Annex A: Framework for managing downsizing in the United Nations

The framework below has been derived from the interviews conducted and provides a structured approach for managing organizational reductions in response to financial constraints, shifting donor priorities, and evolving mandates. Drawing on insights from senior leaders and practitioners across the United Nations, the framework outlines practical steps for planning, executing, and recovering from downsizing – whether shallow or deep.

It emphasizes the importance of early scenario-planning, strategic investment during periods of growth, and the activation of leadership and governance structures. The framework also integrates lessons on maintaining staff morale, leveraging shared services, and using data-driven decision-making to preserve core capabilities while achieving real, cashable savings.

Designed to be adaptable across diverse UN entities, this framework supports entities in navigating complexity with clarity, empathy, and strategic foresight.

Phase 1: Strategic preparation (before crisis hits)

This phase represents what any entity should proactively undertake during stable or “good” times. It focuses on building agility and resilience before a crisis hits. By investing in scalable systems, conducting comprehensive spending reviews, and embedding change management capacity, entities can future-proof their operations and position themselves to respond strategically when challenges arise.

Phase 2: Operational response to budget cuts

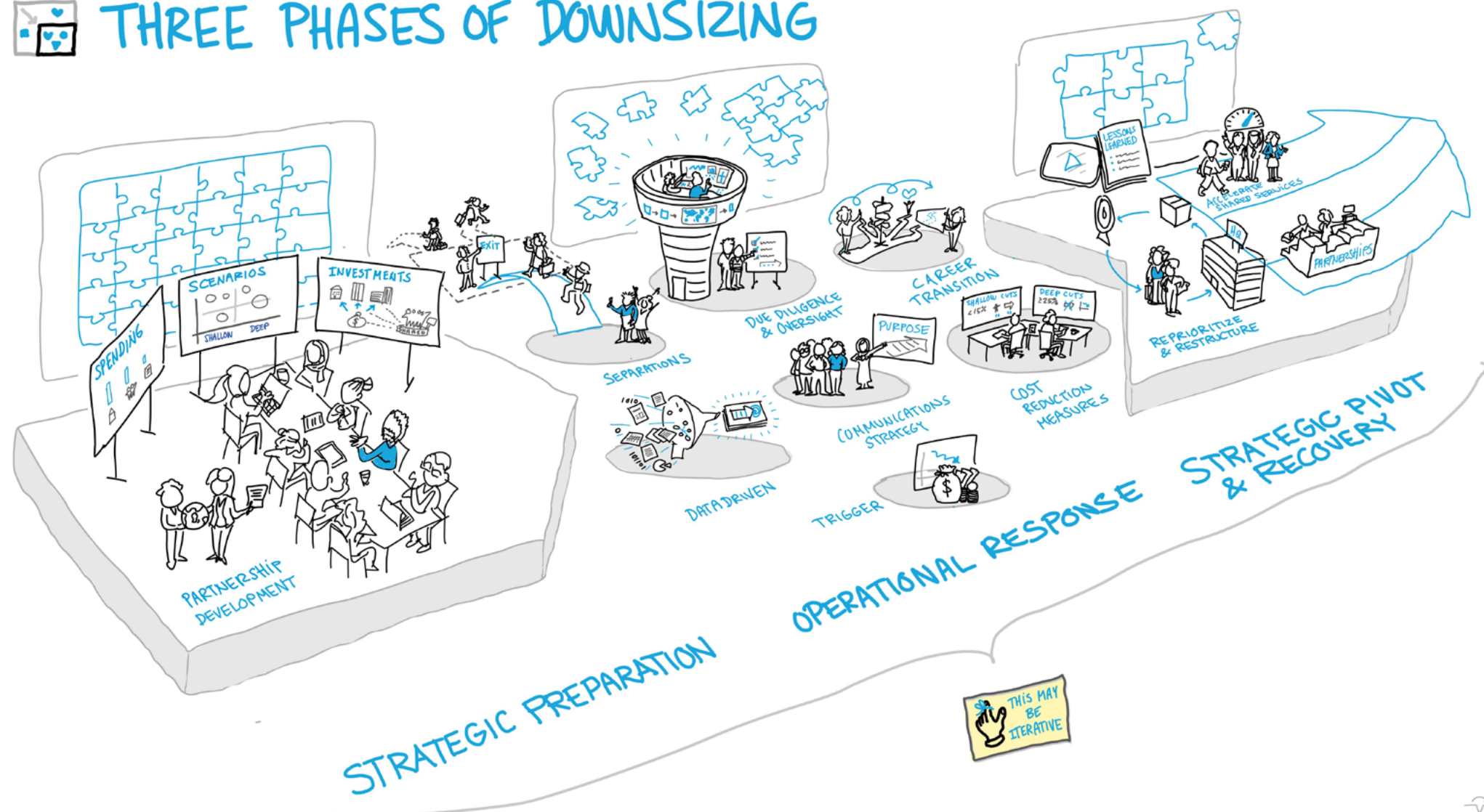
When financial pressures materialize – whether through donor retrenchment, mandate shifts, or sudden funding losses – entities must act swiftly and decisively. This phase outlines operational steps for managing reductions empathetically and effectively, including cost containment, transparent communication, emotional support, and data-driven decision-making. It is designed to help entities navigate the turbulence of downsizing while preserving morale, credibility, and core capabilities.

Phase 3: Strategic pivot and recovery

Once the immediate crisis has been addressed, entities must shift from reactive measures to strategic renewal. This phase focuses on rebuilding resilience by reprioritizing mandates, accelerating shared services, strengthening partnerships, and documenting lessons learned. It is a return to long-term transformation – ensuring that the entity emerges stronger, more focused, and better equipped to deliver on its mission.

The detailed steps are outlined below.

THREE PHASES OF DOWNSIZING



Phase 1: Strategic preparation (before crisis hits)

1. Scenario-planning

- Develop multiple funding scenarios.
- Include both shallow-cut (<15%) and deep-cut (≥25%) scenarios.
- Align with strategic objectives and mandate delivery.

2. Resilience investments

- Build scalable systems (e.g. ERP, HR, cash-based transfer platforms).
- Establish shared services (e.g. fleet, payroll, supply chain).
- Create flexible financial regulations (e.g. carryover funds, one-time investment rules).

3. Comprehensive spending review

- Begin with a full organizational spending review – not just staff costs.
- Include real estate, rent, asset management, and operational overhead.

4. Partnership development

- Co-invest across agencies to reduce duplication.
- Build trust-based service models (e.g. client-centric and -oriented logic).
- Engage external partners, especially in developing countries, for cost-effective outsourcing.

5. Policy readiness

- Update HR policies for relocation, redeployment, and separation.

- Ensure legal frameworks support fair and transparent downsizing.
- Embed change-agent networks to support staff engagement.

Phase 2: Operational response to budget cuts

1. Cost-reduction measures

Shallow cuts (<15%)

- Freeze hiring for non-critical roles.
- Delay low-priority projects.
- Reduce travel and discretionary spending.
- Use attrition and vacancy management.

Deep cuts (≥25%)

- Terminate programmes where earmarked funding has ended.
- Reduce country-level operations proportionally.
- Identify consultants and contracts for early separation.
- Use relocation policies with time-bound placement windows.
- Implement agreed terminations and retirement-based attrition.

Data-driven decision-making

- Avoid decisions based on opinion or internal politics.
- Use expenditure baselines and outcome-based costing to guide cuts.

3. Communications strategy

Internal

- Frame the “why” clearly and honestly.
- Use multiple channels (e.g. town halls, FAQs, direct messaging).
- Avoid sugar-coating; acknowledge emotional toll.

External

- Engage Member States early and often.
- Share data, scenarios, and rationale.
- Frame downsizing within broader reform or resilience efforts.

4. Emotional support and morale management

Staff engagement

- Involve staff in shaping implementation.
- Recognize contributions through events and messaging.

Support services

- Provide career transition support (e.g. job fairs, webinars).
- Offer mental health resources and welfare services.
- Retain affected staff in recruitment systems as priority candidates.

5. Due diligence and oversight

Data and tracking

- Use dashboards to monitor separations by region, grade, and gender.

- Track savings targets, leverage ratios, and relocation outcomes.
- Ensure audit oversight and legal compliance.

Risk management

- Use performance data to guide decisions.
- Document rationale and decisions in order to maintain transparency and accountability.

Phase 3: Strategic pivot and recovery

1. Reprioritize mandates

- Focus on high-impact, donor-aligned areas.
- Restructure HQ and support functions to reduce duplication.

2. Accelerate shared services

- Implement stalled initiatives (e.g. global fleet, payroll).
- Co-invest in common platforms across agencies.

3. Build partnerships

- Collaborate across UN entities to reduce duplication.
- Engage private sector for outsourcing and innovation.

4. Document lessons

- Capture what worked and what didn't.
- Use insights to build contingency plans and future resilience.

Annex B: Case summaries

IOM global reform and realignment

- Year: 2023
- Trigger: Anticipated need for a budget reform, followed by funding shortfall
- Scope: Thousands of staff and non-staff positions; structural realignment at HQ; consolidation of global shared services
- Approach: IOM adopted a transparent approach through Regional Committees and a HQ Committee with a strategic allocation of budget envelopes. (Based on lessons learned, further guidance is now being developed for managers to create more uniform future management of such processes). IOM provided extensive welfare and career transition support. Also, it relocated supply chain functions and other cross-cutting support functions to lower-cost locations and region offices and established a resilience fund to sustain core operational capacity.
- Strategic impact: IOM responded rapidly due to its project-based model, and it used the crisis to accelerate ongoing structural reforms and decentralize functions as well as invest in AI and technology, established a resilience fund to sustain core operational capacity, and managed legal and reputational risks through tracking systems. Moreover, it adopted transparent communication and protection-sensitive approaches, and it maintained transparency via dashboards that

monitored separations, legal cases, and welfare engagement.

UNDP strategic restructuring

- Year: 2024–2025
- Trigger: Anticipated funding shortfall
- Scope: ~USD 100 million savings target; 4–10 percent institutional budget cut across bureau
- Approach: UNDP commissioned a Business Model Review in 2024 to rethink how it creates, finances, and delivers value, leveraging on previous reforms in shared services, digital/ERP, and contract modalities. In addition, UNDP is working with its Executive Board to refine the differentiated cost-recovery architecture to align value-for-money with delivery realities, and to update the TRAC/core allocation methodology so that scarce flexible resources follow country priorities.
- Strategic impact: If implemented as planned, it will lead to rationalized structure, protected core functions, and a more resilient business model.

UNDP reprofiling

- Year: 2000–2002
- Trigger: Introduction of new operating model
- Scope: Approximately 2,000 staff were separated across country offices during a major resource crisis
- Approach: UNDP cancelled all contracts, and reprofiling was carried out office by office. This was

part of a broader strategic pivot to decentralization and competitiveness. The downsizing was not framed as cost-cutting alone, but as a necessary restructuring to align staffing with a new operational model. Separation packages were used strategically – not just for retirees, but to enable re-skilling and renewal.

- Strategic impact: The process led to the realization that internal change management capability would be needed for the organization to remain agile and to the subsequent creation of UNDP's Management Consulting Team.

UNHCR restructuring

- Year: 2024–2025 (ongoing)
- Trigger: Reduced funding projections from major donors
- Scope: Close to 30 per cent of positions cut
- Approach: The review of UNHCR's structures covered all three levels of the entity. It focused on maintaining core protection capacity and prioritized major operations. Also, it included a review of UNHCR's office footprint on the ground and streamlining of the HQ and regional bureau structures. An accelerated implementation took place due to time and financial pressures. It also included the launch of Global Shared Services in Budapest.
- Strategic impact: The review maintained the core protection capacity of the entity (protection, solutions, and operational delivery remain the

largest job families in the entity). It achieved cost reductions (approximately USD 1 billion in 2025) to better match expenditures with income and reduced the footprint in the field while establishing alternative office arrangements. Headquarters and regional bureaux downsized with a nearly 50 percent reduction in senior positions. Consolidation of support services to a Global Shared Services centre is ongoing. Deliberations on a future operating model for the organization have been initiated.

UNMIL closure

- Year: 2018
- Trigger: Mission completion
- Scope: Full drawdown of staff and operations
- Approach: The closure of UNMIL was framed as a successful conclusion to a long-standing peacekeeping effort. Leadership introduced the mantra "Lean, Clean, and Green" to guide the transition – encouraging staff to reduce assets, tidy up sites, and ensure environmentally responsible disposal. Staff support was prioritized through job fairs, vocational training, and certificate ceremonies. Personal recognition and consistent communication helped maintain trust and morale throughout the process.
- Strategic impact: The mission preserved overall morale, celebrated its legacy, and executed a smooth and dignified transition, setting a benchmark for future closures in the UN system.

UN Secretariat

- Year: 2025-2027 (anticipated)
- Trigger: Liquidity crises, projected budget compression and push for efficiencies
- Scope: The focus of the review is on how mandates are created, delivered and reviewed by Member States. It takes into consideration the structural and programmatic realignment across the UN system and seeks to identify efficiencies.
- Approach: The adopted approach includes issuance of directive guidance to Secretariat entities on budgetary reductions, with a focus on the consolidation of administrative functions of Secretariat entities and on relocation to lower-cost duty stations, supported by mitigating measures including the issuance of a staff support policy framework and initiation of an early separation programme.
- Strategic impact: The creation of efficiencies and increased effectiveness, including through the consolidation of some administrative functions and relocations to lower-cost duty stations. A phased approach seeks to ensure business continuity and ease the impact on serving staff during implementation.

WHO downsizing

Year: 2025

Trigger: Loss of 22 percent of regular budget and approx. USD 500 million in voluntary contributions (17–20 percent of total) due to withdrawal of the largest member state/donor.

Scope: The organization-wide restructuring was initiated April 2025 and led to a reduction from 11 to 6 divisions which has reshaped the executive management team.

Approach: The focus has been on preserving WHO's normative, technical, and standards-setting roles. Non-essential or “good-to-have” functions have been postponed, outsourced, or relocated. The restructuring aims to improve financial sustainability and operational efficiency.

Strategic impact: The process aims at introducing streamlined operations and a leaner organizational structure. WHO adopted a comprehensive phased implementation approach and introduced a cost-recovery model to support relocated and outsourced functions (travel, meetings and events, and administrative functions will be relocated to Tunisia starting 2026).

Annex C: Interview references

- Patric Carey, Director of the Division of Administration within the Department of Operational Support (DOS), UN
- Michael Emery, Director of Human Resources, IOM
- Hatem El Khodary, Director, Operation Support Services, WHO
- Tina Friis Hansen, Special Advisor on Global Shared Services, UNHCR
- Manoj Juneja, former Deputy Executive Director and Chief Financial Officer at WFP, now Catalyst Advisory LLC
- Sungah Lee, Deputy Director General for Management and Reform, IOM
- Jan Mattsson, former head of UNOPS, now EverImpact
- Linda Maguire, Assistant Secretary-General, Assistant Administrator, and Director of the Bureau for Management Services, UNDP
- David Penklis, former Director at UNMIL, and former Deputy Chief Executive of UN Staff Pension Fund
- Giovanni Pio, Head and Senior Advisor, UN Advisory Alliance
- Hanne Anna Maria Raatikainen, Head of the Design and Development Service, UNHCR
- Sabina Robayo, Advisor, UN Advisory Alliance
- David Rider Smith, Senior Evaluation and Strategy Consultant, formerly Senior Evaluation Coordinator

at UNHCR, and Senior Evaluation Inspection Officer at Joint Inspection Unit and author of 2019 JIU Review of Change Management in the United Nations System Entities.

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