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Medium-term programme framework and medium-term investment plan

Medium-term programme framework, 2018-2021

Comprehensive proposals by the Director General

This document is presented in accordance with General Conference decision GC.15/Dec.17, which requested the Director General to submit from 2015 onwards, on a quadrennial basis, to the Board in the second year of the biennium, through the Programme and Budget Committee, a draft medium-term programme framework (MTPF) for four years, taking into account the Lima Declaration: Towards inclusive and sustainable industrial development (GC.15/Res.1). The present MTPF also takes into account the recommendations of the outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled Strategic Guidance Document (IDB.41/24).

The present document updates and builds on the MTPF 2016-2019, adopted by the General Conference at its sixteenth session (GC.16/Res.1). In compliance with Board decision IDB.44/Dec.10, a full update including an expansion of the time-horizon up to 2021 supersedes the planned midterm review of the MTPF 2016-2019. While the elements included in the previous MTPF are generally still valid, the MTPF 2018-2021 also takes into account the many new developments within and around UNIDO since the beginning of the previous planning cycle. These developments are outlined and contextualized by the MTPF 2018-2021 within the 2030 Agenda that has by now taken full shape, both in its implementation and its follow-up and review.

In addition, the extension to the 2020-2021 biennium was required to allow for the alignment of the MTPF cycle to the quadrennial comprehensive policy review (QCPR) of United Nations operational activities for development, in particular in light of General Assembly resolution 71/243, adopted on 21 December 2016, which provides guidelines for the implementation of the 2030 Agenda for Sustainable Development, and continues the work of previous QCPR resolutions towards an effective, efficient and coherent United Nations development system.

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List of abbreviations and acronyms

BRICS	Brazil, Russia, India, China and South Africa
CP	cleaner production
ERP	enterprise resource planning
FDI	foreign direct investment
G20	Group of 20
GDP	gross domestic product
ICT	information and communications technology
IRPF	integrated results and performance framework
ISID	inclusive and sustainable industrial development
LDC	least developed country
MTPF	medium-term programme framework
MVA	manufacturing value added
ODA	official development assistance
OECD-DAC	Development Assistance Committee of the Organization for Economic Cooperation and Development
PCP	Programme for Country Partnerships
QCPR	quadrennial comprehensive policy review of operational activities
RBM	results-based management
SDG	Sustainable Development Goals
SME	small and medium-sized enterprise
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNIDO	United Nations Industrial Development Organization
UNRC	United Nations Resident Coordinator

A. Vision and ISID theory of change

1. The medium-term programme framework (MTPF) provides strategic guidance for the programmatic activities of the United Nations Industrial Development Organization (UNIDO) over the next four years to realize its mandate of supporting countries in achieving inclusive and sustainable industrial development (ISID). The MTPF 2018-2021 also reflects the long-term vision of UNIDO Member States, as stated in the 2013 Lima Declaration: "the eradication of poverty through inclusive and sustainable industrial development".[1]

2. The Lima Declaration further identifies the primary channels through which ISID contributes to this vision: the increase of productivity and the creation of jobs and income; the provision of opportunities for social inclusion, including for women and youth; and the environmental sustainability of industrial production.

3. This vision for UNIDO is echoed and amplified by the global mandate received by the 2030 Agenda for Sustainable Development,[2] which recognizes inclusive and sustainable industrialization as a major driver for sustainable development, particularly, but not exclusively, through Sustainable Development Goal (SDG) 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". Inter alia in Board decision IDB.44/Dec.8, Member States have emphasized UNIDO's relevance to the whole set of SDGs and its role "in achieving the transformative 2030 Agenda in an integrated way".

4. This renewed momentum in favour of ISID has emerged in a context of a volatile economic environment, a rapidly changing global economic landscape, persisting poverty, humanitarian crises, chronically insufficient flows of concessional resources for development cooperation, growing foreign direct investment (FDI) flows towards some developing countries, as well as other institutional and socioeconomic developments directly or indirectly affecting UNIDO's work and mandate.

5. Since the adoption of the Lima Declaration and the 2030 Agenda, UNIDO has undertaken considerable and continuous efforts to ensure the effective implementation of its mandate and to fulfil its mission to support its Member States in progressing towards these global objectives. This process has been reinforced by a systematic review of the structure, delivery and reporting mechanisms of the Organization's functions and services, to increase their relevance, impact, effectiveness and efficiency. In this context, this document updates the previous MTPF and represents the basis for UNIDO's programmatic architecture and for planning and managing UNIDO's programmes and activities for the period 2018-2021.

6. The MTPF 2018-2021 has the dual objective of integration and scale-up. The MTPF recognizes that development results are achieved by UNIDO through a mix of its complementary functions and services. On the one hand, the MTPF 2018-2021 provides a programmatic framework for the integration of the Organization's four functions: (i) technical cooperation; (ii) analytical and research functions and policy advisory services; (iii) normative functions, and standards-related activities; and (iv) convening function and partnerships for large-scale investment, knowledge and technology transfer, networking and industrial cooperation. On the other hand, it prioritizes the scale-up of the development impact of UNIDO's work, underpinned by the Organization's increased capacity to report on results.

7. To achieve the above objective, the MTPF 2018-2021 integrates for the first time all levels of the Organization's performance and its development results, from the management of its internal operations to the achievement of industry-related SDGs. It further develops UNIDO's results-based management (RBM) framework by establishing a direct link between the MTPF and each level of the integrated results and performance framework (IRPF). The MTPF is therefore meant to

[1] 2013 Lima Declaration, para. 1.

[2] Transforming our world: the 2030 Agenda for Sustainable Development, A/RES/70/1.

represent UNIDO's theory of change of ISID, as graphically presented in figure 1 (see p. 11).

8. The MTPF makes explicit reference to the SDGs framework in level 1 of the IRPF. The programme framework of the MTPF 2018-2021 corresponds to levels 2 and 3 of the IRPF and presents four strategic priorities. These are defined as focus areas of work to achieve ISID development results. Three strategic priorities representing the three dimensions of ISID are maintained from the previous MTPF: (i) creating shared prosperity, (ii) advancing economic competitiveness, and (iii) safeguarding the environment. The MTPF 2018-2021 introduces a new strategic priority: (iv) strengthening knowledge and institutions. This new strategic priority captures the upstream and downstream services performed by UNIDO across its core functions to support its Member States in strengthening their knowledge base and institutional capacities to achieve higher levels of ISID. In this sense, the new priority allows the integration of UNIDO's functions and the operationalization of thematic approaches to ISID. The programme framework is completed in level 3 by the four core functions of the Organization stemming from the Lima Declaration and described in paragraph 6. The management framework of the MTPF 2018-2021 corresponds to level 4 of the IRPF and captures the efficient and effective management of UNIDO's internal operations.

9. These provisions are fully in line with the requirements of the Constitution of UNIDO and the Lima Declaration. They acknowledge the growing demand for UNIDO's complementary upstream services for the implementation, follow-up and review of the SDGs. These provisions also capture the external relations work of the Organization vis-à-vis Member States, other United Nations entities and stakeholders. Within the expected budgetary framework over its planning period, the MTPF therefore makes provisions for the Organization to "play the central role in and be responsible for reviewing and promoting the coordination of all activities of the United Nations system in the field of industrial development",[3] in line with its constitutional mandate.

10. They also take into due consideration the preliminary recommendations contained in the report of the Joint Inspection Unit (JIU) entitled "Review of Management and Administration in the United Nations Industrial development Organization" (JIU/REP/2017/1, IDB.45/14/Add.1), the independent strategic evaluation "Implementation of the expanded UNIDO medium-term programme framework 2010-2013", and the recommendations contained in the independent thematic evaluation "UNIDO partnerships with donors", conducted by the Office for Independent Evaluation of UNIDO.

11. The MTPF 2018-2021 maintains the emphasis on partnerships as a key element in UNIDO's implementation approach with the objective of maximizing the Organization's development impact. Strengthening strategic partnerships with a variety of development actors, including governments, development finance institutions, the private sector, United Nations entities, academia and civil society remain crucial to leverage the required financial and technological resources to build a solid and country-owned implementing apparatus for ISID. This approach, epitomized by the Programme for Country Partnerships (PCP) model, will remain at the core of the provision of UNIDO's services in the coming years and will constitute a growing proportion of its activities at the national, regional and global levels.

12. Finally, the MTPF 2018-2021 maintains the Organization's strong commitment to the principles of RBM and its emphasis on improving its capacity to report results. The document thus provides a framework for further developing the IRPF, introduced in the MTPF 2016-2019. The development and fine-tuning of the IRPF indicators through an ad hoc organization-wide task force will continue with the adoption of the MTPF 2018-2021, to fully reflect its programmatic changes and to achieve the highest level of accountability, transparency and cost-effectiveness.

[3] Constitution of UNIDO, Preamble.

B. A changing institutional and development context

13. The MTPF 2018-2021 takes into account the rapidly changing development and institutional context for UNIDO. Progress of Member States towards ISID continues to face important challenges, which may hinder the associated economic, social and environmental development. At the same time, new global realities may bring opportunities to countries. Recent developments of the United Nations architecture for the SDGs' implementation, follow-up and review also present new challenges and opportunities for the Organization. These include sustained political momentum for inclusive and sustainable industrialization, new opportunities for synergies and partnerships, increased coordination requirements, and an increasingly important role for policy analysis and industrial statistics at the global, regional and national level. The present section provides an overview of these new developments and makes provisions for UNIDO's growing role and responsibilities.

B.1 A changing development context

14. A number of trends can be observed in global development that are relevant to the MTPF and pose both challenges and opportunities for ISID. They include changes in manufacturing growth and value added, poverty and inequality, more globalized markets, increased environmental degradation, the emergence of a new industrial revolution, an evolving development finance architecture, innovative partnerships, and gender equality and women empowerment. The following paragraphs discuss these trends and refer to UNIDO's related priorities during this MTPF period.

15. The pace of **global manufacturing growth** has been consistently falling in recent years. Annual world manufacturing growth dropped from 2.8 per cent in 2015 to 2.6 per cent in 2016. At the same time, due to low economic growth, least developed countries (LDCs) maintain a much lower share of manufacturing value added (MVA) in gross domestic product (GDP) than developing and emerging industrial economies. The reduced pace of manufacturing growth and low shares of MVA in GDP call for targeted industrial strategies that boost competitiveness, while improving conditions for production and trade. There is a need to promote education systems that provide training in knowledge and skills, and that reflect new realities. Statistical capacity in developing countries and LDCs, including on the environmental and social impact of the manufacturing sector, also needs to be improved. When implementing this MTPF, partnership approaches for knowledge-sharing, data generation, capacity development, and the promotion of investment will remain pivotal to UNIDO.

16. Eradication of **poverty** is an overarching goal of the 2030 Agenda, and is explicitly recognized in SDG 1. While important achievements have already been made in this regard, poverty and hunger remain among the greatest global challenges. In 2013, 766 million people worldwide were living below the international poverty line. In the period from 2013 to 2015 approximately 795 million people were undernourished. In addition, differences remain in progress towards poverty eradication across regions and across segments of society. The regions of the world that have achieved the most progress in reducing poverty and hunger are also the regions that show the most dynamic trends in industrialization. Therefore, this MTPF continues to focus on achieving more inclusive patterns of industrial development to reduce poverty. UNIDO will contribute to removing obstacles that impede local entrepreneurship. It will also work on strengthening entrepreneurial capabilities and on providing access to information, finance, technical know-how, and export markets.

17. **Globalized markets and trade** can be beneficial to countries of all income levels, by introducing new goods, encouraging productive activities, innovation, and expanding and diversifying employment. However, for the benefits of globalized

markets to be fully harnessed, developing countries need to build physical and institutional infrastructure, create value-addition, diversify production and build capacities, while middle income countries are striving to escape the middle income trap. In this context, the private sector continues to play an important role, inter alia, as a source of innovation and growth, and as a participant in public-private partnerships. Further, a global governance structure will be important to respond to potential market imperfections and regulatory failures.

18. **Environmental degradation**, in particular related to climate change, remains another major global issue. A green transformation of economies is needed, in which less resource-intensive patterns of manufacturing are employed. However, there are several barriers to achieving this transformation. These include a lack of awareness of environmental impacts, insufficient regulatory frameworks, and not enough investment in new technologies in many countries. International initiatives, including the Technology Facilitation Mechanism (TFM), can help remove these barriers and provide incentives for scaling up environmentally-sound technologies. Multilateral agreements can bring countries together to build consensus on norms and standards. The present MTPF continues to prioritize UNIDO's efforts to contribute to these efforts. The Organization will support its Member States in adopting resource-efficient and clean production technologies. UNIDO will also support the implementation of industry and environment-related SDGs and other multilateral agreements.

19. The **development financing architecture** has evolved rapidly over the past decade. In addition to the more traditional official development assistance (ODA), private capital inflows, remittances, grants from private foundations, and donations from non-governmental organizations (NGOs) and individuals have been gaining in importance. In addition, new development partners provide a growing contribution outside the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC). Developing countries are also placing increasing attention on the mobilization of domestic resources. This changing development finance architecture has diverse implications. It creates new opportunities for developing countries to access more finance to achieve the SDGs. However, the evolving architecture also creates new challenges for managing such capital flows. To benefit from the more diversified development financing architecture, stakeholders need to join efforts. UNIDO's partnership approach to mobilize investment for ISID can be a useful model that demonstrates the effectiveness of this new type of financing for development.

20. The **New Industrial Revolution** (NIR), often also referred to as Industry 4.0, brings technological advances in robotics, cloud computing, artificial intelligence, and mobile connectivity. These advances are expected to affect production across all sectors, economic growth, business models, employment, and sustainability. Yet, NIR is still marginal in many parts of the world. Its global success will depend on the capacity of national manufacturing and production facilities to create new goods and provide services, generate formal employment and wealth, explore new channels and strategies, and boost the application of science, technology and innovation. UNIDO will further expand its involvement in the NIR and engage with partners in policy, normative and technical cooperation work to facilitate the transfer of technologies and best practices to its Member States.

21. An enabling environment for **multi-stakeholder partnerships** is also vital for sustainable development. Governments and businesses are increasingly working together to ensure that business profits translate into sustainable and inclusive economic growth. Partnerships can also promote innovative business models that respond to commercial priorities while contributing to the development goals. To attain the SDGs, these partnerships need to be based on mutual trust, shared values and common objectives. The MTPF 2018-2021 will continue to prioritize UNIDO's partnership models to achieve greater development results.

22. Finally, **gender equality and the empowerment of women** remains an important issue in all countries, regardless of their income levels. Women still manage fewer businesses than men, are often forced to engage in businesses in less profitable sectors, and receive considerably lower salaries than their male colleagues. This gender gap imposes real costs on society. Gender equality not only impacts positively on economic growth, but also has important beneficial effects for social cohesion and environmental protection. Despite this, women still struggle to take their rightful place in the economic and political life in many countries. When women participate less in entrepreneurship, economies lose benefits that could be provided by new products and services, additional revenues and new jobs. This underlines the pressing need to push for gender equality and the economic empowerment of women, which will continue to be a central priority of UNIDO's strategic framework for the 2018-2021 period.

B.2 A new institutional environment

23. The MTPF 2016-2019 was developed under the assumption that the SDGs would be adopted by the General Assembly at the United Nations Summit on Sustainable Development in September 2015. This correct assumption allowed UNIDO to align its strategic framework with the SDGs prior to their formal adoption. However, parts of the 2030 Agenda were finalized only after the entry into force of the MTPF 2016-2019. This section of the MTPF provides an overview of new developments related to the SDGs, and mentions other institutional involvements by UNIDO that have a bearing on the MTPF 2018-2021.

24. To monitor progress on the **2030 Agenda**, a **follow-up and review** architecture was set up at the global, regional and national levels. In this context, intergovernmental bodies and forums were called to submit global thematic reviews of progress on the SDGs to the high-level political forum (HLPF).[4] UNIDO will continue to support the Industrial Development Board in preparing inputs to the HLPF. The Organization will also keep contributing to regional SDG reviews, and providing policy advice and other support to its Member States, also in the context of their voluntary national reviews to the HLPF. To measure progress on the SDGs, UNIDO is the custodian of six industry-related indicators under Goal 9 (9.2.1, 9.2.2, 9.3.1, 9.3.2, 9.4.1, and 9.b.1) in coordination with the United Nations Statistical Commission (UNSC). The Organization also supports national statistical offices (NSOs) in the implementation of SDG indicators and, under this MTPF, particularly supports national capacity-building on industrial statistics for developing countries. UNIDO is also actively involved in the Technology Facilitation Mechanism (TFM).[5]

25. As a member of the United Nations system, UNIDO is directly or indirectly affected by broader decisions and resolutions adopted in the United Nations. These include the **quadrennial comprehensive policy review** of operational activities (QCPR) for development of the United Nations system. The latest QCPR[6] has various implications on UNIDO's programmatic activities. First, the MTPF 2016-2019 planning cycle needed to be extended to include the biennium 2020-2021, for it to be fully aligned with the QCPR[7]. Second, by June 2017, UNIDO will need to contribute to a report by the Secretary-General,

[4] Critical milestones towards coherent, efficient and inclusive follow-up and review at the global level, A/70/684.

[5] The TFM is a multi-stakeholder collaboration between Member States, civil society, the private sector, the scientific community, United Nations entities and others, which was established by the Addis Ababa Action Agenda (AAAA) to support the SDGs. It comprises of a United Nations Interagency Task Team on Science, Technology and Innovation for the SDGs (IATT on STI), a collaborative Multi-stakeholder Forum on Science, Technology and Innovation (STI Forum) for the SDGs, and an online platform on existing STI initiatives.

[6] The latest QCPR was adopted on 21 December 2016 (A/RES/71/243).

[7] This was requested in the Secretary-General's report on the Implementation of General Assembly resolution 67/226 on the QCPR for development of the United Nations system (A/71/63-E/2016/8). It was also requested by UNIDO Member States in decision IDB.44/Dec.10.

outlining the functions and capacities of all United Nations entities that carry out activities in support of the 2030 Agenda. By the end of 2017, all entities will present a strategic document with concrete actions. In addition, integrated budgets will need to be aligned with the QCPR and the cost-sharing of the United Nations Resident Coordinator (UNRC) offices in the field be adjusted.

26. The follow-up and review architecture of the 2030 Agenda, along with priorities set in the United Nations system, **further increased the momentum for inclusive and sustainable industrialization**. UNIDO will continue to assist its Member States in the implementation of the industrial development agenda, and especially the implementation of Goal 9 ("Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"). Supplementing its technical cooperation activities, and policy and normative work, UNIDO is also joining more strategic partnerships. One specific effort to advance ISID in Africa is the proclamation by the General Assembly of the period 2016-2025 as the **third Industrial Development Decade for Africa (IDDA III)**. UNIDO was called "to develop, operationalize and lead the implementation of its programme",[8] by scaling up its technical assistance to Africa, mobilizing resources for the implementation, and fostering partnerships with other entities in the United Nations development system (UNDS). The activities needed to implement IDDA III require strategic and operational considerations that may have budgetary and programmatic implications. These are considered in the provisions made in this MTPF 2018-2021 for the implementation of IDDA III.

27. UNIDO is also involved in other **global governance forums**. At the request of the Group of 20 (G20) Development Working Group (DWG), UNIDO prepared a report on "Industrialization in Africa and Least Developed Countries. Boosting growth, creating jobs, promoting inclusiveness and sustainability". This is in line with priorities set in the G20 Action Plan for the implementation of the 2030 Agenda, which lists industrialization as one priority area for G20 development activities. UNIDO has also contributed to other work of the G20, such as analysing the implication of modern technologies for global production systems. In addition to collaborating with the G20, UNIDO is also working with Brazil, Russia, India, China and South Africa (BRICS) to support the group's activities on industrial development.

28. UNIDO is also engaged in responding to other emerging issues related to global development. UNIDO's efforts to strengthen the self-reliance and economic resilience of crisis-affected people and communities were recognized as an important contribution to sustainable development at the World Humanitarian Summit.[9] UNIDO will continue its work in post-crisis development cooperation, ensuring the coordination with other institutions. UNIDO has also been engaged in the Global Migration Group,[10] a forum of 21 agencies and entities from the United Nations system that promotes norms on international migration. UNIDO's mandate to promote ISID can help to tackle some of the causes of human displacement and increase economic, social and environmental resilience to man-made and natural disasters. UNIDO recognizes the relevance of urbanization for ISID and the potential of sustainable cities as hubs for innovation, low-carbon industrialization and climate action. The 2016 Habitat III conference in Quito provided an occasion to discuss the linkages between industrialization and urbanization. Through its engagement with the United Nations task team on Habitat III and the Habitat III Secretariat, UNIDO contributed to drafting the New Urban Agenda.[11] UNIDO will further expand its partnerships in urban settings, including the creation of eco-industrial parks and sustainable cities in its Member States.

[8] A/RES/70/293.

[9] The World Humanitarian Summit was held in Istanbul from 23 to 24 May 2016 to support a new shared "Agenda for Humanity" and to take action to prevent and reduce human suffering.

[10] More information on the Global Migration Group is available from http://www.globalmigrationgroup.org/.

[11] Available from http://nua.unhabitat.org/uploads/DraftOutcomeDocumentofHabitatIII_en.pdf.

29. Finally, international financial institutions (IFIs) are increasingly interested in cooperating with UNIDO on industrial development programmes. In 2016 UNIDO and the World Bank signed an agreement to facilitate the provision of UNIDO's expertise to governments implementing World Bank-financed investment projects. These agreements are expected to improve the ability of UNIDO to scale up the delivery of its assistance. In line with the management objective for 2018-2021, UNIDO will intensify its activities with these and similar institutions during the MTPF period, to further increase the development results of its services.

C. An integrated programme, management and results framework

30. Taking into account the changing institutional and development context outlined above, the MTPF 2018-2021 reflects the adjustments required of the Organization to realize its Member States' vision of poverty eradication through ISID. The MTPF ensures the alignment of UNIDO's services with its mandate, the three dimensions of sustainable development and the SDGs. The Organization's work is therefore oriented to supporting its Member States in achieving higher levels of ISID, and, through this, in progressing towards the attainment of the SDGs, with a focus on Goal 9 and other industry-related goals and targets.

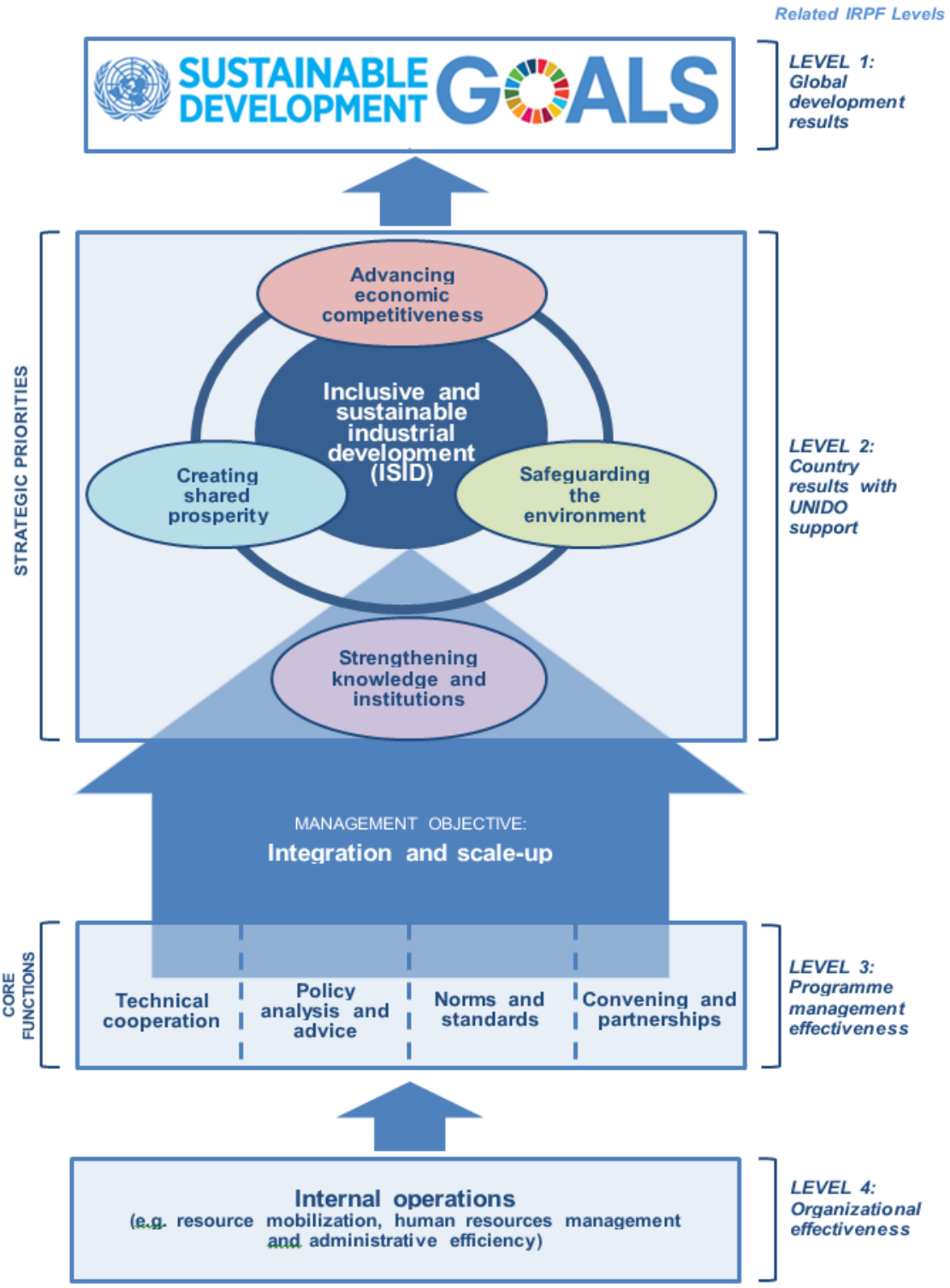
31. The MTPF 2018-2021 thus provides guidance on the operational and thematic approaches that the Organization will take in the medium term to increase the development impact and effectiveness of its services and further integrate its core functions in supporting its Member States. In doing so, the programme framework also acknowledges the financial situation of the Organization and prioritizes the use of assessed contributions for its core activities.

32. UNIDO's programme components[12] are implemented in the form of projects and programmes reflecting one or more of the organizational functions. The MTPF 2018-2021 therefore links the results of these projects and programmes at the country, regional and global level with the corresponding strategic priorities and development goals. In this sense, the MTPF mirrors UNIDO's theory of change for ISID.

33. This alignment of services and goals ensures greater coherence in the programmatic delivery of results and further improves UNIDO's RBM approach. In particular, the MTPF introduces innovations to ensure the appropriate focus on functional integration and scale-up of its work and associated long-term results and development impact. The MTPF links the programme and management framework to the associated organizational performance and development results measured in the IRPF. While level 1 reflects the global development results as reflected in the progress achieved on the overall 2030 Agenda, the results and performance achieved under the programme framework and the effectiveness of UNIDO's programme management are measured and reported through the IRPF indicators of levels 2 and 3. The efficiency and effectiveness of UNIDO's internal operations is measured on level 4. Section E will discuss this in more detail.

[12] The MTPF is closely linked with the programme and budgets 2018-2019 (IDB.45/5-PBC.33/5), which subdivides UNIDO's programmes into specific programme components.

Figure 1
UNIDO 2018-2021 programme, management and results framework



34. As shown in figure 1, the MTPF presents **four strategic priorities**:

(i) Creating shared prosperity;

(ii) Advancing economic competitiveness;

(iii) Safeguarding the environment; and

(iv) Strengthening knowledge and institutions.

35. The first three strategic priorities remain unchanged from the previous MTPF and reflect the components of ISID along the three dimensions of sustainable development. The fourth strategic priority reflects UNIDO's work on strengthening the knowledge base for ISID at the project, programme, country and international level, as well as on strengthening the institutional capacity at the technical, policy and normative level. The results achieved under these four strategic priorities are measured in the IRPF by the indicators of level 2.

36. At the programme management level, level 3 of the IRPF, the MTPF identifies the Organization's **four core functions**, through which UNIDO delivers its work:

(i) Technical cooperation;

(ii) Analytical and research functions, and policy advisory services;

(iii) Normative functions, and activities related to standards and quality; and

(iv) Convening and partnerships for large-scale investment, knowledge and technology transfer, networking, and industrial cooperation.

37. These core functions are identified in the Lima Declaration as complementary. That is, the results associated with UNIDO's work performing these functions are maximized, when these are integrated in a comprehensive assistance package. The MTPF prioritizes the translation of UNIDO's interventions across all of its functions into the strategic priorities at the programmatic level.

38. In light of the above, the **management objective** of the MTPF 2018-2021 is integration and scale-up. This objective covers both level 3 (programme management) and level 2 (country results). At the programme management level, each of the strategic priorities is implemented through a number of individual programmes. To achieve the management objective, the MTPF 2018-2021 prioritizes programmes that are larger in size, which responds to, inter alia, financial objectives of the Organization. It also prioritizes programmes that integrate the technical cooperation, policy, normative, and convening dimensions of UNIDO's work. Moreover, the MTPF prioritizes closer collaboration between UNIDO Headquarters and field offices. This approach to programme management is intended to lead to further integration and scale-up at the results level. Here, greater integration is sought across the four strategic priorities, which will necessarily involve harnessing synergies and reducing trade-offs among them. This way the programmes will also make a greater contribution to the attainment of the SDGs, and increase the long-term development impact of UNIDO's services. As such, the management objective responds to the greater demands by Member States, including both donors and recipients countries, for high-impact and transformational development services.

39. Finally, level 4, organizational effectiveness, presents the **management of internal operations** that are instrumental to the delivery of the programmatic work of the Organization. These include the management of human resources, resource mobilization, procurement, financial services, information technology and communication, and similar areas. They also include the effective management of external relations, which critically contribute to the achievements made by the Organization on each level. The effective and efficient management of these operations allows the effective implementation of UNIDO's programme framework and hence represents a prerequisite for the Organization's development results at the country and global levels.

C.1 Programme framework

C.1.1 Strategic priorities

40. Through the services provided under each of the strategic priorities, UNIDO expects to achieve the following development results:

(i) Creating shared prosperity: Advancing poverty eradication and social inclusiveness; building productive capacities in an inclusive manner; and providing more opportunities for all women and men as well as across social groups, also through partnerships with all relevant stakeholders involved in industrialization processes;

(ii) Advancing economic competitiveness: Advancing industrialization and rapid growth; building trade capacities in industries; and ensuring that all countries can benefit from international trade and technological progress, also through the application of modern industrial policies and compliance with international standards and norms;

(iii) Safeguarding the environment: Advancing environmentally sustainable industrial development; building institutional and industrial sector capacities for greening industries through resource efficiency and cleaner production (CP) technologies and practices; creating green industries, including in fields of waste management and recycling; and facilitating the transition to a circular economy;

(iv) Strengthening knowledge and institutions: Advancing the technical, policy and normative knowledge base for ISID; building the analytical, statistical and reporting capacity on industrialization-related matters, also in the context of the follow-up and review architecture of the SDGs, at the global, regional and national level; facilitating the policy dialogue on issues pertaining to the advancement of ISID, particularly, but not exclusively, in developing and middle income countries; strengthening the institutional capacity of Member States for ISID, facilitating the integration of all services delivered by UNIDO across functions and thematic areas for the provision of long-term development results.

C.1.1.1 Creating shared prosperity

41. Industrial and economic policies need to be designed in a way that distributes benefits in an inclusive way. Inclusiveness is essential to realize the developmental potential of industries, decrease income inequality, and strengthen social cohesion, both in developed and developing countries. Empowering marginalized parts of the population, including women and youth, can also contribute to poverty reduction. When youth grow up without exposure to entrepreneurial experiences or skills, their capacity to become entrepreneurs is limited. Similarly, low levels of female education and female participation in productive activities inhibit entrepreneurship.

42. At the same time, the pervasive inequalities in incomes and economic opportunities between and within regions need to be addressed to eradicate poverty. Poverty is typically higher in rural areas, where productivity is lower, local economic activity is less diversified, underemployment is higher, and jobs are more insecure. More inclusive development needs to build productive, diversified and resilient local rural economies with strong rural-urban economic linkages, access to infrastructure and modern energy, and sustainable production methods. Moreover, the rural poor, and in particular women, need knowledge and skills that enable them to innovate, identify and exploit new economic opportunities, and manage risk.

43. One key element of UNIDO's approach to social inclusion is the prevention of crises and the creation of resilient societies. Engaging crisis-affected communities in the development and application of tailored solutions for improving living standards and economic opportunities can be beneficial in this regard. The root causes of migration also need to be tackled, an issue which UNIDO addresses through this thematic priority. Further, UNIDO will continue its efforts in building human

security in post-crisis situations and developing entrepreneurship and capacity for areas with high risk of migration.

44. Building on its expertise, UNIDO's services for the development of agro-industries will continue to focus on adding value to agricultural production by strengthening linkages between agriculture, industry and markets. Specific activities include the transfer of food processing technology, the upgrading of food processing skills, the promotion of food safety in the processing environment, the promotion of technologies and practices for the reduction of post-harvest losses and increased food security, and interventions to improve competitiveness and productivity at the processing level.

45. UNIDO will also continue to support the formalization of enterprises, particularly through the simplification of, and improved access to, administrative company registration procedures. It will also aim to improve women's participation in entrepreneurial activities, to ensure equal opportunities for women and men. It will also provide entrepreneurial training to women, and help reduce formal and informal barriers to their entrepreneurial endeavours, including by introducing gender-neutral business regulatory environments.

46. Based on its experience in post-crisis and human security programmes and projects, UNIDO will continue to respond to emergencies through activities that contribute to socioeconomic, environmental and energy security, both at the national and local level. It will help to strengthen economic resilience and human security, such as restoring and upgrading local productive capacities, building and strengthening institutions, providing renewable energy sources, and strengthening the resilience of the most vulnerable.

C.1.1.2 Advancing economic competitiveness

47. Advancing economic competitiveness will remain another central priority of UNIDO's ISID services. UNIDO recognizes that developing the private sector's potential to generate income and sustainable economic growth is one of the most effective ways to achieve poverty reduction and ISID. Industry is a seedbed for entrepreneurship, business investment, technological progress, the upgrading of skills, and the creation of decent jobs. Moreover, by facilitating access of industries to domestic and international markets via global value chains, countries are better positioned to benefit from the opportunities offered by global trade, including more jobs, exports, capital, technology, and FDI. In addition to financial resources, FDI brings know-how, modern technology, access to markets, and a culture of efficiency and competitiveness. Competitive, safe, reliable, and cost-effective goods and services are prerequisites for enhancing an industry's competitiveness and its export market share in tradable goods and services. Industries therefore have a continuous need for market information, know-how, restructuring, and upgrading.

48. Against this background and based on the needs of Member States, UNIDO will continue its support to advancing economic competitiveness through innovation, technological learning and development, investment, and enhanced trade capacities of small and medium-sized enterprises (SMEs). The Organization will also continue to ensure that all countries can benefit from technological progress and the globalization of production and trade by using modern industrial policies, ensuring compliance with international standards and market requirements, and by pursuing partnerships for knowledge and technology transfer, networking and industrial cooperation.

49. Further, the Organization will provide advisory services to improve the business and policy environment for the private sector and technical assistance to create productive capacity of domestic private businesses. Programmes will support investment and technology opportunities to help enterprises, especially SMEs, achieve systemic competitive advantages and improve productivity and innovation. Building on its global network, UNIDO will continue to foster partnership opportunities. Through the establishment of business linkages, UNIDO focuses on

increasing business opportunities for small-scale enterprises. This is recognized as an effective way to increase the participation of SMEs in global value chains and their contribution to poverty alleviation.

50. UNIDO will also continue to assist Member States in upgrading production and processing systems that enhance the quality of local products and that conform to the standards required by international markets. Policy advisory and capacity-building services will be provided to both public and private institutions for the formulation of trade policies and strategies based on economic and statistical analysis. UNIDO will also undertake the benchmarking of competitive performance at sectoral and product levels. The Organization will support the establishment of trade-related databases. UNIDO will also continue to support institutions in the field of standards, metrology, testing and conformity assessment infrastructure. Moreover, the Organization will support developing economies in addressing private and corporate social responsibility standards as a means to increase their competitiveness.

51. Support to the development of entrepreneurial culture and skills will also continue during the MTPF period, including through the improvement of public services for businesses and entrepreneurs. Using a bottom-up growth strategy for poverty reduction, UNIDO will continue to introduce practical entrepreneurship curricula at secondary and vocational training institutions. These are aimed particularly at girls and boys before they join the workforce. This will enable the youth to acquire entrepreneurial skills and positive attitudes to taking up business opportunities and self-employment. UNIDO's programmes also combine these elements with information and communications technology (ICT) training to capitalize on the opportunities from greater connectivity and digitalization, including through e-commerce.

C.1.1.3 Safeguarding the environment

52. Climate change, pollution, habitat destruction and natural resource depletion remain among the biggest global challenges. Their threat to well-being, especially in the poorer regions, is undermining the prospects for a long-term resilient and robust global economy. As industry remains responsible for about one third of greenhouse gas emissions, it is evident that it needs to use more environmentally sustainable technologies and practices. UNIDO and its Member States have long recognized that environmental issues must be addressed in industrial development.

53. During the MTPF period, UNIDO will continue its efforts to create new green industries, establish national road maps for greening the supply chain, determine benchmarks and indicators, propagate best practices, run clean technology programmes, undertake various capacity-building exercises, and contribute to international forums with research and expertise. In particular, it will aim to increase the capacity of industry, governments, environmental service providers, intergovernmental entities and other stakeholders, to adopt more resource-efficient and cleaner patterns of production. This will facilitate their implementation of circular economy practices through a number of actions such as: recycling; resource recovery and/or the environmentally sound treatment and disposal of wastes, waste waters and toxic and/or hazardous chemicals; and the sustainable use and management of water and other natural resources used in industrial processes.

54. Clean energy programmes will aim at enhancing the use of renewable sources of energy and the efficient use of energy by industry. They also look to facilitate access to affordable and sustainable energy to support productive activities and the income and employment opportunities they create. Key dimensions under this priority are the demonstration and transfer of low-carbon energy technologies and the development of policies, regulations and standards, as well as of management practices.

55. UNIDO will also continue to support Member States in meeting their obligations under multilateral environmental agreements, such as the Stockholm

Convention on Persistent Organic Pollutants, the Minamata Convention on Mercury, the United Nations Framework Convention on Climate Change, and the Montreal Protocol. Programmes focus on building institutional capacity in government offices and relevant national authorities to plan, develop and implement aspects of the conventions related to industry and industrial development.

56. This priority will also include CP projects and programmes. These will focus on productivity improvement and the sustainable use of materials, water and energy resources at the enterprise and sectoral levels. UNIDO's services include capacity-building, direct technical support to enterprises and assistance to public institutions on CP policy matters. The Organization also promotes, adapts and transfers environmentally sound technologies and implements advanced CP business models, such as chemical leasing. This will be accompanied by a wider application of eco-design methodologies to planned production lines and products, and by the support to the creation of eco-industrial parks, also in connection with PCPs. UNIDO will continue to focus on the sustainable use of water resources, including capacity-building to improve water productivity, reuse and recycling, and policies and training at all levels of government on the ecosystem approach and the sustainable use of its living resources. Moreover, UNIDO will strengthen its multi-sector programmes in developing countries, promoting the environmentally sound management of e-waste and life cycle approaches.

57. UNIDO will also stress the need to improve industrial energy efficiency by contributing to the transformation of markets for energy-efficient products and services. To this end, the Organization will promote the use of energy management standards. UNIDO will also promote accelerated investments by industries in energy system optimization measures, and the increased deployment of new energy-efficient industrial technologies through technical, financial and policy advisory services. In addition, UNIDO will address concerns, challenges and opportunities related to energy poverty, energy security and climate change.

C.1.1.4 Strengthening knowledge and institutions

58. The MTPF 2018-2021 introduces the new strategic priority of "strengthening knowledge and institutions". This strategic priority addresses the knowledge, policy, normative and institutional nature of UNIDO's approach to ISID. This new priority is introduced to allow the prioritization of the work of the Organization across its core functions, thus facilitating a more comprehensive and transformative approach to country support in ISID matters. This strategic priority brings together programmes and projects of the Organization that are in high demand in the new development agenda, but were so far not well captured by previous MTPFs. This work is undertaken by the Organization on its own or in partnership with other institutions. It includes industrial policy analysis, capacity-building services on industrial statistics, follow-up and review activities on industrialization-related matters in the context of the SDGs, policy advisory services vis-à-vis the SDGs implementation, cross-cutting activities such as gender equality and the empowerment of women or the participation by the Organization in global governance forums.

59. This strategic priority encompasses all four functions of the Organization: when providing technical cooperation services, UNIDO works with its institutional counterparts (i.e. governmental, regional, or local public sector institutions, business associations, other private and public institutions, NGOs or other stakeholders) to strengthen their technical capacity, knowledge base on ISID matters and/or at the policy, normative of institutional capacity level. In addition, and complementary to UNIDO's technical cooperation services, the MTPF 2018-2021 provides a clear programmatic framework for the upstream services provided by the Organization as per its constitutional mandate. These services are increasingly in demand in the context of the 2030 Agenda and the most recent trends in multilateral development cooperation. They include policy analysis and advisory services, normative and standard-related activities, statistical mandates on industrial data, including those

that are part of the SDGs global database for which UNIDO is a custodian agency, and convening functions to lead high-impact partnerships around the policy objective of achieving greater levels of ISID.

60. While the first three strategic priorities adequately cover the thematic components of ISID from a conceptual and sectoral perspective, "Strengthening knowledge and institutions" allows a focus on providing assistance to UNIDO Member States to advance ISID from the perspective of the knowledge and institutional capacities. The new priority allows to raise the knowledge and institutional profile of the Organization to achieve the long-term and high-impact results mandated by the UNIDO constitution, the Lima Declaration and the United Nations General Assembly, not least through the 2030 Agenda and its SDGs, the Addis Ababa Action Agenda and the proclamation of the Third Industrial Development Decade for Africa.

61. The new priority therefore captures cross-cutting services. These include the policy analysis function and the mandated monitoring and reporting functions of the Organization vis-à-vis the SDGs at the global and regional level, as input to the HLPF; policy analysis and support to Member States volunteering for national review of SDGs implementation to the HLPF; and capacity-building activities on industrial statistics, whose availability is often undermined by the lack of adequate capacity of national statistical offices but whose importance is paramount for monitoring progress and achieving several industry-related SDG indicators.

C.1.2 UNIDO's core functions

62. In line with the UNIDO Constitution, the Lima Declaration, the previous strategic documents, including the "Strategic Guidance Document", and several thematic evaluations on UNIDO's strategic approach,[13] the MTPF identifies four, interlinked core functions of the Organization: (i) technical cooperation; (ii) analytical and research functions, and policy advisory services; (iii) normative functions, and standards and quality-related activities; and (iv) convening and partnerships for large-scale investment, knowledge and technology transfer, networking and industrial cooperation.

63. Strategic evaluations of UNIDO's work and reviews of multilateral organizations conducted by some Member States have recommended that the Organization progressively move away from a project-based approach to a programmatic one. As mentioned earlier, to achieve the management objective of the MTPF, greater integration across functions will be required. The MTPF provides the strategic framework to accelerate this ongoing process and therefore increase the development impact of the Organization.

64. **Technical cooperation** remains the primary operative function of the Organization. UNIDO's work under this function represents the bulk of its service delivery, both in terms of resource allocation, consisting of core and voluntary contributions, and in terms of value created for the Organization's Member States. Technical cooperation projects and programmes will continue to be at the core of UNIDO's work for the years to come, as confirmed by the increasing demand by Member States and the growing availability of voluntary resources for ISID-related projects. This also confirms the quality and effectiveness of UNIDO's services in delivering its projects and programmes. The Organization is facing growing demand to tailor its technical cooperation services to the different needs of its Member States at different stages of development. Moreover, the financial situation of UNIDO requires the improvement of the cost-recovery mechanisms in place to allow for the operational budget stemming from technical cooperation work to replenish the core resources depleted in the associated programmes. Related to this, there is a growing trend towards bigger-sized projects and programmes to allow on

[13] These include the independent strategic evaluation "Implementation of the expanded UNIDO medium-term programme framework 2010-2013", published in 2015, and the independent thematic evaluation "UNIDO partnerships with donors", published in 2017.

the one hand the budgeting of sufficient staff resources funded through voluntary contributions and on the other hand a more sizeable impact of UNIDO's assistance.

65. Complementary to technical cooperation, industrial **policy advice, research and statistics** is another key pillar of the services provided by UNIDO. UNIDO's policy analysis and advice is a quintessential element to realize its ISID mandate and, in particular, to further enhance the Organization's role within the United Nations system in assisting governments in formulating, implementing and monitoring industrial policies. Complementary to the delivery of other support services, UNIDO provides strategic industrial policy support to Member States grounded in solid empirical data and policy analysis, as well as a suitable toolbox of policy instruments with a focus on poverty reduction, social inclusion, economic competitiveness and environmental sustainability. Within its budget, UNIDO's contribution to generating and disseminating knowledge to better understand ISID will further strengthen its support to Member States in the field of evidence-based policymaking and the progress towards Goal 9 and other industry related goals. To meet the growing demand, the Organization will also strengthen the production and dissemination of key industrial statistics compiled and distributed by UNIDO within the framework of the global SDGs database, which will allow for a better definition of global, regional and national strategies towards the achievement of industry related SDGs. The further integration of policy analysis and advice, and technical cooperation will be most evident in the framework of the PCP model.

66. UNIDO will continue to deliver its services in the field of ISID-related **standards**. Many of the services currently provided by UNIDO are in the context of technical cooperation projects and programmes related to trade capacity-building and quality standard compliance. At the same time, demand for UNIDO's standard setting and normative function is growing, for example in the context of eco-industrial parks, industrial components of sustainable cities programmes and PCPs. The integration of the normative, policy and technical cooperation function will raise the development impact of UNIDO's service delivery, as well as the profile of the Organization. This will allow UNIDO to further position itself as the reference organization for industrial development matters, in line with its constitutional role.

67. Over the MTPF period, UNIDO will continue to prioritize a multi-stakeholder **partnership** approach to support the implementation of ISID. This represents the full expression of the convening function of the Organization and allows for the integration of all other core functions. It also contributes to the strengthening of knowledge and institutions associated with the partnership at the global, regional and national level. The rationale for an integrated partnership approach in a country context is to raise the impact of UNIDO's services by leveraging resources from the private and public sector, development finance institutions, investment funds and other relevant external partners through partnerships around shared ISID objectives, resources, and accountability. The partnership approach will remain at the core of its service provision in the coming years and will constitute a growing proportion of its activities, as the Organization seeks to enhance the synergies between its programmes and with those of its partners, particularly through the PCP model. The recent agreements with IFIs to facilitate the provision of UNIDO's services will have important implications on UNIDO's ability to raise voluntary contributions and scale up its services, and will greatly facilitate resource mobilization in support of PCP and the implementation of IDDA III. Strategic partnerships and alliances will also continue to be promoted with private companies to engage them as partners for development change in the SDGs era and leverage their resources for joint programmes towards ISID. Given the centrality of the private sector as a key driver of economic growth, knowledge and technology generation, job creation, and the provision of fundamental goods and services, UNIDO will foster a continuous and expanding engagement with private sector partners. Finally, South-South and triangular cooperation will remain a key priority for UNIDO over the MTPF period. As part of its efforts to strengthen such cooperation, UNIDO will enhance the

coordination and synergies between its investment and technology promotion centres, thus bringing together a large network of resources and information. Finally, the external relations work carried out by the Organization vis-à-vis Member States and partners within and outside of the United Nations system is crucial for the fulfilment of UNIDO's convening function.

C.2 Management framework

68. UNIDO's programme framework is backed by results-oriented, effective and efficient management focusing on delivering support to Member States in realizing ISID. The management framework is an integral part of UNIDO's work towards its desired development results as reflected in figure 1 above, and in levels 3 and 4 of the IRPF.

69. Building on its recent achievements, in consultation with Member States, United Nations entities and other partners, UNIDO will continue to further strengthen its performance, monitoring and reporting work, as called for in the Lima Declaration. To this end, the MTPF further enhances the Organization's RBM framework, to support its implementation, buttressed by clear principles and frameworks to which UNIDO adheres. The IRPF is now fully integrated and represents the results side of the MTPF.

70. The Organization will continue to place great emphasis on strengthening its capacity in terms of efficiency, effectiveness, accountability, and transparency to maximize the impact of its programmes and activities, while minimizing overall transaction costs. It will therefore align its management and operational mechanisms with those of the broader United Nations system, in particular the QCPR, and fully participate in all system-wide coordination mechanisms. The extension of the time-horizon of this MTPF to align with the QCPR cycle is a concrete sign of the Organization's commitment in this sense.

C.2.1 Results-based management (RBM)

71. UNIDO will further enhance its RBM mechanisms through the consolidation of a robust results framework that enables the Organization to monitor, respond to and demonstrate tangible results from the provision of its services. UNIDO fully recognizes the importance of quality and evidence-based information for decision-making and programme design. The MTPF thus includes a strong focus on improved RBM and monitoring systems to analyse and report the progress in organizational performance at all levels of the Organization. UNIDO will therefore align the deployment of the human and financial resources with the Organization's strategic results and established integrated systems for planning, managing, measuring, and reporting on results.

72. Based on the IRPF and its selected set of indicators regarding the programme management cycle and organizational effectiveness, UNIDO targets improvements of the following management dimensions: (a) portfolio management, monitoring and evaluation; (b) partnerships mobilization, gender mainstreaming and knowledge management; (c) governance and management; (d) asset and resource management, alignment, mobilization, and stability; (e) capacity development and knowledge management; and (f) operational management.

C.2.2 Partnership development

73. The consolidation of a synergistic, results-oriented, high-impact partnership approach is a central pillar of UNIDO's contribution to the 2030 Agenda and to the achievement of ISID. Forming strategic partnerships with a wide range of development actors will continue to play a central role in advancing ISID at the global, regional and national level. It will thus remain essential during this MTPF period. These partnerships may involve multilateral and bilateral

organizations, other United Nations entities, IFIs, the private sector and civil society organizations.

74. UNIDO's operational partnership approach is epitomized by the PCPs. This approach aims to scale up resource effectiveness, leverage investment and achieve long-term results for ISID based on strong country ownership. It will constitute a cornerstone of UNIDO's programmatic engagement, advocacy and leveraging of financial resources in the coming years. Advancing appropriately structured business partnerships to harness the financial and non-financial input of the private sector will be increasingly important, especially given the expansion of the role of industry and business in implementing the 2030 Agenda and related SDGs. Particular emphasis will be given to initiatives that foster systematic strategic dialogues at a multi-stakeholder level, to further identify policies, norms, best practices, programmes and instruments for advancing inclusive and sustainable industrial development.

75. In addition, UNIDO will continue to strengthen its collaboration with other United Nations agencies in order to provide holistic and robust development solutions to Member States for the implementation and review of the industrialization components of the 2030 Agenda, at the global, regional and country level.

C.2.3 Human resource management

76. The effective management of human resources is key to organizational performance. UNIDO will continue to make qualitative improvements in its human resource management. These improvements will be aimed, inter alia, at ensuring institutional strengthening, knowledge management and preservation, and balanced regional and gender representation. UNIDO's learning programmes, based on a policy that promotes skill upgrading and professional growth, will continue to provide staff with the knowledge required to carry out necessary programme support functions. Mandatory training with certification is already being implemented in this area, and will be developed further to reach all relevant staff. Emphasis will also continue to be placed on improving the technical and managerial competencies of staff by offering them a wide choice of training opportunities within and outside the Organization. Measures to facilitate career development will also be implemented during the MTPF period. Building on the concrete steps already made, tangible results in attaining gender equality across all of UNIDO's programmes and projects will continue to be central to the strategic orientation and the changing demography of the Organization. Periodic and effective communication between staff and management will also continue to be emphasized as a means of enhancing management effectiveness.

C.2.4 Field operations management

77. The efficiency and effectiveness of UNIDO's field network will continue to be essential for improving the Organization's performance and impact toward ISID and the SDGs. This will become increasingly important due to the provisions of the most recent QCPR resolution,[14] which calls for a more integrated and coherent system-wide approach to support the implementation of SDGs at the country level. Recent adjustments to the Organization's field structure and operations are part of a process that aims at increasing the efficiency of the Organization, refocusing, as appropriate, its programmes and activities to achieve development results at the country level and facilitating the integration of its work performed at Headquarters and in field offices. The field network and regional programmes ensure programmatic coherence of UNIDO's services at the country and regional levels in the context of its programme framework: towards inclusive and sustainable industrial development. They also enable UNIDO to effectively respond to the specific and differentiated development needs of Member States. UNIDO's field

[14] A/RES/71/243.

representation is a critical element for implementing its programmatic framework and maintaining close contact with all local stakeholders. These include international organizations, locally based donor organizations, regional economic organizations, and private sector entities at the country and regional levels. UNIDO's field representation also promotes the Organization as an effective partner for development.

78. UNIDO will further strengthen its field capacity after the implementation of the Organization's field policy action plan (IDB.44/7), by supporting the further harmonization of the field entities in an efficient and cost-effective manner. This will include lean management approaches and increased recruitment of national heads of country offices. UNIDO offices in the field participate in, and contribute to, country-level activities aimed at strengthening United Nations system-wide coherence. They maintain dialogue with the UNRC within the context of the United Nations Development Assistance Framework (UNDAF) and strengthen engagement within the United Nations Country Team (UNCT) and the Regional Coordination Mechanism. Throughout, UNIDO offices promote UNIDO's services and mandate, including the provision of inputs to the follow-up and review mechanisms of the 2030 Agenda.

C.2.5 Operational management

79. The efficient and effective management of UNIDO's internal support operations will remain of utmost importance to the Organization. Procurement and logistics services will continue to ensure enhanced responsiveness and quality by providing direct, efficient, transparent, and cost-effective procurement, supply chain management and logistics support to aspects of UNIDO's work. Information and communications technology (ICT) and communication services will be critical in providing efficient and effective enterprise resource planning (ERP) and ICT systems. ICT and communication services will include the management of infrastructure to provide a high level of customer support, availability and connectivity for all stakeholders at Headquarters and in the field, including Member States and donors.

80. In keeping with the management goals set by the Organization for internal operational efficiencies, improved transparency and better results monitoring, particular attention will continue to be paid to improvements of the ERP system. Concrete results are reflected in the continuous improvement of the open data platform, which is part of UNIDO's Transparency Initiative. These results greatly contribute to the visibility of UNIDO's programmes and projects, as well as to the Organization's profile as a transparent and results-oriented organization. Over the MTPF period, special emphasis will be given to enhancing the functionalities and technologies of the ERP system to further improve strategic planning and results-based reporting. These improvements will be systematically prioritized in order to ensure their contribution to the Organization's management priorities.

C.2.6 Financial management

81. In line with the continued pursuit of value-for-money, UNIDO will continue to develop adequate financial strategies and measures to better support the transformational changes endorsed by its policymaking organs. Internal control of financial and accounting processes will be strengthened at the Organization's Headquarters and in the field. This will be accelerated by an increased integration of accounting, reporting and operations mechanisms. UNIDO's general risk management strategy will also be strengthened in the MTPF period.

82. UNIDO will further stress the need to identify and optimize underutilized resources. It will pursue innovative and diversified sources of financing, while continuously seeking to become more efficient. The Organization will also intensify its advocacy for continued or increased contributions from traditional and emerging multilateral and bilateral sources, including multilateral environmental agreements.

The implementation of the funding agreement reached with IFIs for the realization of common programmatic priorities at the country level will be of high importance for the Organization in the MTPF period.

C.2.7 Knowledge management

83. UNIDO is a specialized, technical agency of the United Nations. As such, the effective management of the technical, scientific and political knowledge of the Organization is of primary importance. The MTPF underlines this aspect and the necessity to continuously refine existing mechanisms, and develop new ones for knowledge generation, retention and transmission within the Organization. This applies to the flow of information within and across departments, and between Headquarters and the field network.

84. At the same time, better communicating UNIDO's knowledge and results to the Organization's stakeholders is a priority of this MTPF, as it represents a crucial element of an effective relationship with Member States, partners and stakeholders. The emphasis on partnerships and on increasing the development impact of UNIDO's work requires a systematic approach to knowledge management within and beyond the Organization, which will be further pursued during the implementation of the MTPF.

C.3 Integrated results and performance framework (IRPF)

85. The full integration of UNIDO's IRPF in the MTPF 2018-2021 and the introduction of a new strategic priority and the management objective will require the update of some elements of the IRPF. While the broad structure will be maintained, new indicators will be developed, tested and introduced to reflect the changes in the MTPF.

86. Introduced in 2016, the IRPF will continue to feature an integrated two-tiered structure that considers (i) global, regional and country-based ISID results; and (ii) UNIDO's organizational management performance. In compliance with decision IDB.44/Dec.10, reporting on these corporate results will be carried out on a quarterly basis on the open data platform and annually in the Annual Report. The reporting will take the form of a corporate scorecard, partly based on data generated in the ERP system and partly on other internal and external sources. The IRPF is an effective tool to allow UNIDO to provide better and timely result reports to Member States. It also allows for a more holistic reporting on the global state of ISID, based on a selection of relevant SDG indicators. Overall, the new IRPF is designed to make UNIDO an even more results-oriented, transparent, efficient, and trusted partner to support the implementation of the 2030 Agenda.

87. The IRPF is a pillar of UNIDO's RBM approach. It was introduced in the previous MTPF as a complement to other existing monitoring and reporting tools, including the Annual Report, financial and substantive reporting to project donors and partners or programme/project level monitoring within the ERP system. Unlike other tools, the IRPF is forward-looking and lays out the Organization's projected achievements numerically in the short, medium and long term.

88. The IRPF provides clarity on the Organization's expected contribution to global development results, based on the Lima Declaration and the SDGs. It also lines out UNIDO's corporate long-term results framework to guide the implementation of the MTPF, the related programme and budgets, and the measurement of corporate performance, including managerial transparency, efficiency and effectiveness. This was requested in the Strategic Guidance Document presented by the informal working group on the future, including programmes and resources, of UNIDO.

89. Overall, the IRPF makes UNIDO a results-oriented, transparent, efficient, and trusted Organization and partner in the SDGs era. It delineates a two-tiered approach to the monitoring and reporting of results, which consist of two levels each.

Tier 1: Development Results monitors progress in the achievement of inclusive and sustainable industrialization and consists of:

- Global Development Results (Level 1): This level of the results framework reflects the industrial development context in which the Organization is operating, as delineated by ISID-related indicators in the SDGs global database. While the direct attribution to UNIDO of changes observed in the global development context is not possible, as these are the outcome of collective efforts, this level monitors the relevance of UNIDO's strategy and development progress against the indicators of industry-related SDGs. This level is thus not intended to assess the Organization's performance, but rather the alignment of its strategic goals with the global development landscape.
- Country Results with UNIDO Support (Level 2): This level reflects the development results reported by UNIDO's beneficiary countries with the support of the Organization's programmes and projects to advance ISID. The framework foresees a set of indicators that measure the results under each strategic priority, as well as broader development results. The Organization is fully engaged in the development and testing of indicators that well represent UNIDO's contribution to ISID. These, including reliable data on jobs, CO_2 emissions reductions, changes of policy frameworks and other similar results achieved with UNIDO's support.

Tier 2: Organizational Performance focuses on UNIDO's performance and consists of:

- Programme Management Effectiveness (Level 3): This level tracks UNIDO's performance in managing its programmes and projects, in particular with regard to the quality of its programmes and projects at entry, during implementation and at completion, including project/programme-level outcomes and impacts. It also tracks the extent to which the Organization is mainstreaming its priorities on gender, partnership building, knowledge management, and other relevant cross-cutting issues. The development of the indicators under this framework will explore the possibility of showing the process of increased integration across functions and scale-up of projects and programmes.
- Organizational Effectiveness and Modernization (Level 4): This level assesses the progress in important areas of UNIDO's organizational capacity to effectively manage its internal operations, including resource mobilization and management, human resource management and administrative efficiency.

90. The results under level 2 reflect the strategic priorities set for 2018-2021. The IRPF is directly linked to each level of the MTPF: it describes the overall results and performance expected during the implementation period of the MTPF. It provides a longer-term horizon to plan and monitor results towards the achievement of the SDGs, establishing a rolling baseline for all of UNIDO's legislative strategy documents. It also facilitates the alignment of UNIDO's strategic approaches and frameworks to the United Nations system-wide planning documents, including the QCPR of the General Assembly. As such, it constitutes a modern accountability and transparency framework for UNIDO that links every part of the Organization to the wider development agenda.

91. Since the introduction of the IRPF, the set of proposed underlying indicators at all four levels have been revised and continuously fine-tuned. The baseline and targets for these indicators have also been established and will be monitored throughout the MTPF period. The results of this exercise are periodically published on a corporate scorecard.

D. Budgetary framework

92. The implementation of the MTPF 2018-2021 will require the availability of sufficient resources, under the regular and the operational budgets, and through voluntary contributions.

93. For the first biennium of the planning period, 2018-2019, the Director General's budget proposal is built around a net regular budget of €137.0 million (PBC.33/5-IDB.45/5). Activities from extrabudgetary funds were estimated at the level of €344.3 million as direct input for technical cooperation services and €35.8 million as technical cooperation support activities.

94. The reinforced mandate of the Organization and the implementation of the thematic framework included in the present document call for a stable financial basis and additional resources over the currently proposed budgetary levels. While there is an expectation of a continued healthy growth in voluntary contributions, Member States may wish to contemplate a moderate growth also under the regular budget for the second biennium of the planning period, i.e. for 2020-2021, to enable UNIDO to meet the growth in the demand for its services in the context of the 2030 Agenda.

E. Action required of the Board

95. The Board may wish to take note of the information provided in the present document.