



United Nations Industrial Development Organization

Distr.: General
29 April 2020

Original: English

Industrial Development Board

Forty-eighth session

Vienna, 23–25 November 2020

Programme and Budget Committee

Thirty-sixth session

Vienna, 15–16 June 2020

Item 3 (a) of the provisional agenda

**Managing for Results: Update on the
implementation of the medium-term programme
framework, 2018–2021**

Managing for Results: Update on the implementation of the medium-term programme framework, 2018–2021

Report by the Director General

The present document provides an update on the implementation of the medium-term programme framework (MTPF), 2018–2021 (IDB.45/8/Add.2 and IDB.45/8/Add.2/Corr.1), adopted by the Conference at its seventeenth session (GC.17/Res.1). It updates the information provided in GC.18/CRP.4 on the operationalization of the integrated results and performance framework (IRPF). In line with decision GC.18/Dec.14, the present document provides updates on the preliminary steps towards the design of a results-based programme and budget.

I. Introduction

1. The medium-term programme framework (MTPF) 2018–2021 introduced an organizational theory of change, which shows the impact pathway of UNIDO's approaches and interventions. Figure 1 of IDB.45/8/Add.2 identifies the channels and levels of influence through which the outputs of UNIDO's work, underpinned by its internal operations, support Member States in realizing inclusive and sustainable industrial development (ISID) outcomes and impact-level results. With ISID fully embedded in the 2030 Agenda for Sustainable Development, in particular in Goal 9, these results demonstrate UNIDO's contribution to all Sustainable Development Goals (SDGs).

2. The mid-term review of the MTPF 2018–2021 (IDB.47/10–PBC.35/10) completed the organizational theory of change by identifying the external factors influencing the UNIDO impact pathway, including assumptions and preconditions on which it was based. The review also identified priority programmatic areas for the remainder of the MTPF period and reviewed UNIDO's institutional context as it relates to the ongoing reform of the United Nations development system. Importantly,

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the review introduced clear organizational outcomes and impact areas, which clarify the intended organizational results, streamlining the quantification and qualitative description of the achievements made by UNIDO through and beyond its technical cooperation interventions.

3. These results areas informed the update of UNIDO's integrated results and performance framework (IRPF) conducted in response, inter alia, to the request expressed by Member States through GC.17/Res.1. The updated IRPF indicators and underlying definitions were conveyed to Member States in GC.18/CRP.4.

4. Substantive progress has been achieved by the Organization in advancing the implementation of the MTPF 2018–2021 and the IRPF, as outlined in the present document. This reflects a comprehensive effort by the Organization to improve its results-based management (RBM) tools, practices and policies to implement the dual management objective of integration and scale-up.

II. A framework to manage for results

The spirit of the MTPF: integration and scale-up of results

5. The MTPF 2018–2021 introduced important innovative elements vis-à-vis previous editions. Not only does it list corporate programmatic priorities, the MTPF 2018–2021 also introduces specific management goals, in particular the dual objective of integration and scale-up of results. The emphasis on the scaling of results addresses the need for systemic, transformational change in supported countries, as set out in UNIDO's mandate of ISID and in the 2030 Agenda. The current MTPF therefore drives the Organization towards impact at scale, made possible by the integration of its programmatic offer and services across core functions, as well as of development results across ISID dimensions. This approach has triggered a rethinking of UNIDO's operations to effect a greater focus on outcomes and impact, departing from the traditional project-based approach which focused on implementation volume.

6. The introduction of the MTPF 2018–2021 set in motion a process of organizational cultural change with important managerial and operational implications. The reforms underlying this transformational change initiated within UNIDO have long gestation periods and require continuous support by management, Member States and donors. In some cases, enabling frameworks needed to be established, including the new IRPF, the adoption of results-based principles in future UNIDO programme and budgets, and the reengineering of the UNIDO project management cycle, embedded in the resource optimization for technical cooperation (ROTC) exercise.

7. While these and other management reforms are ongoing, the implementation of the MTPF 2018–2021 is already producing greater evidence of the results of UNIDO's work on the ground. This evidence, reported inter alia through the Annual Report 2019, is the result of two mutually reinforcing trends stemming from a stronger focus on results and the introduction of common results indicators with the new IRPF. The first trend is that UNIDO is better equipped to show in a consolidated and structured manner the achievements of existing and past interventions. The second, thanks to the new results framework, is that the design of UNIDO interventions now employs a robust model of behavioural change and impact, which helps accomplish integration and scale-up of results more clearly.

8. These improvements match the strengthening of the programmes for country partnership (PCPs) which have increased in number and depth. For example, the evaluation findings of the pilot PCP in Ethiopia significantly contribute to the design and implementation of other PCPs and reinforce the application of the new IRPF.

Strengthening knowledge and institutions: implementing the fourth strategic priority

9. The MTPF 2018–2021 identifies the strengthening of knowledge and institutions as a fourth strategic priority; recognizing it as an enabler of higher-level ISID impact. The reinforced focus on knowledge and institutions reflects the nature of the contribution of UNIDO to ISID and the SDGs. Through tailored interventions, UNIDO's initiatives target key actors, from individuals and firms to institutions, policymakers and global actors, such as United Nations entities, to strengthen their awareness, knowledge and skills, and trigger the required changes in behaviour that are crucial for ISID. These include improvement in business practices; the development and adoption of policies, standards and technologies; the leveraging of investments and changes in governance. The implementation of this strategic priority calls for the integration of all UNIDO services across functions, including its normative functions, and thematic areas.

10. In line with document IDB.47/10–PBC.35/10, the chain of results outlined above is supported by the adoption in the IRPF of an actor-based behavioural change model, on the basis of which specific outcome-level results areas are articulated. These results areas help define which micro-, meso- and macro-level actors are reached and engaged; what ISID-related awareness, knowledge and skills are influenced; and which behavioural changes are triggered as a result of UNIDO's interventions. Through the updated IRPF, each results area is underpinned by a specific set of indicators. Altogether, the new results framework helps plan, manage and narrate the contribution of UNIDO's interventions to the transformational change envisaged in ISID and the SDGs, through the lens of strengthening knowledge and institutions.

11. Importantly, the implementation of the fourth strategic priority embeds in UNIDO's services an emphasis on the institutional and knowledge pathways that lead to sustainable scaling-up of development results, in line with the management objectives of the MTPF. On one hand, it is possible to identify how the combination of different intended results can lead to the sustainable upscaling of development interventions. On the other hand, systematic results monitoring leads to improved project and programme design, which includes planning for replication, scaling-up and eventually systemic change. Finally, strengthening knowledge and institutions helps solidify the normative role of UNIDO, including by extracting best practices and policy recommendations from UNIDO interventions.

12. Evidence of the contribution of UNIDO to the strengthening of knowledge and institutions is provided in the Annual Report 2019. The implementation of the fourth strategic priority and the reporting of associated results will progressively improve as new initiatives are systematically designed, monitored and evaluated in line with the IRPF.

Translating strategic objectives into management improvements

13. The dual objective of integration and scale-up of results introduced with the MTPF is fully supported by the senior management of UNIDO. Integrating and scaling up results has consistently remained a management priority since the adoption of the MTPF in 2018. The ultimate aim is to increase UNIDO's impact, while enhancing programming and managing for results, harnessing synergies and partnerships, and improving internal management and operations through innovation.

14. Against this backdrop, UNIDO has made substantial progress in piloting and implementing internal management improvements to optimize the use of available resources and capacities. Initiatives such as full cost recovery (FCR) and ROTC are progressing in this direction and include substantial synergies with the MTPF and IRPF.

15. These initiatives are interlinked and are expected to increase operational efficiency, scale up UNIDO's operations and foster a culture of managing for results and impact. ROTC in particular enhances efficiencies through, inter alia, the development of standardized modular approaches and ensures alignment of such modules to the IRPF, which in turn increases effectiveness. ROTC is therefore expected to support the mainstreaming of the IRPF into the UNIDO delivery model, to enhance the results and quality of technical cooperation programmes aligned with the requirements stipulated in UNIDO's Quality Assurance Framework, and to drive the Organization towards more integrated and programmatic culture and operations. The implementation of FCR, the ROTC and the MTPF are complementary and mutually reinforcing, with the common objectives of improving UNIDO's organizational performance and maximizing its impact.

III. The updated integrated results and performance framework and the use of data

Progress in the implementation of the integrated results and performance framework

16. The development phase of the new IRPF has been reported on, most recently, in GC.18/CRP.4. Highlights of this work have been the adoption of the innovative actor-based, behavioural change model underlying the IRPF; the organization-wide consultative process for the development of the new framework; and the careful choice of corporate results indicators, which are in turn mainstreamed at the project, programme and country level.

17. These elements have been important drivers of organizational cultural change. While a new results framework is a precondition for such an important shift, its consultative and intuitive nature have generated strong ownership at all levels of the Organization, which is a promising foundation for further improvements. Naturally, consistent support and policy direction by management, Member States and donors is a necessary complement to the above, and has ensured the success to date.

18. Since the issuance of GC.18/CRP.4, the implementation of the new IRPF has taken important steps forward. The IRPF section of the Annual Report 2019 further corroborates the fitness of the model to tell an evidence-based story of UNIDO's performance and contribution to ISID and SDGs. It also highlighted the need to establish and finalize new internal processes, software and templates to expedite and simplify the collection and analysis of data.

19. The design of the results software interface for project management and other applications is underway, with the interface expected to be operational by the end of the current year. Significant efficiency gains are expected from the tool, as well as from the introduction of standardized templates, guidelines, checklists and supporting materials.

20. The full implementation of the IRPF will not be possible without significant efforts to disseminate knowledge and build staff capacity. The administrative instruction "Managing for Results: A Guide to UNIDO's Integrated Results and Performance Framework (IRPF) Approaches and Tools" (AI/2020/01) was a milestone in this regard. Training and awareness-raising sessions started in April 2018 and are continuing throughout 2020 and beyond. Distance-learning materials, including for UNIDO's field network, are being prepared and will be launched in 2020. Finally, the harmonization of IRPF across different functions of the Organization, such as monitoring, quality assurance, internal audit and evaluation, further strengthen the consistent message and support to staff on ways to progress towards greater integration and scale-up of results.

21. The introduction of the UNIDO quality assurance framework through Director General's bulletin DGB/2019/11 is another cornerstone of the reforms linked to the

MTPF 2018–2021. This new policy was driven both by the growing importance placed by Member States and stakeholders on the quality of data and transparency, and by UNIDO’s continuous drive for excellence, efficiency and effectiveness.

Why measure? Analysing data for improved decision-making

22. The present document provides evidence of the IRPF’s relevance and improvements against the previous framework. It also illustrates how the new IRPF has been greeted as an important reform in UNIDO. The RBM foundation of the new IRPF was recognized by external and internal parties, including authoritative external observers such as auditors and evaluators of UNIDO and its services. Monitoring and reporting are thus recognized as having been greatly strengthened by the application of the new IRPF.

23. Well-executed planning at all organizational and service-delivery levels is crucial to reap the most benefits from the IRPF. A structured approach to results and performance allows a more conscious and deliberate approach towards the desired outcomes, with clear pathways and clear roles for all stakeholders. The IRPF is a framework for planning and managing for results which is therefore fully integrated in the MTPF 2018–2021.

24. The full added value of the new IRPF lies in the opportunities it provides for evidence-based decision making at all levels. Applying the new IRPF will support Member States, management and staff, recipients, beneficiaries, donors, partners and all stakeholders by enabling an improved analysis of the data and a stronger evidence base.

25. The structured levels of accountability embedded in the new IRPF provides an important guide to identify results for which UNIDO is fully accountable, and differentiate them from areas of shared responsibility, in which actions by other stakeholders are required. The new IRPF hence provides a common lens and language to understand and support UNIDO’s contribution towards ISID and the sustainable development goals.

Reporting on results: Annual Report 2019

26. The Annual Report 2019 is the first annual report of UNIDO that makes full use of the updated IRPF. Through a combination of data and narratives, it presents comprehensive quantitative and qualitative evidence of the Organization’s achievements in the results areas outlined in the MTPF 2018–2021.

27. The organization-wide participative process conducted in 2018 and 2019 to finalize the list of IRPF indicators facilitated data collection for the Annual Report 2019. Supporting material was made available to all personnel, including detailed methodological recommendations for each IRPF indicator, based on the outcomes of the aforementioned process and on GC.18/CRP.4. With an updated electronic reporting system being introduced in 2020, the data collection process will be further institutionalized and automated, enabling harmonized reporting on the operational, project, programme, country and organizational levels.

28. Owing to the novelty of the IRPF and to the intrinsic limitations of retroactively applying it to UNIDO’s technical cooperation portfolio, the Annual Report 2019 was subject to gaps in data availability. Data coverage and quality will improve over the coming months and years, as the updated IRPF is applied to all new initiatives of the Organization, and the required changes in systems, processes and organizational culture are progressively absorbed.

29. Taking into account these limitations, the Annual Report 2019 provides a comprehensive picture of UNIDO’s results and performance in 2019 and illustrates the progress of the implementation of the MTPF 2018–2021. Organizational resources, efficiency and portfolio management effectiveness are demonstrated in

detail through IRPF Level 4 and Level 3 indicators. Evidence of the outputs, outcomes and impact of UNIDO's programmatic interventions is also presented, demonstrating the Organization's results through its programmatic activities and vis-à-vis the fourth strategic priority, and substantiating UNIDO's contribution story to ISID and the SDGs. Building on this evidence base, UNIDO is able to not only credibly claim, but to ultimately increase and sustain, results and impact both at the national and global level.

IV. The way forward

Fully implementing the IRPF: improved quality, efficient processes, and greater evidence of transformational change

30. The Annual Report 2019 demonstrates progress in the application of the new IRPF. The Organization, however, still requires significant progress to fully upgrade to IRPF processes and RBM in general. While retrofitting the IRPF for existing projects and programmes is not always possible, it still provides structured evidence of impact which can be used to demonstrate UNIDO's corporate results. Introducing the IRPF framework at the planning stage ensures due attention is paid from the onset to tracking results along the lifetime of projects and programmes.

31. Appropriate planning and budgeting for monitoring and evaluation ensures adequate data collection and analysis. For the majority of UNIDO's programmatic services, this can be effectively conducted largely at the project level, without impacting UNIDO's regular budget. However, this holds true only if incentives are aligned with the requirements of the IRPF and MTPF. This requires amplifying the cultural change mentioned above, predicated on a shared responsibility between UNIDO and its donors. As long as implementation volume remains the governing criterion for the measurement of performance, results orientation will be hampered.

32. The road towards the full implementation of the IRPF includes the introduction of an updated electronic reporting interface and the finalization and mainstreaming of common templates, guidelines and processes. The completion and launch of an IRPF-based SDG mapping and an associated data visualization completes the toolbox. At the internal policy level, the approval of guiding principles, a monitoring policy and more rigorous work planning mechanisms would greatly support the upgrading of UNIDO's RBM approach and make it fully fit for the next strategic planning cycle.

Towards the next MTPF: supporting the Decade of Action

33. Member States and management recognize that the introduction of the frameworks, processes and policies outlined above is instrumental to equip UNIDO with the tools to focus its interventions and accelerate its contribution to ISID and SDGs in the current and future MTPF cycles. Today and tomorrow's challenges to ISID can be overcome by UNIDO, if the Organization continues to strengthen its efforts towards results at scale through an integrated and programmatic approach.

34. To respond to the call of the United Nations Secretary-General for a Decade of Action to achieve the 2030 Agenda ([A/RES/74/4](#)), UNIDO needs to further focus its scarce resources on its most impactful activities, in coordination with partner institutions. In line with the United Nations development system reform, this also requires the Organization to build on its current service delivery model and integrate it further with its normative role and upstream policy support.

35. The rapidly evolving context of ISID makes it imperative for UNIDO to modernize its systems and approaches to be able to guide and support Member States in addressing, inter alia, the Fourth Industrial Revolution, industrial resilience, the transition towards a circular economy, global poverty, and middle-income traps.

Towards a stronger programmatic approach and a results-based budget

36. A new programme and budget based on results-based budgeting principles, as mandated by GC.18/Dec.14, is being designed. The adoption of the new programme and budget structure will complete the alignment among the MTPF and IRPF, the programme and budget, the Annual Report and departmental workplans. This new structure will follow established practice in the United Nations system, and will be:

- (a) An integrated budget, including – assessed contributions and estimated voluntary contributions;
- (b) Associated to expected results, based on the IRPF;
- (c) Appropriately linked to workplans, to ensure implementation and accountability; and
- (d) Equipped with the appropriate level of flexibility to allow minor ad hoc redistributions of funds, in line with UNIDO financial rules and regulations.

37. Based on the planned improvements outlined above, Member States will be able to rely on a more structured, efficient, effective and responsive Organization, without lessening its agility.

The role of the Secretariat, Member States and donors

38. As promised in the MTPF 2018–2021, management and Member States are transforming UNIDO through a stronger and closer partnership for ISID. Hence, the Secretariat is reforming its practices to fulfil its ISID mandate. The MTPF 2018–2021 continues to guide the Secretariat's reform efforts, as well as the Organization's programmatic work.

39. A more structured and transparent approach to results, as facilitated by the MTPF and the new IRPF, underlines that ISID processes are complex and require the concurrent contributions of many diverse actors. With its Member States, donors and partners, UNIDO designs and implements programmes, which maximize impact within the resources available.

40. Member States and other development partners of UNIDO are crucial contributors to ISID results. A principle of shared responsibility governs the achievement of outcomes and impact. As stipulated in the 2030 Agenda ([A/RES/70/1](#)), it is ultimately the responsibility of Member States to drive the implementation and achievement of the SDGs, including ISID. It is UNIDO's responsibility to support Member States adequately.

41. Through their leadership, guidance and their assessed and voluntary contributions, Member States and donors contribute to shaping the support provided by UNIDO. The ability of the Organization to strengthen its results-based system, at scale, critically depends on the strength of the mutual understanding between UNIDO and its Member States and donors.

V. Action required of the Committee

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