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## **Industrial Development Board**

### **Fiftieth session**

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Item 16 of the provisional agenda

### **Evaluation and internal oversight activities**

## **Evaluation activities**

### **Report by the Director of the Office of Evaluation and Internal Oversight**

The present report provides information on the activities of the evaluation function in accordance with decisions IDB.44/Dec.3 and IDB.48/Dec.10, and updates the previous report contained in [IDB.49/24](#).

## **I. Background**

1. The Office of Evaluation and Internal Oversight (EIO) is responsible for the oversight functions, which include the internal audit, investigation and evaluation functions. The mandate of EIO is to provide independent and objective assurance, advice, investigation and evaluation for the purpose of adding value to and improving the efficiency and effectiveness of UNIDO's operations, internal control framework, risk management, results-based management and governance processes. In addition, EIO is also the focal point for coordinating the activities of the Joint Inspection Unit (JIU) of the United Nations, and serves as the Secretariat to the UNIDO Independent Oversight Advisory Committee (OAC).

2. The evaluation function is governed by the EIO Charter,<sup>1</sup> and the UNIDO Evaluation Policy (revised version issued in 2021).<sup>2</sup> The evaluation function is further guided by the Evaluation Manual. The evaluation function manages, conducts and provides quality assurance to different kinds of independent evaluations within UNIDO and monitors the management response to such evaluations.

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<sup>1</sup> Director General's bulletin DGB/2020/11, as approved by the Industrial Development Board in decision IDB.48/Dec.10.

<sup>2</sup> Director General's bulletin DGB/2021/11.

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



3. Currently, the EIO evaluation function's budgeted posts comprise four Professional and one General Service staff. One of the Professional posts is currently vacant.

## II. Key achievements in the reporting period

4. **EIO policy framework further strengthened:** A major stepping stone achieved in 2021 was the issuance of the revised evaluation policy, further reinforcing the Office's oversight role, as well as its independence, based on the EIO Charter.

5. **EIO risk and evidence gaps assessment methodology,** and audit and evaluation universe enhanced and aligned with UNIDO's medium-term programme framework 2022–2025, and results-based programme and budgets 2022–2023 to reflect UNIDO's strategic objectives in all five results areas. This provided a strong basis for ensuring the alignment of EIO's work with the strategic areas of UNIDO for a more effective selection and coordination of independent evaluations, and for optimizing complementarities and reducing the potential duplication of efforts among all assurance providers (i.e. the internal audit function, the evaluation function, the External Auditor and the JIU).

6. **EIO as an agile advisor in a period of uncertainty and rapid change:** Further to the issuance of the EIO strategy 2020–2024,<sup>3</sup> issued in January 2020 as a key management and accountability framework for EIO, the Office continued adjusting its activities to ensure it is adding value to the achievement of the goals and objectives of the Organization and that it remains strategically aligned. Despite the constraints and challenges imposed in the coronavirus disease (COVID-19) context, EIO remained agile and proved that its services are, and continue to be key for informed decision-making, innovation and change. According to management, evaluations benefited decision makers by providing the basis for consideration on key areas, such as results-based management, monitoring and reporting, and other organizational areas for improvement.

## III. Overview of EIO evaluation work

7. During the year, EIO further adjusted its workplan to the context of the ongoing COVID-19 pandemic to ensure that its evaluation activities continued to provide evidence-based information at strategic and project levels.

8. In the reporting period, the following four strategic and corporate-level evaluations were conducted and completed:

(a) Independent thematic evaluation. UNIDO Policy (2015) and Strategy (2016–2019) on Gender Equality and Empowerment of Women;

(b) Independent evaluation. Programme for Country Partnership (PCP) in Senegal, 2015–2021;

(c) Independent thematic evaluation. UNIDO medium-term programme framework (MTPF) 2018–2021; and

(d) Independent thematic evaluation. UNIDO's capacities to contribute to transformational change.

9. In addition, 20 independent project evaluations were managed, quality assurance was provided and evaluation reports issued. Evaluations of technical cooperation projects and programmes were financed from the respective project and programme budgets.

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<sup>3</sup> [www.unido.org/sites/default/files/files/2020-02/EIO%20Strategy%202020-2024%20\\_FINAL.pdf](http://www.unido.org/sites/default/files/files/2020-02/EIO%20Strategy%202020-2024%20_FINAL.pdf).

10. All UNIDO independent evaluation reports are available on the UNIDO website ([www.unido.org/resources/evaluation](http://www.unido.org/resources/evaluation)).
11. Acceptance and implementation by management of recommendations from project evaluations continued to be monitored by the Office.
12. Since 2021, for all strategic evaluations (including thematic, country-level evaluations) that assess systemic, cross-cutting and/or corporate level areas, the introduction of agreed management action plans (MAPs) that are based on findings and recommendations from these evaluations, have been implemented. This is expected to further increase management commitment and ownership in addressing the areas for improvement that these evaluations identified. So far, a total of 12 MAPs were agreed with the responsible management and issued by end of August 2022. During the reporting period, five MAPs were closed, seven MAPs were considered ongoing and the level of implementation will continue being monitored.
13. Due to the COVID-19 pandemic, the planned on-site evaluation training, as a contribution to building and strengthening national evaluation capacities in Member States, had to be postponed. To facilitate the conduct of future such trainings, independent from outside factors, EIO developed an online evaluation training that will be launched in the last quarter of 2022 for wider use by both staff and external partners.
14. EIO provided evaluation inputs and advice to several initiatives launched, such as the strengthening of UNIDO's normative role and the development of programmatic service modules and self-evaluation of country programmes.
15. EIO confirms that in performing its evaluation activities during the reporting period, it functioned independently and objectively without any interference and/or influence from any internal or external parties. However, limitations due to operational budget and human resource constraints should be noted.

#### IV. Key findings from recent strategic evaluations

16. **UNIDO Policy (2015) and Strategy (2016–2019) on Gender Equality and Empowerment of Women.** The findings indicate that UNIDO has made significant progress in establishing a relevant and effective gender architecture, including the gender office and the gender focal point network. This architecture enables and encourages gender analysis at the stage of programme and project formulation, and provides a solid basis for changing the mindset of UNIDO staff at the programme and project level. Areas that require further attention include data collection and analysis systems for research, monitoring and reporting, strategic planning, incentive systems to promote behavioural change, management action to adopt and enforce unit level gender action plans, and further field-level gender focal points engagement. The evaluation also confirmed gender disparity at all Professional staff levels but particularly at senior levels.
17. **UNIDO medium-term programme framework (MTPF) 2018–2021.** The independent evaluation found that the MTPF provided a vision and mission to UNIDO staff and stakeholders, and helped establish an improved results' chain between UNIDO's work and its expected development results. However, UNIDO senior management, staff and Member States made limited use of it as a planning or monitoring tool, mainly due to their low sense of ownership and accountability to implement the MTPF. While several positive changes occurred at the organizational level, the MTPF neither had an impact on nor led to significant shifts in UNIDO's strategic direction. As such, it is more a mirror reflecting what UNIDO has already been doing, than a telescope indicating where the Organization is going in the future.
18. **Programme for Country Partnership for Senegal, 2015–2021.** The independent evaluation of PCP Senegal found that the PCP contributed to the Government's industrialization efforts in different areas, including industrial parks and agro-poles, and the support of the Ministry of Industrial Development and Small

and Medium-Sized Industries. The originally high relevance of the PCP diluted over time by including all UNIDO interventions implemented in the country under the programme. Resources available for UNIDO's PCP coordination role were found to be a bottleneck resulting in weaknesses in terms of monitoring and reporting, in particular in relation to co-funding from different partners. The evaluation recommended improving these areas in case of a second phase.

19. **UNIDO's capacities to contribute to transformational change.** This independent evaluation focused on how the design of UNIDO's development cooperation projects and programmes addresses the complexity of socioeconomic and ecological systems. It found that major improvements are possible by applying some system analysis tools more systematically and recommended a stronger emphasis on thematic programming.

## **V. Cooperation with the United Nations and other evaluation bodies**

20. Throughout the reporting period, the EIO evaluation function was actively involved in the activities of the United Nations Evaluation Group (UNEG). Among other, EIO participated in specialized UNEG working groups in Evaluation Practice Exchange events, and took part (as member of the peer review panel) in the peer review of the evaluation function for the United Nations Institute for Training and Research. EIO also served on the panel of evaluation experts reviewing the updated evaluation policy of the United Nations Educational, Scientific and Cultural Organization covering the period 2022–2029. Following an invitation from the International Organization for Migration (IOM), the EIO evaluation function participated in a study on the use of evaluation at IOM.

21. EIO participated in strategic evaluations led by other organizations, such as the ongoing evaluation of the European Union's cooperation with the United Nations and the evaluation of the Partnership for Action on the Green Economy.

## **VI. Strengthening governance of the evaluation function**

22. The EIO evaluation function keeps providing the OAC with an overview on its activities during its regular meetings, and sharing its workplans with the OAC for advice.

## **VII. Outlook**

23. The biennial EIO evaluation workplan and budgets for 2022–2023 is based on an evidence gap assessment and was approved by the Director General in early 2022. The thematic evaluation of the PCP strategic framework and the evaluation of the PCP Peru are planned for the second half of 2022. In addition, more than 15 mandatory project terminal evaluations are expected to be managed and conducted in 2022. A joint advisory engagement by the internal audit and evaluation functions on UNIDO partnerships with the private sector will be conducted. This joint engagement will assess UNIDO's past experiences and the current status of strategic partnerships with the private sector.

24. In 2022, the Director General has initiated an organizational reform and restructuring of UNIDO, which will be duly considered in the review and update of EIO workplans for 2022–2023. A midterm review of the EIO strategy will also be conducted to ensure EIO's independent evaluation function continues to meet the needs for oversight, accountability and learning in the new organizational context, and keeps contributing to a more efficient, effective and impactful organization.

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25. EIO will continue its briefings to Member States to foster dialogue, to present evaluation activities and the updated workplan, and to share key findings from strategic evaluations.

26. EIO will continue exploring the possibilities for the establishment of a sustainable and predictable evaluation funding mechanism with the purpose to further strengthen the operational independence of the evaluation function. One proposal would be to merge the endowment of evaluation funds allocated as part of the overall projects and programmes budgets. The proposed funding mechanism would facilitate the creation of synergies and the increase of the operational capacity of EIO.

27. EIO will also continue updating its evaluation guidance documents to adapt them to new, or revised internal policy frameworks, requirements from donors, the United Nations reform and to international evaluation standards.

28. Within the current resources limitations, the evaluation function is not in a position to fully cover all identified high priority evidence gaps areas included in its workplan. The vacant post for an evaluation officer is expected to be filled in the coming months.

29. As ever, the impact of internal oversight and evaluation, through its effective, independent, credible and objective functions assisting the Organization in achieving its goals, depends ultimately on the continuous support received from UNIDO's senior management and its Member States.

## **VIII. Action required of the Board**

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

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