



Industrial Development Board

Fiftieth session

Vienna, 21–23 November 2022

Item 15 of the provisional agenda

UNIDO Independent Oversight Advisory Committee

Report of the Independent Oversight Advisory Committee

Management response

The present document contains the management response to the report of the Independent Oversight Advisory Committee (OAC) in document [IDB.50/22](#), in line with decision IDB.48/Dec.5, and paragraph 3 of the terms of reference attached to the same decision.

1. Management took note of the valuable advice provided by the OAC in its report to the Board ([IDB.50/22](#)), highlighting the key achievements made by UNIDO with the OAC's support since last year on governance, accountability, evaluation and internal oversight, as well as presenting the key areas of residual risk in oversight for further consideration.
2. Management appreciates the OAC's interest in the implementation of the ongoing reform of UNIDO, and its readiness to follow up on the impact of this reform in areas related to the OAC's mandate, such as governance, accountability, oversight, compliance and results-based management (RBM). The OAC's specific advice to the Director General on any related areas is welcome.
3. Management looks forward to further engaging with the OAC, in particular on its three priority areas, namely: RBM; independence and resources for oversight functions (evaluation, investigation and internal audit); and implementation of recommendations and management action plans (MAPs).
4. Management has duly noted the areas requiring further attention, as highlighted by the OAC in its report. Management will pay special attention to these during the post-restructuring phase and will keep engaging with the OAC as needed. In particular:

On results-based budgeting and management

- (a) The Office of the Director General (ODG) and the Directorate of Corporate Services and Operations will closely monitor the situation and further develop mechanisms to strengthen the results-based budgeting and RBM functions;

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



(b) The priority to improve data quality has been scaled up and made explicit in the mandate of a newly created Division for Quality, Impact and Accountability (IET/QUA) that now hosts the corporate monitoring function;

(c) Furthermore, the *Annual Report of UNIDO 2022* will also reinforce the Organization's commitment to implement RBM practices and its shift in showcasing results achieved. Closer alignment will be considered during the mid-term review of the medium-term programme framework (MTPF) 2022–2025;

(d) An approach to progressively address RBM skills and capacity gaps will be identified in consultation with Member States so that it does not come at the expense of project implementation and operational excellence;

On enterprise risk management

(e) The enterprise risk management (ERM) function will be further clarified in the course of the organizational restructuring, and through the establishment of an organization-wide compliance mechanism, for which the Office of Legal Affairs and Compliance (ODG/LEG) has been tasked to act as Focal Point, in close cooperation with IET/QUA. The creation of such a mechanism will allow the Organization to ensure the coherent implementation and follow-up on all MAPs;

(f) The Results and Risk Focal Points' network will be revisited, aligning its membership to the new organizational structure and clarifying its institutionalization, to ensure clearer accountability lines for senior as well as middle management;

On the UNIDO reform and restructuring

(g) A change management function has been established within the Office of the Director General (ODG/CHM);

(h) A strong drive and commitment to uphold and further strengthen UNIDO's results orientation has been confirmed by the Director General, including through the new organizational structure.
