



Industrial Development Board

Fifty-first session

Vienna, 3–6 July 2023

Programme and Budget Committee

Thirty-ninth session

Vienna, 15–17 May 2023

Item 11 of the provisional agenda

Midterm update of the MTPF 2022–2025

**Medium-term programme framework 2022–2025: midterm
update**

Report by the Director General

This document was prepared in compliance with decision GC.15/Dec.17, which stipulates a regular midterm review and update of UNIDO's medium-term programme frameworks (MTPFs) on the second year of its implementation. The MTPF 2022–2025 is updated in the present document.

The present “midterm update” reviews the current MTPF, the implementation of which coincided with the tenure of the eighth Director General, and introduces both elements of continuity and departure from the original document (IDB.49/8). In particular, more granularity is given to the thematic prioritization for the current cycle as well as a broad strategic guidance on the Director General's reform agenda. Continuity will be ensured with elements ranging from efforts to strengthen results orientation of the Organization to the continued prioritization of gender equality and women's empowerment.

This update also provides an opportunity to review the MTPF 2022–2025 in light of its ongoing implementation as well as the recommendations made by the External Auditor (such as reflected in IDB.47/3, para. 173(c)) and by the thematic evaluation titled “UNIDO medium-term programme framework (MTPF) 2018–2021”, published in June 2022. Based on the analysis, insights and recommendations advanced, this update further allows to fine-tune the MTPF based on the evolving organizational context, in particular in relation to the broader work of the United Nations system and the growing relevance of the Organization in global governance forums, such as the Group of 20 (G20), the Group of Seven (G7) and Brazil, Russia, India, China and South Africa (BRICS).

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



I. Introduction

1. The present document updates the medium-term programme framework (MTPF) 2022–2025 (IDB.49/8), which was endorsed by the Member States as an element of strategic guidance (GC.19/Res.3) for the work of the Organization and improved alignment with the programme and budgets 2022–2023 (GC.19/Dec.16).
2. The present update reflects a review of the MPTF on the second year of its implementation, as mandated by GC.15/Dec.17, to provide the Organization with an up-to-date framework that maintains continuous alignment with the programme and budgets over the biennium 2024–2025.
3. This midterm update is conducted in the context of an organizational reform exercise and change management process, including an overall modernization and the establishment of a new organizational structure, as well as the accentuation of thematic priorities in the Organization’s programmatic offer. The reforms respond to demands by Member States. They also reflect a strong interest in and increasing demand for UNIDO’s services by its Member States and the broader international community, including the United Nations development system.
4. The present update introduces the thematic priorities based on the guidance by the Director General and as presented to Member States at the fiftieth session of the Board. These priorities remain relevant to, and fit well into, the focus areas of expertise of the MTPF 2022–2025. At the same time, they provide better granularity and a clearer strategic direction to the work of the Organization in the next years.
5. The update further ensures continuity with the areas of reform and strengthens the quality assurance and accountability features of the Organization. Thus it consolidates and deepens the interventions initiated in recent years and addresses the recommendations made by the External Auditor, the Office of Evaluation and Internal Oversight, the Oversight Advisory Committee, among others.

II. MTPF and the programme and budgets 2022–2023

6. The present update of the MTPF 2022–2025 confirms the alignment with the Organization’s programme and budgets, mirroring the continuity approach taken with regard to the structure of the proposed programme and budgets 2024–2025 (IDB.51/7-PBC.39/7) and the underlying results framework detailed in IDB.49/8, IDB.49/5 and IDB.49/5/Add.1. This update was prepared in full synergy with the programme and budgets 2024–2025.
7. This update also takes into full consideration the strategic guidance behind the Director General Bulletin DGB/2022/19 issued on 7 October 2022, which established the new organizational structure to allow for a more targeted, strategic and impact-oriented delivery on UNIDO’s mandate in the years to come. The reorganization was an important pre-requisite for a stronger alignment mechanism between strategic plans and their implementation, as recommended, inter alia, by the findings of the thematic evaluation on the MTPF 2018–2021.
8. The strategic guidance given by the Director General will be reflected in the future implementation of the MTPF 2022–2025, as updated with the present document. Such clarification of focus and the strengthening of the MTPF implementation mechanism are important elements of the Director General’s response to the recommendations of both the recent thematic evaluation on the MTPF 2018–2021, and recent reports of the External Auditor.
9. On development impact and effectiveness, this midterm update aims to strengthen UNIDO as a platform for knowledge and technology transfer, as well as for the mobilization of innovations and investments with a focus on the thematic areas detailed in section III.

10. The results framework underlying both the present MTPF update and the programme and budgets 2024–2025, remains the same as in the previous biennium. Selected results areas and related indicators of the MTPF/IRPF structure include programme and budgets and capture global and country level results, programme management effectiveness, and organizational effectiveness and modernisation. This establishes clear linkages to the MTPF/IRPF and allows an integrated accountability system that links every part of the Organization to the global development agenda.

11. Further strengthening the internal quality assurance function is a strategic priority of the Director General underscoring DGB/2022/19. This function was integrated into a dedicated operational division that is also responsible for result and risk monitoring. By consolidating these functions, the Organization intends to further progress to a fuller implementation of result-based management and higher maturity in risk management.

12. Furthermore, and in conjunction with the operationalization of a leaner governance framework, this move is expected to facilitate the integration of lessons learned into UNIDO operations, in particular extra-budgetary-funded development cooperation initiatives, and to strengthen the gradual transition to more integrated programming, both at the country and at the thematic level.

13. This decision is also part of a comprehensive review of UNIDO policies and operational procedures, to speed up and decentralise decision-making processes and increase managerial accountability. This is particularly the case in the four redesigned Directorates, which will be more effective in terms of quality assurance and risk identification. A renewed effort will be made to map the key areas of expertise of the Organization, enhancing internal cooperation, articulating partnerships more organically and pursuing innovation in a coherent and impact-oriented manner.

III. Thematic priorities

14. The MTPF 2022–2025 was designed and presented to Member States based on a series of internal and external consultations (IDB.49/CRP.09), as well as the legacy from the MTPF 2018–2021. This resulted in a document that presents a mix of continuity with the reforming direction undertaken in the previous cycle, particularly regarding results orientation and accountability, and of a clearer strategic direction as to the thematic areas, clarified with the “Focus areas of expertise”.

15. The present update deepens the review on both the internal organizational governance and on the organizational reform and thematic priorities of the Director General, as presented to the Member States in the forty-ninth session of the Board:

(a) Modernizing the Organization by streamlining internal structures, flattening hierarchies and decentralizing decision-making by empowering management staff; by reducing overheads and costs, as well as increasing efficiency and effectiveness; and by renewing the focus on capacity and skills, as well as organizational development and mainstreaming digital tools and practices; and

(b) Strengthening UNIDO as a platform for knowledge and technology transfer, as well as the mobilization of innovations and investments with a focus on the following thematic areas:

- food security and agri-business;
- sustainable access to energy and industrial decarbonization; and
- sustainable supply chains and sustainability standards.

These thematic priorities correspond to the three focus areas of the MTPF 2022–2025, in that they draw on a broad range of technologies and sector-specific skills to be transferred to advance climate neutral industry, foster innovation and accelerate structural transformation, in line with the objectives of the 2030 Agenda and the Paris Agreement.

16. Furthermore, the present updated MTPF 2022–2025, as well as the programme and budgets 2024–2025, will continue to mainstream the provisions of the UNIDO Gender Equality and Empowerment of Women Strategy in all thematic and managerial programmes, results and activities.

IV. Lessons from MTPF 2018–2021 evaluation

17. This review is performed taking into account the results of the “Independent thematic evaluation. UNIDO medium-term programme framework (MTPF) 2018–2021”, published in June 2022. The evaluation reviewed the MTPF 2018–2021. Its objectives were to:

(a) assess the MTPF in terms of design, implementation, and results achievement;

(b) assess the design of MTPF 2022–2025 and the process of developing MTPFs;

(c) identify factors that hinder or favour the results achievement of the MTPF 2018–2021; and

(d) provide recommendations for the design, review, and implementation of future MTPFs.

18. As the report states, “MTPF, IRPF and P&B are the troika of tools that provide the foundation for UNIDO’s RBM architecture. These tools have helped establish a clearer results chain between UNIDO’s work and its expected development results at global and country level, and its organizational performance”. However, more work is needed to align “human and financial resources with the Organization’s strategic results”, and to establish an “integrated system for planning, managing, measuring, and reporting on results.” Other critical areas identified in the report are the need to further deepen and enforce the reforms introduced with the MTPFs 2018–2021 and 2022–2025, as well as the challenges of project-fragmented approaches to allow scaled-up impact.

19. Similarly, the report of the External Auditor ([IDB.47/3](#), para. 173(c)) stresses the importance of further strengthening the results-based management mechanisms currently in place, including by improving corporate results monitoring and reporting mechanisms, as well as strategies to promote programme results accountability as part of the overall UNIDO accountability reporting.

20. The Director General has taken note of the recommendations of the report and has adopted measures already in the biennium 2022–2023 to address them, including by reorganizing the internal governance structure and setting clear scale up targets for UNIDO portfolio. The Secretariat is conscious of the long way ahead to reach higher maturity levels in terms of results-based management as well as of strategic and operational alignment. The Director General will continue to transparently report on the progress made through the appropriate channels.

21. Among the areas of most improvement, the Secretariat has made important steps forward in its results target setting. Member States were already informed in the programme and budget 2022–2023 ([IDB.49/5](#) and [IDB.49/5/Add.1](#)) of the limitations of UNIDO’s relatively recently established results monitoring systems, which are compounded by a persistent scarcity of programmable resources targeting these issues. The Annual Report 2022 ([IDB.51/2-PBC.39/2](#)) highlighted the anticipated limited accuracy of results targets included in the programme and budgets 2022–2023, which were all met within the first year of the biennium. With time, and with the implementation of stronger monitoring standards and mechanisms, such accuracy is expected to steadily improve as benchmarks are established and lessons learned are incorporated into subsequent planning cycles.

22. This midterm update greatly values and acknowledges the findings and recommendations from the evaluation and the external auditor reports, which confirm

the positive direction undertaken since the MTPF 2018–2021 with the reforms and additions to strengthen results-based management and the introduction of strategic alignment tools in the Organization.

23. The midterm update of the MTPF 2022–2025 reaffirms these gains and takes on board the recommendations to strengthen further the mechanisms to ensure the implementation of strategic planning documents and the application of results-based management principles across the entire programme management cycle.

24. The Organization and its Member States are aware of the challenges posed by the limited availability of financial and human resources to attain rapid progress in these areas. The financing model largely based on tightly earmarked, project-based voluntary contributions implies a narrow resource base, limited investment options and, on occasion, counterincentives to strengthen RBM and strategic programming.

V. An evolving organizational context and ambition

25. Against the above internal background, the Organization's operation is also shaped by an external context characterized by multiple global crises, which jeopardize the achievement of the 2030 Agenda for Sustainable Development. The coronavirus disease (COVID-19) pandemic caused disruptions that set back decades of development progress. The fragile economic recovery is uneven and hampered by ongoing conflicts. Supply disruptions, particularly of energy and food have been exacerbated and inflation is on the rise, hitting the poor and the vulnerable hardest.

26. To avoid a climate catastrophe, low-carbon, climate-resilient, circular and inclusive development pathways need to be adopted that will reduce emissions, conserve resources and ecosystems, transform food systems, create better jobs and advance the transition to a greener, more inclusive and just economy.

27. UNIDO supports its Member States in their transition to more stable, resilient and sustainable economies. Globally, a successful response will require concerted action to help industries modernize and reorient themselves to contribute to greater sustainability for people and the environment.

28. Against the background of the midpoint review of the implementation of the SDGs at the High-level Political Forum in July 2023, including on SDG 9, and of the SDG Summit in September 2023, UNIDO is working with its partners in the United Nations system to promote sustainable industrial development in this context and contributes to the high-level tracks of Our Common Agenda ([A/75/982](#)), such as the Global Digital Compact, to be presented at the Summit of the Future in 2024.

29. Recent years have also seen an ever-growing relevance of UNIDO in key global governance forums, including the G20, the G7, BRICS and the Clean Energy Ministerial. The Organization's technical and policy expertise has proven a valuable asset to these forums, which confirms both the centrality of inclusive and sustainable industrialization to the global development debate and the value addition of integrated approaches offered by UNIDO to its Member States.

30. The engagement with these forums allows UNIDO to support the prioritization of inclusive and sustainable industrial development matters in the global development cooperation debate. Such a global public good function contributes to shaping global and national policies for sustainable industrial development, and to consolidate its positioning within and beyond the United Nations system. In turn, this improved visibility allows UNIDO to better access opportunities and attract partners and resources towards sustainable industrialization programmes at the country level.

31. The present update further commits the Organization to explore synergies between its technical cooperation and policy work at the country level with its global normative and policy advisory functions, including by strategically relying on the above global governance forums as platforms to amplify UNIDO's messaging and policy influence.

32. UNIDO's ambition to excel in its role as a promoter of sustainable industrial development is also reflected in its new paradigm of "progress by innovation", under which it has embarked on a reform process that will reposition it with a stronger, better defined identity as an effective partner in inclusive and sustainable industrial development; a partner in which Member States and donors invest and rely. It is a direct response to the aspirations of the entire United Nations reform process, rooted in the paradigm shift set by the 2030 Agenda for Sustainable Development.

33. The reform of UNIDO remains an essential and ongoing activity for the rest of the current and coming biennium. To ensure its successful implementation, there is a strong need to build on a structurally strengthened and stabilized Organization. While ensuring continuity of delivery of all essential services, UNIDO will also develop and reposition its programmatic service offering, while focusing on special initiatives in the new priority areas, including industrial decarbonization and green hydrogen, food security, job creation and local value addition, as well as sustainable supply chains and sustainability standards. With the reform, UNIDO is also exploring new avenues of partnership and financing with Member States, existing and new donors and the private sector. Internally, it has reduced hierarchies, is conducting a reform of the field structure, is developing young talent and improving collaboration and communication within the Organization, based on the principles of a more efficient and effective work culture, in line with the United Nations system-wide reform.

34. The reform will result in a stronger focus on results on the ground, with clearer orientation towards results, internal and external accountability for contributions to national needs in sustainable industrial development, and with capacities, skills and resources better aligned with the achievement of SDG 9. In the biennium 2024–2025, the Organization will engage in redefining the structure and content of the MTPF 2026–2029 and ensure better alignment with the Results Areas of the programme and budgets 2026–2027.

35. Looking ahead, the design of the MTPF 2026–2029 will also be conducted on the basis of the new thematic priorities of the Director General, as well as of the lessons learned from the implementation of the MTPF 2022–2025, its associated integrated results and performance framework as well as UNIDO's monitoring framework and practices.

VI. Action required of the Committee

36. The Committee may wish to take note of the present document.
