



**Industrial Development Board**  
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**Programme and Budget Committee**  
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Item 15 of the provisional agenda  
**Updated medium-term investment proposals**

## **Medium-term investment proposals, 2024–2025**

### **Report by the Director General**

In line with paragraph (l) of decision IDB.43/Dec.6 adopted by the Industrial Development Board at its forty-third session, the current document presents updated medium-term investment proposals to be funded by the Major Capital Investment Fund (MCIF). These investment proposals update the ones contained in IDB.50/9-PBC.38/9.

1. This medium-term investment proposal outlines the proposed updates to UNIDO's capital investments for 2024–2025, aligned with the Programme and Budget timeframe of 2024–2025 and the Medium-term programme framework, 2022–2025. It is updated annually to reflect the Organization's need to uphold operational, reliable and modern information technology (IT), digitalization tools and other infrastructure to sufficiently be able to achieve its mandate of promoting and accelerating inclusive and sustainable industrial development.
2. UNIDO is dedicated to maintaining state-of-the-art IT and digital solutions to ensure better collaboration, strengthened information and cyber security, business continuity and resilience and introduce digital transformation. Hence, the proposed investments cover the critical costs associated with upgrading and introducing new IT and digitization tools and infrastructure through the procurement of IT and field-based infrastructure, hardware, software and cloud or subscription-based services.
3. The capital investments will be funded through the MCIF, which was established in accordance with IDB.43/Dec.6 (i) and financial regulations 6.3 and 6.4. The MCIF guarantees funding for major capital investments or replacements of a one-off or infrequent nature that are necessary to ensure the upkeep of UNIDO's infrastructure and would otherwise cause significant distortion to levels of the regular budget.
4. A distinction shall be made between the MCIF and the Special Account of Voluntary Contributions for Core Activities (SAVCCA<sup>1</sup>), which was also established

<sup>1</sup> Conference room paper CRP.39/8 contains a proposal to rebrand SAVCCA and rename it as Innovation and Transformation Fund

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in IDB.43/Dec.6 (i). The proposed MCIF investment initiatives do not rely on funding from the SAVCCA, which is for the receipt, management and use of voluntary contributions for core activities that cannot be fully funded from the regular budget due to funding constraints.

5. The implementation of the proposed initiatives will be conditional on the allocation of funds to the MCIF and any extrabudgetary received from Member States.

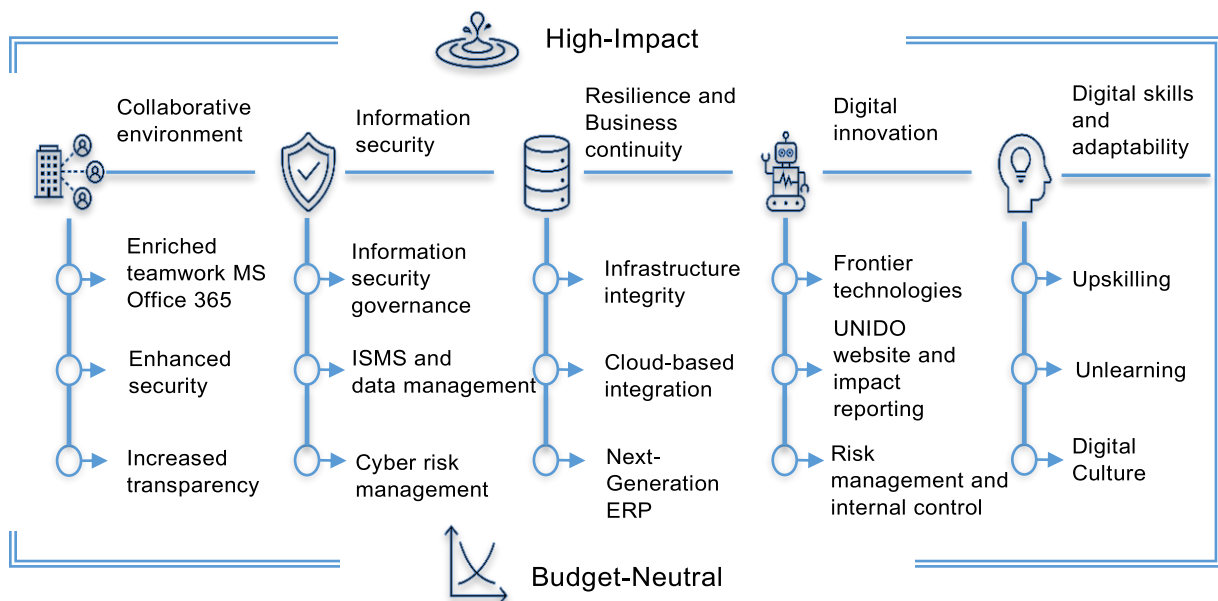
6. As indicated in IDB.43/5 para. 28, Member States are strongly encouraged to voluntarily contribute to the MCIF to ease the burden on regular budget resources for capital investment expenditure. Clear recognition in the form of sponsorship will be given to those Member States who provide such extrabudgetary contributions for purposes covered by the Fund.

7. In accordance with IDB.43/5 para. 36 which outlines the criteria for items to be funded by the MCIF, the proposed initiatives:

- (a) Have a compelling priority;
- (b) Will be useful for more than one financial year;
- (c) Have a total initiative value throughout their lifespan of €200,000 or more for each pillar;
- (d) Are of a major infrastructure nature (as it achieves the required improvements to the ERP system, IT infrastructure and other IT and digital solutions or non-IT infrastructure or capital expenditure); and
- (e) Are major expenditures of a one-off or infrequent nature.

8. The majority of the proposed initiatives are aligned with the five pillars of UNIDO’s Digitalization Framework, which was presented in IDB.50/CRP.14. The digitalization framework encompasses key focus areas for UNIDO to promote digital transformation, modernize core operations and support the Organization’s motto “progress by innovation” by leveraging opportunities offered by new and emerging technologies. The alignment of the major proposed investments to the five pillars of the framework illustrates how the investment in the proposed initiatives will support UNIDO’s digitalization efforts on an organizational level, benefitting its Headquarters, field networks, Member States, partners and beneficiaries.

9. The below IT and digitalization framework illustrates the priorities in line with the above-mentioned principles and across five corresponding pillars: collaborative environment; information security; resilience and business continuity; digital innovation; and digital skills and adaptability:



10. The estimated MCIF requirements for the biennium of 2024–2025 in total is €2,850,000.

11. The required investments for 2024–2025 will be distributed to the following proposed initiatives. The initiatives are categorized under the five pillars of the IT and digitalization framework as follows:

	IT and digitalization investment initiatives	Expected impact and benefit	Estimated timeline	Estimated amount in euros
<b>Pillar 1 – Collaborative environment</b>				
1	<i>UNIDO intranet</i>	To support UNIDO by enabling personnel to internally better collaborate and access essential information, to ensure progress towards reaching UNIDO’s ISID mandate and motto “progress by innovation”.	2024	€100,000
2	<i>Donor and partnership customer relationship management (CRM) system</i>	A state-of-the-art member states, donor, and partnership CRM system where profiles, communication records and documents are to be entered and can be accessed by staff from technical assistance divisions for interactive knowledge sharing.	2024	€250,000
<b>SUBTOTAL</b>				€350,000
<b>Pillar 2 – Information security</b>				
3	<i>Enhance the information and cybersecurity management system</i>	Strengthening information security governance, including cyber-risk management tools. This also includes the scale up for vulnerability management system. This proposal covers the recommendations from the External Auditors on establishing such tools.	2024	€100,000
4	<i>Protecting personnel from information and cybersecurity threats</i>	To ensure the provision of a collaborative environment and in efforts for UNIDO to remain resilient and up to-date with business continuity, ensuring a secure and unified end-user devices management is necessary. This will significantly improve the response capabilities, management and availability of corporate devices used by UNIDO global workforces.	2024	€100,000
<b>SUBTOTAL</b>				€200,000
<b>Pillar 3 – Resilience and business continuity</b>				
5	<i>Collaboration, document and management platform</i>	To better support UNIDO by improving internal document management, sharing, collaboration and team working as a replacement of the current 10-year-old system.	2024–2025	€250,000
6	<i>Strengthen the integrity of IT infrastructure and shifting towards cloud-based solutions.</i>	This includes replacing or upgrading IT infrastructure that poses significant risk of failure. A transition to a cloud-based strategy to ensure enhanced information security, as aligned with other United Nations agencies and highlighted in the Joint Inspection Unit report recommendations <sup>2</sup> .	2024–2025	€150,000
7	<i>Phase I of the next-generation-enterprise resource planning (ERP) system</i>	To further support efficiency gains by simplifying and optimizing business processes, improving the user experience, and reducing total cost of ownership of the ERP system.  Also benchmarks from other United Nations organizations show that ERP systems require a renewal after seven to eight years from the initial implementation and UNIDO’s ERP solution is now over 10 years old. The estimated costs are based on a feasibility study for <i>phase I</i> to renew or replace the current ERP system; furthermore, SAP the software provider will discontinue maintenance of most of the Organization’s current ERP landscape by 2027.	2024–2025 and beyond	€1,500,000
<b>SUBTOTAL</b>				€1,900,000

<sup>2</sup> JIU/REP/2019/5: Managing cloud computing services in the United Nations system: [https://www.unjiu.org/sites/www.unjiu.org/files/jiu\\_rep\\_2019\\_5\\_final.pdf](https://www.unjiu.org/sites/www.unjiu.org/files/jiu_rep_2019_5_final.pdf).

	<b>IT and digitalization investment initiatives</b>	<b>Expected impact and benefit</b>	<b>Estimated timeline</b>	<b>Estimated amount in euros</b>
<b>Pillar 4 – Digital Innovation</b>				
<b>8</b>	<i>Process simplification and optimization through digitalization</i>	To support UNIDO’s process optimization and simplification efforts through digitalization tools. Therefore, frontier technologies such as artificial intelligence, machine learning and robotic process automation can be used to model and visualize key business processes, as well as automate complex decision-making processes and optimize workflows, thereby enhancing controls, risk management, coordination, and operational efficiency.	2024–2025	€100,000
<b>10</b>	<i>Interactive digital map as a replacement of the Open Data platform</i>	A new digital map with dashboards and analytics highlighting UNIDO’s contribution to the SDGs; the ISID mandate and showcasing success stories; programme/project indicators necessary for monitoring and reporting; as well as other key indicators to measure organizational impact, efficiency and effectiveness. The current Open Data platform is now 8 years old and based on obsolete technology.	2024–2025	€100,000
<b>SUBTOTAL</b>				<b>€200,000</b>
<b>Field Operations Investments</b>				
<b>12</b>	<i>Enhancing security and safety of UNIDO’s personnel in the field, promote the image of UNIDO as a responsible employer and contribute to enhanced road safety in the target countries</i>	As per the UN Security Standards and UNIDO requirements and practice, the replacement of official field office vehicles after seven years of service is a mandatory requirement.  Thus, this involves the procurement of replacement vehicles for the field network in compliance with UNDSS requirements. The replacement of old vehicles is a duty and responsibility of UNIDO. UNIDO risks non-compliance with IPSAS and security requirements including those of UNDSS, endangering the life of its staff and exposing itself to potential risks in connection with third party liability as well as to increased maintenance costs.	2024–2025	€200,000
<b>GRAND TOTAL for 2024–2025</b>				<b>€2,850,000</b>

12. The list of capital investment initiatives adheres to the internal MCIF guidelines promulgated in 2018 that further aligned it with the International Public Sector Accounting Standards (IPSAS).

**Action required of the Committee**

13. The Committee may wish to take note of the information provided in the present document and encourage Member States to voluntarily contribute towards the MCIF initiatives outlined above.