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INDUSTRIAL DEVELOPMENT ORGANIZATION



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Global Positioning and Thought Leadership of UNIDO in Inclusive and Sustainable Industrial Development

Independent Strategic Evaluation

Office of Evaluation and Internal Oversight

**OFFICE OF EVALUATION AND INTERNAL OVERSIGHT
INDEPENDENT EVALUATION UNIT**

**Independent Evaluation of
Global Positioning and Thought Leadership of
UNIDO
In Inclusive and Sustainable Industrial Development**



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna, June 2025

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Abstract

This report provides an independent strategic evaluation of UNIDO's thought leadership and global positioning in inclusive and sustainable industrial development, conducted between December 2024 and April 2025. Employing a theory of change approach and mixed methods, including stakeholder consultations and data triangulation, the evaluation assesses UNIDO's normative role, past successes, and challenges while suggesting areas for improvement. It identifies a significant opportunity for UNIDO to leverage its unique mandate amid growing global demand for industrialization expertise, particularly in low- and middle-income countries facing complex sustainability challenges. UNIDO's established assets—its credibility as a neutral convener, technical expertise, and financial position—offer a strong foundation. However, internal funding pressures, fragmented core functions, and perceptions of UNIDO primarily as a project implementer limit its thought leadership and strategic influence. The report highlights the need to better integrate technical cooperation with research and policy functions, strengthen peer learning and partnerships, and clarify UNIDO's institutional identity and value proposition. Addressing these areas through internal deliberations and strategic collaborations could reposition UNIDO as a distinctive global authority and convener in industrial development, enabling it to navigate emerging challenges such as digital transformation, green industry, and resource management.

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Abbreviations and acronyms

Abbreviation	Meaning
CIP	Comparative Industrial Performance Index
COP	Conference of the Parties to the UN Framework Convention on Climate Change
EIO	Office of Evaluation and Internal Oversight
FAO	UN Food and Agriculture Organization
GEF	Global Environment Facility
IDSB	Industrial Demand-Supply Balance
EIO/IEU	Independent Evaluation Unit
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
ITC	International Trade Centre
ILO	International Labor Organization
INDSTAT	Industrial Statistics Database
IPCC	Intergovernmental Panel on Climate Change
IRPF	Integrated Results and Performance Framework
ISID	Inclusive and Sustainable Industrial Development
JIU	Joint Inspection Unit of the United Nations System
MIPF	Multilateral Industrial Policy Forum
MOPAN	Multilateral Organization Performance Assessment Network
MTPF	Medium-Term Programme Framework
PCP	Programme for Country Partnership
PPP	Private-Public Partnership
RBM	Results-Based Management
SDG	Sustainable Development Goal
ToC	Theory of Change
ToR	Terms of Reference
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNEG	United Nations Evaluation Group
UNIDO	United Nations Industrial Development Organization
WB	World Bank
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organization

Executive summary

This report presents the results of the EIO independent strategic evaluation of UNIDO's thought leadership and global positioning in inclusive and sustainable industrial development. The theme of the evaluation was identified in the evidence gap analysis and included in the 2024-2025 Evaluation Work Plan of the Office of Evaluation and Internal Oversight. Having taken place between December 2024 and April 2025, the evaluation employed a consultative, transparent and culturally sensitive approach while engaging UNIDO stakeholders throughout the process. The evaluation used a theory of change approach and mixed methods, including desk review, content inventory, citation analysis, stakeholder consultations, and surveys, to ensure data triangulation for reliability and credibility. As a formative evaluation, the aim was to facilitate stocktaking of UNIDO's global positioning and normative role, to learn from experiences in which UNIDO has been recognized as a thought leader, and to consider ways in which the Organization can position itself globally as a credible authority and policy advisory service in industrialization.

Key Findings

The window of opportunity for UNIDO is wide open: Evolving global trends have created three key opportunities for UNIDO. First, with industrialization widely accepted as crucial for development and industrial policy regaining legitimacy—but lacking clear guidelines across contexts—UNIDO's unique mandate positions it to fill this policy gap. Second, many low- and middle-income countries lack industrial policy expertise yet face complex sustainability challenges; UNIDO's technical cooperation and private sector partnerships enable it to offer innovative solutions, becoming a global thought leader and practical partner. Third, despite declining donor support and multilateralism challenges, UNIDO can leverage emerging alliances with groups like the G20 and BRICS to diversify funding and strengthen its role in promoting inclusive and sustainable industrial development.

There are assets on which UNIDO can build: Given its mandate and long-standing experience in industrial development, UNIDO has strong assets to build on. First, as a specialized UN agency, UNIDO has credibility to be a neutral broker and convener that is not driven by any national agenda or private sector interests. Second, given its four core functions and their design to complement industry-related knowledge creation, dissemination and implementation in a unique and efficient way, UNIDO has strong positioning in this field. Third, within the UN system, UNIDO has built a reputation for being the “agency of the engineers” speaking to its technical expertise and unique value proposition. Fourth, its practice and experience of engagement with the private sector is viewed as a unique and distinctive asset within the UN system. Finally, compared to many other agencies, UNIDO is facing the current fast-evolving challenges to multilateralism from a position of relative financial strength.

UNIDO has difficulties establishing its thought leadership: Despite past efforts to develop thought leadership tools, funding and internal coordination challenges have hindered their broader impact. UNIDO's role in international fora remains more about institutional positioning than agenda-setting, and its influence is stronger in helping countries design industrial strategies than in shaping global norms or private sector innovation. Structural constraints, niche expertise, and external perceptions have limited UNIDO's leadership role, although member states generally perceive its thought leadership more positively than global policy actors do.

UNIDO has pockets of impact and innovative models that can advance its thought leadership: There are some notable historical initiatives that are indicative of UNIDO's thought leadership, including integration of foresight principles in the 1990s and technology foresight programmes in the 2000s. In recent years, UNIDO has advanced innovative models, such as LKDF, the Solutions Platform and Uruguay's Circular Economy initiative, demonstrating its ability to combine normative and operational functions. These efforts underscore the importance of innovating tools, tailoring country-level interventions, and collaborating closely with governments, the private sector, and other stakeholders to enhance development impact.

Foresight activities can enhance UNIDO's value proposition in industrial development: UNIDO has carved a niche in some areas, such as energy and resource efficiency, agro-industry, as well as circular economy and green industry. However, it is important for UNIDO to conduct regular foresight activities in order to identify emerging topics of relevance to its mandate. For example, digital technologies such as AI, robotics, and 3D printing are transforming industries globally, offering new opportunities while disrupting traditional sectors—even in low-income countries. However, many governments lack the foresight and expertise needed to manage these shifts, indicating a need for UNIDO to strengthen both its in-house capacity and support to countries in navigating digital change. Similarly, the surge in demand for “green” minerals critical to the energy transition presents both opportunities and challenges for resource-rich countries, requiring careful negotiation and industrial strategies to ensure local benefits and sustainability. Industry decarbonization is another emerging priority, demanding sophisticated market analysis, investment incentives, and policy tools. UNIDO's current efforts in learning from commissioned foresight studies in order to draw lessons for future-oriented industrialization initiatives is a step in the right direction.

Lack of consensus on the importance of thought leadership in UNIDO: Internally, there seems to be disagreement on how much UNIDO should aspire to be a thought leader and a knowledge organization rather than a project implementation agency. It is also not clear which aspects of thought leadership UNIDO wants to prioritize. Does UNIDO want to be a thought leader that develops global norms and governance innovations for dealing with new industrial development challenges? Does UNIDO want to become the agency policymakers turn to in search for national industrial development strategies tailored to specific country and sector needs? Or does UNIDO want to be a thought leader that drives and instills new ideas in private sector initiatives aimed at industrial development?

Lack of integration of core functions and money-biased TC delivery: UNIDO's theory of change is based in the integration of its four core functions—convening and partnerships, norm-setting, policy advice, and technical cooperation—to generate synergies and fulfill its mandate. In practice, UNIDO has shifted toward operational project delivery, often prioritizing money over impact and weakening its role in thought leadership. A consequence of this has been declining investment in research and policy expertise.

Internal incentive systems are not conducive to thought leadership: Increasing pressure to mobilize and implement 25% more year on year has come at the expense of integrated service delivery and collaborative initiatives involving different parts of the organization. UNIDO faces intense competition for scarce donor funding and is often viewed as a residual allocation target, making it vulnerable to funding cuts and overshadowed by larger agencies. This pressure, combined with internal competition, has led to a project-heavy portfolio that has undermined UNIDO's normative role, reinforcing perceptions of it as merely a technical cooperation agency rather than a global thought leader.

Untapped opportunities for collaboration with external partners and need to strengthen UNIDO's convening function: Being smaller than many peer organizations, it is in UNIDO's long-term interest to prioritize strategic collaborations to enhance its impact and reputation as a thought leader in industrial development. While it maintains some partnerships within the UN system and beyond, there is untapped potential for deeper engagement with institutions like the World Bank, IPCC, WBCSD, UNEP, and leading universities. Strengthening these collaborations, particularly through co-hosted events, joint research, and academic partnerships, could bolster UNIDO's convening power and increase its visibility in global industrial development debates.

Key Conclusions

UNIDO faces a critical juncture amid growing global demand for an agency dedicated to inclusive and sustainable industrial development. However, internal challenges—such as reliance on project-based funding, misaligned incentives, and fragmented core functions—have weakened its capacity for knowledge creation, staff engagement, and coherent strategy. Externally, UNIDO is often perceived more as a project implementer than a strategic thought leader, limiting its influence despite some member states' continued support for its normative role. To regain prominence, UNIDO needs to better integrate its technical cooperation with policy and research functions, foster peer learning among countries, enhance its research capabilities, and build coalitions with like-minded members. By refocusing on its core mandate and undertaking internal reforms alongside stronger partnerships, UNIDO can reclaim its position as a distinctive and authoritative leader in global industrial development with a focus on key thematic areas. Bold, coordinated action is essential to reshape UNIDO's future impact and relevance.

Key Areas for Improvement

1. Build, articulate, and ensure shared institutional understanding, internally and with external stakeholders, of UNIDO's unique value proposition and corporate identity. UNIDO should decide on the appropriate mix of services that is most suitable to achieving its objectives:
 1. Technical cooperation agency specialized in industrial development
 2. Technical cooperation agency with enhanced normative function
 3. Global thought leader with grounded experience in policy implementation
2. Establish an incentive system towards results and impact on inclusive and sustainable industrial development, to strengthen thought leadership.
3. Strengthen and re-define the Research and Policy function (if Areas 1 and 2 are addressed).
4. Strengthen international peer learning, convening function and partnership (if Areas 1 and 2 are addressed).

1 Introduction

This report presents the findings, conclusions, and areas for improvement of the independent strategic evaluation of UNIDO's global positioning and thought leadership in inclusive and sustainable industrial development. The evaluation was conducted by UNIDO to take stock of the organization's global positioning while suggesting ways in which UNIDO can strengthen its role as a thought leader in industrial development.

The evaluation was included in the 2024-25 Work Plan of the Office of Evaluation and Internal Oversight, and the conduct of the evaluation took place between December 2024 and April 2025. The evaluation team consisted of two senior evaluation consultants, themselves experts in the field of industrial development, as well as two evaluators from the Independent Evaluation Unit. Research support was provided by a Research Analyst and an intern.

1.1 Evaluation purpose and scope

The **purpose** of this strategic evaluation is to facilitate stocktaking of UNIDO's global positioning and normative role while informing on gaps, challenges and suggesting ways in which UNIDO can strengthen its role as a thought leader in industrial development. As a formative evaluation, the aim is to learn from experiences in which UNIDO has been recognized as an authority and led others in thinking on particular topics related to industrial development while considering ways in which the Organization can position itself globally as a credible authority and policy advisory service in industrialization.

As indicated in the ToR, the evaluation uses the definition of **global positioning** as the strategic role and influence UNIDO holds on the international stage in promoting inclusive and sustainable industrial development. This involves UNIDO's ability to shape global agendas, influence policy decisions, and lead international efforts in areas pertinent to industrial development. The evaluation uses the definition of **thought leadership** as the practice of leveraging expertise, unique insights, and innovative ideas to influence thinking in the field of inclusive and sustainable industrial development. As a thought leader, UNIDO's global positioning would manifest itself in a deep and forward-thinking understanding of industrial development, thereby being recognized as a trusted authority that drives discussions, inspires change, and provides a clear vision for the future. This requires not only reliance on UNIDO's technical expertise but also foresight into emerging areas and challenges, which UNIDO can effectively and efficiently address.

The evaluation distinguishes between three aspects of thought leadership, which are further elaborated in section 3.4. These include:

- a) developing global norms and governance innovations for dealing with new ISID-related challenges;
- b) helping to design national industrial development strategies; and
- c) contributing to innovative private sector initiatives.¹

As such, the evaluation covers UNIDO's thought leadership during the 21st century with an emphasis on the Organization's current positioning in its niche of industrial development

¹ Note that the Abu Dhabi Declaration (2019) recognizes UNIDO's role as a platform for private sector engagement and cooperation. According to the UNIDO Policy on Business Sector Partnership (DGB/2024/04), private sector partnerships are non-commercial in nature and intend to "achieve common goals and objectives in the field of inclusive and sustainable industrial development."

with focus on the last ten years. A series of studies have taken a retrospective look to assess UNIDO's contribution to industrial development since its establishment as a UN specialized agency.² While this evaluation takes those studies into account, it deploys a forward-looking approach to facilitate discussions on how best to support UNIDO's efforts in reinforcing its expertise in the field of industrial development while identifying themes and areas within its mandate where it has a competitive advantage to serve as an innovative global thought leader.

The **key users** of the evaluation are primarily UNIDO senior management staff and Member States. The findings of the evaluation are intended to feed into deliberations around the medium-term programme framework (MTPF) 2026-2029 and its implementation, as well as the upcoming General Conference in November 2025 to be held in Saudi Arabia. The upcoming "Riyadh Declaration" and any other strategic guidance documents from senior management and/or Member States will benefit from the findings and areas for improvement produced through this report.

1.2 Objectives

The specific objectives of the evaluation are to:

- Assess UNIDO's thought leadership in as far as its normative, standard-setting, policy advisory, convening and development cooperation functions are concerned.
- Evaluate the relevance and effectiveness of UNIDO's global positioning and thought leadership in inclusive and sustainable industrial development.
- Identify and assess organizational weaknesses and factors constraining UNIDO's normative work and global positioning.
- Identify areas for improvement and elaborate on opportunities that can enable UNIDO's enhanced global positioning and thought leadership in industrial development.
- Identify initiatives and success stories in UNIDO's thought leadership and global positioning and assess the potential to replicate these while highlighting unsuccessful approaches that should be discontinued.
- Assess the role of UNIDO's governing bodies in the global industrial policy setting.

1.3 Theory of change

UNIDO's MTPF 2022-2025 contains a theory of change that builds upon previous MTPFs, which has been used as a basis for the following reconstructed and augmented ToC developed in this evaluation (Figure 1). At the time of writing, the 2026-2029 MTPF was still very much a draft and not yet institutionally endorsed; hence the evaluation team used the previous MTPF for the reconstruction of the Organization's theory of change strategy. Specifically, the ToC introduced in the 2022-2025 MTPF presented three particularly important developments.

² See, for example, Youry Lambert (1993), *The United Nations Industrial Development Organization: UNIDO and Problems of International Economic Cooperation*, Praeger; Stephen Browne (2012), *United Nations Industrial Development Organization: Industrial Solutions for a Sustainable Future*, Routledge; and UNIDO (2016), *The Intellectual History of UNIDO: Building ideas from data and practice*.

- An explicit articulation of the different partners and stakeholders that mediate UNIDO inputs towards outputs and that affect the achievement of certain outcomes. It also recognizes a distinctive feature of the Organization within the UN and multilateral system. This is the fact that UNIDO is uniquely positioned to partner with the private sector as a key agent of change for industrial development.
- A clear distinction between those dynamics that UNIDO can control and influence, both directly and indirectly, and those external factors that affect pathways to impact. In relation to the latter, it makes explicit how UNIDO's ISID mandate requires both global and country level commitments to industrialization.
- A focused articulation of UNIDO's interconnected areas of expertise: (i) structural transformation and sectoral expertise; (ii) digital transformation and innovation; (iii) climate neutral industry and circular economy.

UNIDO's MTPF interprets thought leadership mainly in terms of contribution to goals that are already pre-defined. There is no clear articulation of the ways in which UNIDO shapes the global industrialization agenda and how by operating as a thought leader and agenda-setting agency UNIDO can improve its global positioning. For example, the extent to which the achievement of ISID goals can impact the global positioning of UNIDO is not reflected in the ToC. There is no super-impact level in the ToC reflecting the possibility of UNIDO becoming a major agenda-setter in the area of industrial development, despite the increasing demand from developing countries to reclaim their right to industrialization.

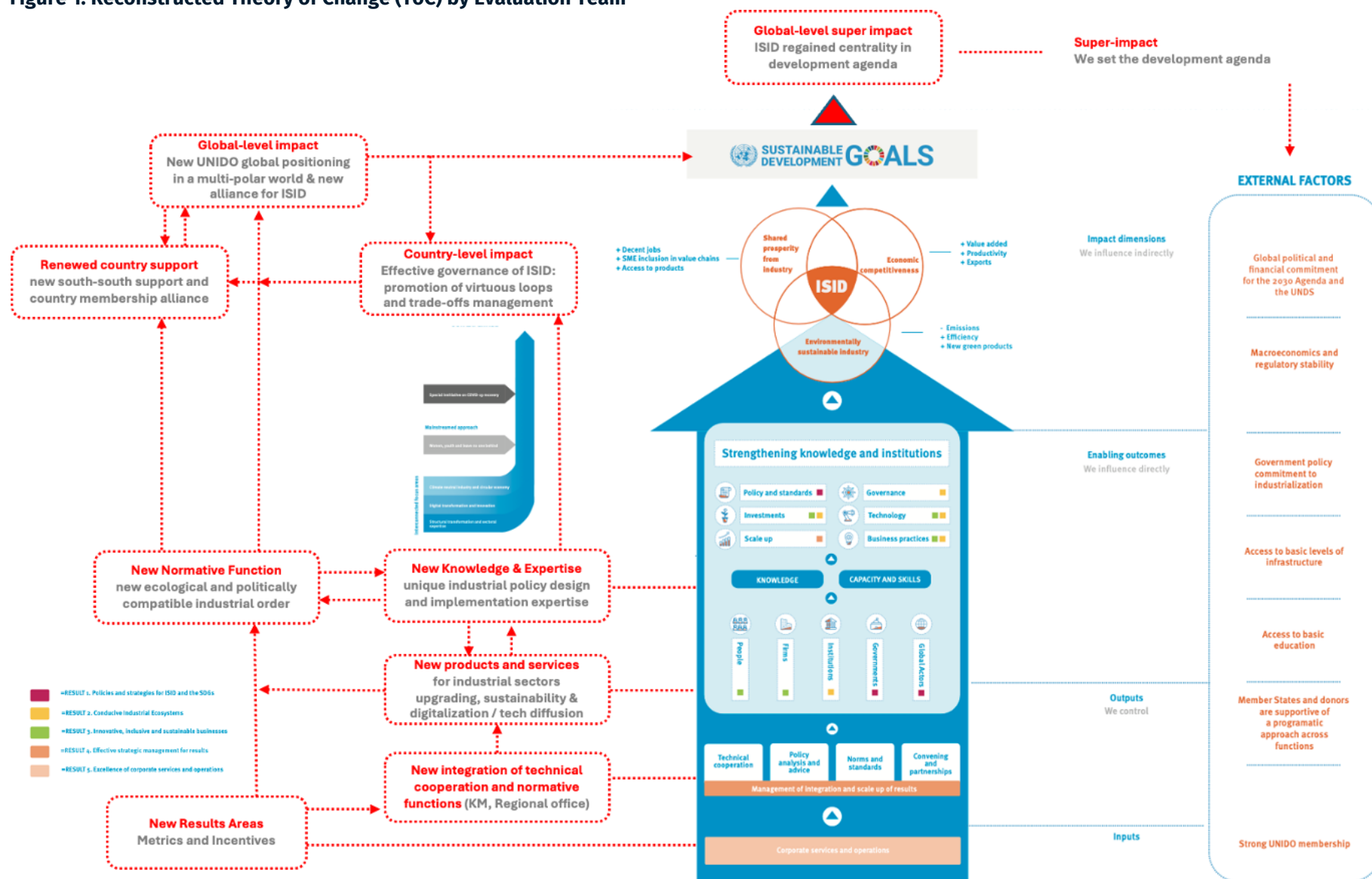
For these reasons, given that the 2026-2029 MTPF does not include a Theory of Change, the ToC included in the 2022-2025 MTPF was augmented by the evaluation team (Figure 1) as a baseline for the design of the evaluation's data collection instruments and the analysis of findings.

The augmented ToC was premised on the following assumptions:

- UNIDO's results areas, along with the related incentives and metrics that underpin its business and financing model, will be revised to support a more balanced and integrated delivery of its core functions, while also fostering innovation in thought leadership and enhancing global positioning.
- The integration of UNIDO's technical cooperation and normative functions can generate unique and innovative knowledge products and services, particularly in areas of growing demand such as industrial policy advocacy and implementation, brokering state-business relationships, and multilateral agenda setting.
- Developing countries are increasingly requesting integrated packages of industrial policy support to overcome implementation challenges and navigate policy space. This demand is especially notable among low and middle-income countries with limited state capacity and constrained access to evidence-based recommendations informed by international experience.
- At the country level, UNIDO can nurture a virtuous cycle between supply of integrated TC and normative functions - especially industrial policy support - and increasing demand from governments and private sector stakeholders by experimenting, scaling up, and disseminating impactful models and policies.

- At the international level, UNIDO can leverage its country-level impact and expertise to act as a neutral broker and convene new coalitions of countries committed to supporting an ecologically and politically compatible new industrial economic order.
- Impact at both the country and global levels can transform UNIDO's global positioning and drive a strategic refocusing of the agency into an agenda-setting player, ultimately shaping the upcoming post-2030 development agenda.

Figure 1: Reconstructed Theory of Change (ToC) by Evaluation Team



1.4 Methodology

This evaluation was conducted in accordance with the Charter of the Office of Evaluation and Internal Oversight, UNIDO Evaluation Policy, and UNIDO Evaluation Manual. UNIDO adheres to international standards and best practices articulated in the Norms and Standards for Evaluation in the UN System approved by the United Nations Evaluation Group (UNEG) in June 2016.

The evaluation was carried out as an independent, in-depth exercise using a participatory approach whereby all key parties associated with UNIDO's global positioning and thought leadership at headquarters and in the field, in particular staff in research and policy, technical cooperation, senior management in various directorates, and the office of the director general, were informed and consulted throughout the process.

The evaluation used a theory of change approach and mixed methods to collect data from a series of sources and range of informants. Special attention was paid to triangulating the data and information collected in order to ensure an evidence-based and credible evaluation with robust analytical underpinnings.

UNIDO is committed to including gender equality and women's empowerment in all its initiatives while ensuring that its policies, programmes and projects are gender responsive and inclusive. Gender mainstreaming and advancing women's empowerment in industrial development is foundational to the Organization's services. Since this evaluation assesses the global positioning of UNIDO in relation to ISID, the gender perspective is not included and will be considered in the forthcoming EIO strategic evaluations such as on environmental and social safeguards, and on RBM, as indicated in the EIO 2024-2025 Evaluation Work Plan.

The following methods were used for collecting data:

- a) **Desk review** of published literature as well as UNIDO documents and databases on industrial development. The desk review was thorough and included the following elements:
 - i) **Literature review** on industrial development and UNIDO's contributions based on its annual reports.
 - ii) **Benchmarking** to compare UNIDO across several parameters to other organizations in the UN System with comparable mandates, including FAO, IFAD, ILO, IMF, UNCTAD, UNDP, UNEP, World Bank, and WTO.
 - iii) **Citation analysis** to assess UNIDO's comparative influence based on its citations in policy and academic publications.
 - iv) **Content analysis** of UNIDO's documents and websites.
 - v) **Trend analysis** of UNIDO's projects.
 - vi) **Intervention logic** linking thought leadership initiatives to intended outcomes.
 - vii) **Review of past evaluations** relevant to UNIDO's thought leadership and positioning.
- b) **Stakeholder consultations** were held throughout the process with 49 UNIDO personnel from the field and headquarters participating in key informant interviews and focus group discussions. In addition, four evaluation colleagues from UNIDO's largest donor to TC projects, the Global Environment Facility (GEF) were interviewed. While many of the interviews were conducted online, the evaluation team organized

in-person interviews and focus group discussions in Vienna from 4 to 5 March 2025. The interviews were designed to ensure an understanding of the context, dynamics and complexities as well as the challenges and opportunities UNIDO faces to inform lessons learned and future implications.

- c) **Surveys** were conducted among three groups of stakeholders. All of the surveys were launched at the same time and offered participants two weeks to respond with the deadline falling on 11 April 2025. First, a short survey was circulated among UNIDO's Member States to assess their perceptions of UNIDO's thought leadership and the organization's potential future global positioning. The survey was translated into French and Spanish to encourage a greater response rate. Of the 173 Member States that received the survey, only 20 responded, making it difficult for the evaluation team to draw any meaningful, generalizable conclusions from the responses. Second, a survey was circulated among UNIDO personnel, targeting individuals working in areas related to thought leadership, including those working in research, policy, technical cooperation, and convening functions. Of the roughly 1300 individuals that received the survey, 202 responded, bringing the response rate to a satisfactory 15%. Finally, a short survey was sent to the evaluation offices of the organizations included in the above-mentioned benchmarking exercise with the request to disseminate the survey broadly in those organizations. The response rate here was rather low.
- d) A **SWOT analysis** was conducted to gauge UNIDO's internal strengths and weaknesses, as well as externally posing opportunities and threats. This analysis complemented the other parts of the evaluation to identify potential future areas that could elevate UNIDO's value proposition as a UN specialized agency.

1.5 Limitations

The conduct of the evaluation did not encounter any major limitations. If anything, the evaluation team found not only a lot of resources but also a great appetite among UNIDO personnel for this exercise. The limitations that the inception phase of the evaluation had anticipated included "limited availability of informants" and "limited response rate to the survey." The former was not the case. In fact, UNIDO personnel were eager to participate in the consultations and share their experiences and views on the topic at hand. In terms of the surveys, again UNIDO personnel were quite engaged, which led to a 15% response rate. Member States response rate to the survey was rather limited, however the evaluation used related documents and information from UNIDO policy making organs sessions and engagements to fill this gap.

2 Context of Thought Leadership in UNIDO

2.1 Background and Description

UNIDO is a UN specialized agency with a Constitutional mandate to promote and accelerate industrial development in developing countries.³ Its mission is rooted in the understanding that industrialization is a critical driver of economic growth, poverty reduction, and overall socio-economic development while advocating for policies that balance industrial growth with environmental protection and social equity. Its normative function encompasses setting global standards, developing industrial norms, and providing policy guidance to ensure sustainable, equitable, and inclusive industrial growth. Aligned with UNEG's definition of normative work, UNIDO's normative activities⁴ are built on:

- **Standard setting:** establishing international guidelines for quality, safety, and environmental practices in industry;
- **Policy development:** offering strategic frameworks for industrialization that balance economic growth with environmental sustainability and social equity;
- **Capacity building:** strengthening national institutions and human resources to comply with global standards; and
- **Knowledge dissemination:** sharing best practices and data to inform decision making and promote innovation.

UNIDO's normative role and activities have influenced industrial policies and practices, which in turn have been central to UNIDO's research, policy advisory services, and technical cooperation initiatives. UNIDO considers industrial policy as a key instrument for promoting inclusive and sustainable industrial development and provides countries assistance in designing and implementing strategies that drive economic growth, job creation, technological advancement, and environmental sustainability.

Since its establishment in 1966, UNIDO's role in advancing industrialization strategies has evolved, encompassing a range of activities from technical assistance and policy advice to capacity-building and fostering international cooperation. Over the course of its existence, UNIDO has contributed to discussions about industrialization through its industrial database and research; and although the Organization has been mostly reactive, there have been instances, in which it has shown strong thought leadership. UNIDO's intellectual contribution to industrialization is visible in its work on the sustainable development agenda. Since the 1990s, UNIDO has promoted cleaner production techniques, resource

³ See *Constitution of the UNIDO*, [19-12162 UNIDO Constitution ebook.pdf](#)

⁴ According to UNIDO's website, "Through a synthesis of UNIDO's normative operations in consultation with the organization's departments and external experts, UNIDO has developed a clear and concise, broadly applicable and uniquely UNIDO, definition of its normative role. It is as follows: UNIDO's normative role is to develop, advocate, implement and monitor what ought to be done for Member States to achieve harmonious and balanced industrial development. UNIDO's normative role is classified in four main categories: i) Development: create what ought to be in the form of normative industrial instruments: conventions, protocols and declarations as well as norms, standards, codes of conduct, guidelines, recommendations and best practices for solving industrialization problems; ii) Advocacy: promote and encourage inclusive and sustainable industrial development in legislation, policy, programmes or as best practices; iii) Implementation: translate what ought to be in the field of industrial development into local settings through capacity building and dissemination of normative products; facilitate multi-lateral dialogue and coordination as well as transfer of legislation, policies, development plans and industrial technology between countries; iv) Monitoring: collect, review and report on all aspects of industrial development, serving as a clearing-house for industrial information." See: <https://www.unido.org/normative>.

efficiency, and environmentally sound technologies, long before “green growth” was a household name. This shift was critical in aligning industrial strategies with global environmental goals, culminating in the adoption of SDG 9 (Industry, innovation, and Infrastructure). UNIDO has also influenced thinking around industrial policy through its research on best practices and successful industrial strategies across various regions, providing governments with critical insights into pathways to sustainable industrial development. These intellectual contributions have helped countries craft more effective industrialization strategies to foster innovation, investment, and sustainable growth.

UNIDO drives industrial policies, technical cooperation and investment promotion activities that lead to industrial development and economic transformation, and to new, decent jobs. It supports the development and deployment of new technologies, and the application of new ways of thinking. It is a platform for innovation, knowledge and technology transfer, business sector cooperation and investment promotion. Director General Gerd Müller has set three major priorities for action:

1. Supporting sustainable supply chains so that developing country producers get a fair deal and scarce resources are preserved.
2. Limiting climate breakdown by using renewable energy and energy efficiency to reduce industrial greenhouse gas emissions.
3. Ending hunger by cutting post-harvest losses and developing agribusiness value chains.

All three involve activities that contribute to job creation. Cutting across these priorities are the following themes: technology and knowledge transfer, digitalization, investment promotion, training and skills, the circular economy, and women’s economic empowerment.

According to UNIDO’s Theory of Change (see below), the organization’s intellectual work - from its flagship Industrial Development Report series⁵ and statistical databases⁶ to various platforms curating original research and practice in diverse areas of industrial development⁷ - should build on and feed into the work conducted in technical cooperation. In its most recent MTPF (2022-2025), UNIDO recognized that policymakers are turning to industrial policy to drive socioeconomic resilience and sustainable growth. The MTPF further emphasized thought leadership and convening of global partnerships as vital approaches to boost cooperation for ISID and catalyze transformative solutions.⁸ The current formulation of the 2026-2029 MTPF, which is still in draft form and not yet institutionally endorsed, takes a more actionable approach to policy and normative work by integrating these functions into advisory services, global policy formulation, standards-based tools, and cross-thematic implementation frameworks (see Annex 8 comparing the 2022-2025 MTPF to the 2026-2029 MTPF). Recognizing industrial policy’s return to the top of governments’ agendas, UNIDO’s recently established Multilateral Industrial Policy Forum (MIPF) serves as a global platform for Member States to engage in debates on how “industrial policies can best be leveraged to (i) promote productivity and growth; (ii) strengthen resilience and environmental sustainability; and (iii) address societal challenges.”⁹ Yet, while UNIDO has made strong contributions to industrial development, it

⁵ See <https://www.unido.org/publications/industrial-development-report-series>.

⁶ See <https://stat.unido.org>.

⁷ Examples include: <https://iap.unido.org>, <https://lkdfacility.org>, <https://hub.unido.org>, among others.

⁸ UNIDO (2023), *2022-2025 Medium-Term Programme Framework: Integration and scale-up to build back better*.

⁹ See <https://www.unido.org/MIPF2023>.

needs to adapt to new industrial realities and challenges to remain relevant and impactful in the years to come.

2.2 Intervention Logic

The Constitution of UNIDO defines the institutional mandate, objectives and functions of the organization. As such, it provides the overarching framework of the organization's intervention logic.¹⁰ UNIDO's Constitution defines the institutional objectives as follows: **"promotion and acceleration of industrial development in the developing countries with a view to assisting in the establishment of a new international economic order."** UNIDO's Constitution also defines the scope and depth of this mandate stressing how UNIDO "shall promote industrial development and cooperation on global, regional and national, as well as on sectoral levels."

The Lima Declaration and Plan of Action on Industrial Development and Cooperation adopted in 1975 by the Second General Conference of UNIDO presents the first articulated intervention logic of the organization and its role, global position and functions. The Declaration and Plan of Action recognize the need for a multi-pronged approach to industrial development, combining: (i) measures of national scope; (ii) measures to increase cooperation among developing countries; (iii) multilateral cooperation mechanisms between developing and developed countries; and (iv) special provisions for the least developed, land-locked and small island developing countries. The Plan of Action does not present an explicit Theory of Change for UNIDO; however, it identifies key levers of industrialization (e.g. target of 'root industries' such as upstream sectors, and links between agriculture and industries), and it acknowledges the need to govern coordination processes – at national and international levels – to address constraints to desired impact.

UNIDO's intervention logic has evolved over the years due to three main interlocked dynamics – that is, (i) the different industrialization pathways across countries and support of UNIDO's mandate; (ii) changes in the dominant development paradigm and space for thought leadership; and (iii) changes in UNIDO's own institutional capacity.

First, over the last fifty years, the international economic order and global industrialization landscape has changed dramatically, especially with respect to the evolving geometries of industrial development and underdevelopment across countries, and the overall industrial policy space. Developed and developing countries have gone through different structural pathways, both in terms of industrialization and de-industrialization. Most countries in Asia have experienced industrialization, although the speed and depth of this process remain highly heterogeneous, and several countries are now stuck in a middle-income technology trap. Most countries in Latin America and Africa have experienced discontinuous and shallow processes of industrialization, with several countries undergoing premature de-industrialization and pre-industrial premature de-industrialization.¹¹ This variety of experiences across countries and the resulting global industrial landscape have influenced UNIDO's identification and prioritization of issues, the intervention logic behind programmatic actions, as well as the broader set of stakeholders, country targets and constellation of countries championing UNIDO's mandate. For example, the three rounds

¹⁰ See *Constitution of the United Nations Industrial Development Organization*, https://www.unido.org/sites/default/files/2009-07/UNIDO_Constitution_0.pdf.

¹¹ Andreoni, A. and F. Tregenna (2020) Escaping the middle-income technology trap: A comparative analysis of industrial policies in China, Brazil and South Africa, *Structural Change and Economic Dynamics*, 54: 324-340.

of Industrial Development Decade for Africa (IDDA) that started in 1980, reflect UNIDO's increasing focus on the least industrialized countries and regions.

In 2015, the Sustainable Development Goals (SDGs) represented an important shift towards a more holistic understanding of development, within which UNIDO's inclusive and sustainable industrial development mandate was amplified and found a better fit, although not completely.¹² UNIDO's Constitution and the original Lima Declaration and Action Plan state the *right* of all countries to industrialize. They also recognize that industrialization of developing countries requires policy space and international multilateral coordination, and that, ultimately, industrialization of developing countries may not be possible within the existing international economic order. Over the years, these changes in the dominant development paradigm have impacted UNIDO's global positioning and thought leadership, especially with respect to two key functions: action-oriented research and policy-advisory services, and normative standards-related activities. Specifically, the idea that a new international economic order is needed has lost its centrality and with it UNIDO's mandate has shifted from one with a clear directionality to one with a more aspirational set of goals and technical cooperation. The promotion of industrial policy has also been underplayed in favor of other concepts such as diversification and innovation policies.

Third, the current intervention logic of UNIDO has been affected by changes in its institutional capacity to deliver on its mission and, more specifically, its capacity to link thought leadership initiatives to intended outcomes. Changes in UNIDO's institutional capacity have been affected by the two above-mentioned dynamics – that is, changes in the quantity and type of support that countries have provided to UNIDO and its industrialization mandate, and the extent to which the dominant development paradigm created space for (or constrained) UNIDO's thought leadership initiatives.

UNIDO went through significant restructuring throughout the 1990s and 2000s. In 1997, Member States adopted a Business Plan for the Future Role and Functions of UNIDO that paved the way for its thorough overhaul.¹³ The purpose of the Business Plan was to enable UNIDO to better respond to the changing global economic environment. In 2003, UNIDO adopted a new corporate strategy based on the premise that productivity enhancement, driven by improved skills, increased knowledge and upgraded technology, played a crucial role in promoting faster growth.¹⁴ Since these restructuring initiatives, institutional capacity in performing normative and convening functions has declined. This is partially due to limited resources that countries have allocated to UNIDO to perform such functions, but also due to the limited willingness to engage with the rising global tensions and structural imbalances resulting from lack of industrialization in developing countries. These tensions have rapidly come to the surface over the very last few years.

Since 2018, UNIDO's intervention logic and deployment of its institutional capacity have been articulated within its MTPF in the form of a theory of change. Since 2019, the MTPF has been coupled with an Integrated Results and Performance Framework (IRPF) which in turn is aligned to the Results Based Management (RBM) principles and practices, implemented through Programme and Budget, and supported by the Quality Assurance Framework (QAF)

¹² UNIDO (2020) [Industrialization as the driver of sustained prosperity](#).

¹³ See here for the full plan: [IDB.17 - Dec.2 Business Plan of UNIDO-1 0.pdf](#).

¹⁴ See here for more information: [Industrial Development Report 2002/2003 | UNIDO](#).

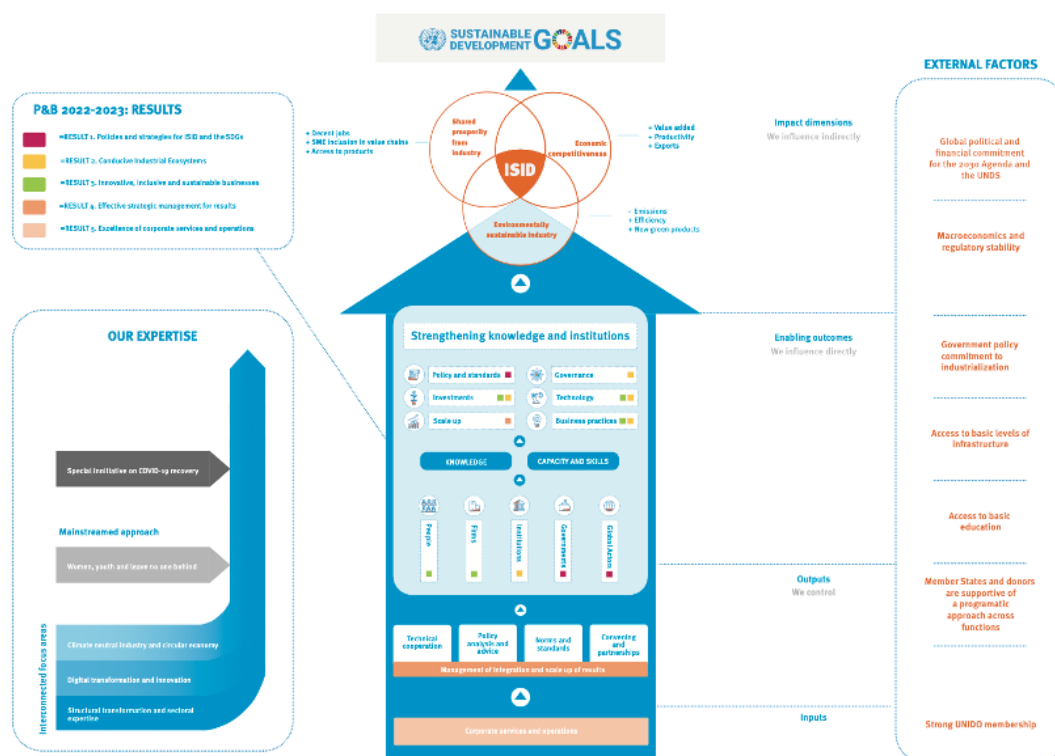
and Evaluation Policy.¹⁵ These frameworks are the formal institutional articulations of UNIDO's intervention logic as they structure the ways in which UNIDO's global positioning and thought leadership initiatives are linked to intended outcomes. At the core of the MTPF is always a Theory of Change (ToC) – more or less explicitly articulated – which aims to provide strategic guidance to UNIDO.

The MTPF 2022-2025 presents an explicit Theory of Change reflecting the long-term vision of UNIDO's Member States, as stated in the 2013 Lima Declaration: “the eradication of poverty through inclusive and sustainable industrial development.” It includes the strategic priority of “strengthening knowledge and institutions” to reflect the knowledge, policy, normative and institutional nature of UNIDO's approach to ISID and the increasing demand for these functions in the new 2030 SDGs agenda (Figure 2).

MTPF 2022-2025 interprets the importance of integration of scale-up via five lines of strategic action:

1. Integration of impact dimensions of ISID - economic, social, environmental
2. Integration of focus areas of expertise through multi-theme approaches
3. Scale-up of behavioral outcomes through replication, adaptation and mainstreaming of solutions
4. Integration of core functions to deliver holistic support
5. Integrated solution packages and knowledge that address complex industrial development problems.

Figure 2: MTPF 2022-2025 Theory of Change of UNIDO



Source: MTPF 2022-2025

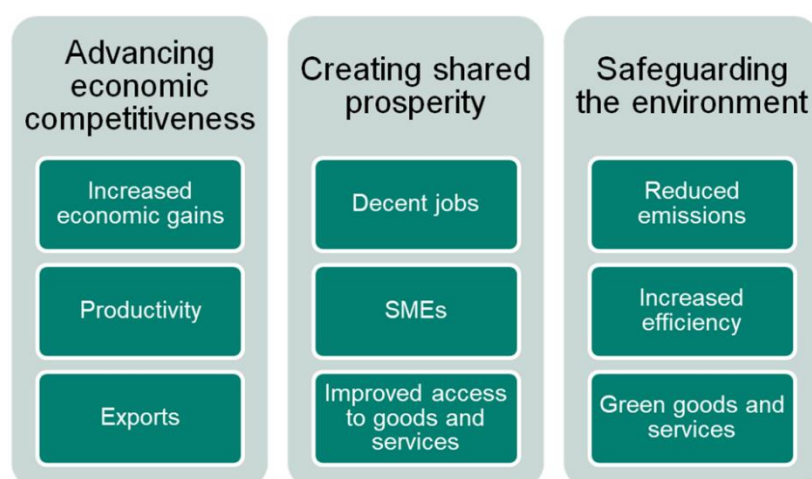
¹⁵ See these links for more information on each document: IRPF and RBM [UNIDO Open Data Platform](https://open.unido.org/data-platform), QAF: [DGB on Quality Assurance Framework log 386 052019 2019-05-29 with number.pdf](https://open.unido.org/data-platform), Evaluation policy: [https://downloads.unido.org/ot/30/47/30476463/Evaluation%20Policy%20\(2021\).pdf](https://downloads.unido.org/ot/30/47/30476463/Evaluation%20Policy%20(2021).pdf).

The MTPF 2026–2029 is currently under development. Based on the current draft (IDB.53/10), the 2026–2029 Framework suggests a strategic shift toward systems-level transformation, emphasizing behavioral change, inclusive governance, and the operationalization of UN 2.0. A key improvement lies in the practical integration of the normative and policy function with a stronger emphasis on operationalizing them through updating policy guidance, integrating normative tools (e.g., ISID Index, green diagnostics), and connecting normative work to programming and partnerships.

It is important to also highlight the integrated results and performance framework or IRPF, which was introduced for the first time in 2016 to make UNIDO “a results-oriented, transparent, efficient, and trusted Organization and partner in the SDGs era.”¹⁶ It introduces a two-tiered approach to the monitoring and reporting of results consisting of ‘Tier one: Development Results’ and ‘Tier two: Organizational Performance’ (Figure 3). The IRPF is supposed to provide organizational principles, intermediate output metrics and models for internal operations. For example, the IRPF Results Areas provide a clearer set of areas with related baselines, targets and indicative metrics.

While the IRPF represents a major step forward in streamlining the intervention logic, gaps persist with respect to the identification and clarity of quantifiable outputs and outcomes. The vagueness of some of the concepts and related metrics is also noticeable. This is partially due to the systemic complexity of the impact areas, and the fact that the contours of these thematic areas are fast evolving. For example, the blurring of sectoral boundaries and the re-definition of what accounts for manufacturing industries and technologies makes it difficult to have clear metrics. More critically results areas are often treated in silos, thus reinforcing both horizontal and vertical gaps across initiatives.

Figure 3: IRPF Impact Areas



Source: adapted from UNIDO, GC.18/CRP.4 (30 Oct 2019).

UNIDO’ intervention logic and overarching theory of change have evolved over the years in response to both external and internal factors, and their interplay. External factors have reshaped UNIDO in terms of its size, but more critically its ways of delivering on its mandate and core functions. On the one hand, the contraction in countries’ support starting in the 1990s has affected the breadth of UNIDO’s intervention and the depth of its institutional capacity, especially in terms of sector- and technology-specific expertise. On the other

¹⁶ See here for more information on IRPF: [UNIDO Compass Platform](#)

hand, UNIDO has managed to turn the financing crisis into an opportunity to transform into a more agile UN organization. In previous years there appeared to be an increasing emphasis on stronger processes and intervention logics (the ISID Theory of Change and the IRPF), which may (or not) be confirmed in the forthcoming new MTPF for 2026-2029.

3 Evaluation findings

The findings presented in this section have been structured in four sections. Each of them is informed by the triangulation of different sources of data and evidence gathered during the evaluation process.

The first section presents the set of **opportunities** that UNIDO faces in the current global landscape, and more specifically the resurgence of interest for industrial policy and industrialization as a driver of sustained prosperity.

The second section identifies and analyzes the **assets** that UNIDO can leverage to seize and shape these new windows of opportunity, as discussed in consultations. The focus is in particular on the unique assets that are at the core of UNIDO's value proposition and distinctive offering within the UN system.

The third section turns to the **assessment** of UNIDO's thought leadership with respect to ISID and industrial policy, considering both external impact and perceptions and the views of UNIDO's personnel. While showing important gaps in terms of thought leadership, pockets of impact and innovative models are also identified.

Section four then addresses the **underlying reasons** for UNIDO's relatively weak standing in terms of thought leadership, thereby identifying areas for improvement that will later be taken up in the section covering areas for improvement.

3.1 The window of opportunity for UNIDO is wide open

UNIDO is a UN specialized agency “with a unique mandate to promote, dynamize and accelerate industrial development” (UNIDO website). To “promote inclusive and sustainable industrialization” is highlighted in the Sustainable Development Goals (SDG 9) and is UNIDO's core mandate. As UNIDO mainly, but not exclusively, works via governments, industrial policy is at the heart of its service offer.

Both the role of industrialization and the role of industrial policies have been contested over the last few decades. Some orthodox economists¹⁷ questioned the importance of industrialization, arguing that in post-industrial societies, productivity growth may be driven by services rather than manufacturing industries. However, empirical evidence has increasingly shown that historically, industrial capabilities have been central to the development of nations; that even though some services contribute significantly to productivity growth, most of them (e.g. engineering, trade, logistics) depend on, and co-evolve with manufacturing and thus cannot thrive without a dynamic manufacturing industry; and, that the complexity of manufacturing industries strongly correlates with economic development.¹⁸ This is reflected in a strong manufacturing focus of the most recent economic growth strategies of major economies, from Made in China 2025 to the European Green Deal and the US Inflation Reduction Act.

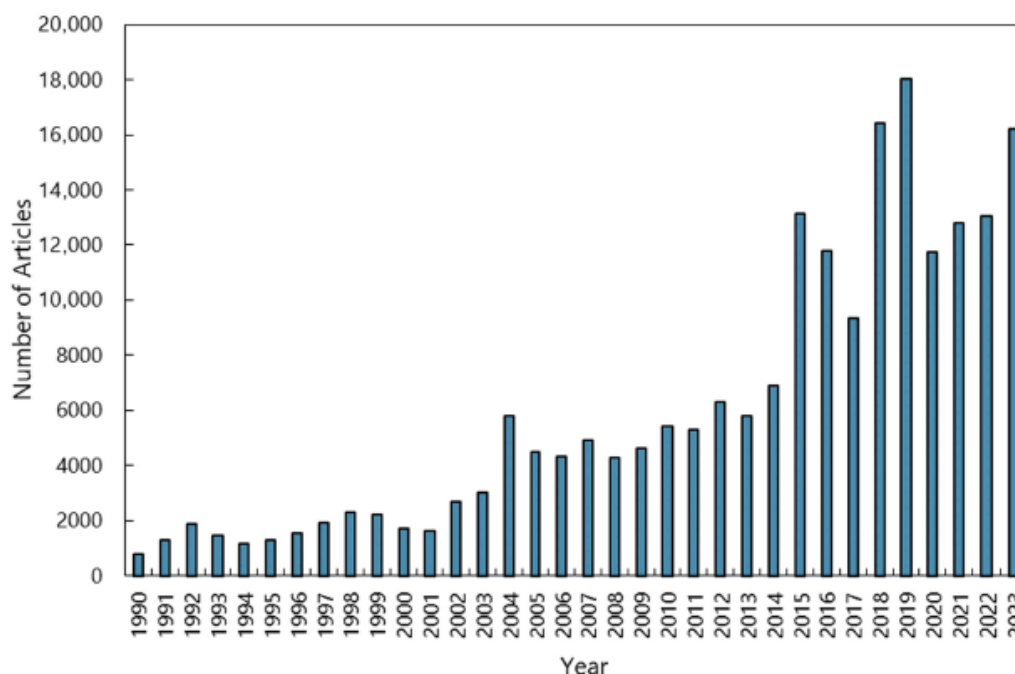
Likewise, “industrial policy” was contested and banned from the vocabulary of many national and international organizations, even though, in practice, countries continued to implement industrial policy measures without explicitly naming them as such. During that period, UNIDO struggled to make its pro-industrialization and pro-industrial policy voice

¹⁷ Bhagwati (2008); IMF (2018).

¹⁸ Chang (2002); Haraguchi et al. (2017).

heard. But again, industrial policy is back on the agenda, and as such, demand for its services is larger than ever. Figure 4 shows how industrial policy has resurfaced as a topic in the business press since the turn of the century.

Figure 4: Mentions of industrial policy in major business press



Source: Factiva and authors' calculations

Over the last five years, industrial policy has regained central stage in government action, and new industrial policy domains have emerged. This centrality and broadening scope of industrial policy are due to increasing systemic crises – pandemic and climate change – rapid advancement of new technologies and digitalization, and increasing tensions among leading global economies – China, US and EU – in areas going from trade to strategic technologies and industries. With specific reference to climate change, the transition from fossil-fuel-based energy generation to renewable energy was of course the first main policy domain to emerge. Governments have, however, started to look at new closely related energy-industrial policy domains, both downstream (solutions for reducing emissions from energy intensive industries) and upstream (securing access to critical materials). Opportunities for increasing energy efficiency, and adopting circular economy models, and investing in new diversification pathways have also gained more centrality.

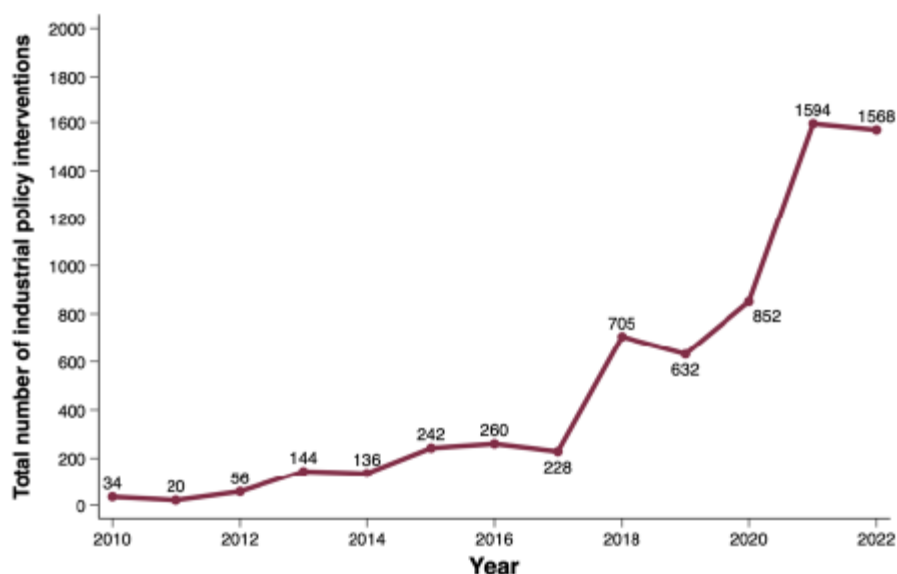
Emerging economies and developing countries have also reclaimed their industrial policy space to seize the new windows of opportunity. These opportunities have been created by several factors: the climate crisis and new forms of green competitive advantage; the increasing demand for critical minerals needed in renewable and digital technologies; and the space created by a shifting global order, including regional initiatives and promotion of south-south trade agreements and platforms like the African Continental Free Trade Area and the BRICS.¹⁹ Despite significant heterogeneity and some notable exceptions, in most developing and emerging countries, these new industrial opportunities are often linked to their natural resources, hence opportunities to generate clean energy and presence of critical minerals. However, these opportunities are often constrained by incumbent power

¹⁹ BRICS: <https://brics2023.gov.za/> ; AFTCA: <https://au-afcfta.org>

and interests, as well as lack of industrial capacity and financial resources needed to invest at scale in capital-intensive industries (e.g. green hydrogen).

The global crises and technological race have led to both quantitative and qualitative changes in industrial policy making. The quantitative change is unprecedented, with mobilized resources only comparable to initiatives during war time. Figure 5 shows the worldwide proliferation of industrial policy interventions in the last years.

Figure 5: The recent increase of recorded industrial policy interventions



Source: Juhász, Lane, & Rodrik (2023).

Each of these three economic powerhouses – China, US and EU – has committed hundreds of billions in finance, subsidies and direct infrastructural investments.²⁰ The Made in China 2025 and the Belt and Road Initiative, the US Inflation Reduction Act (IRA) and Chips Act, and the EU Green Deal and Recovery and Resilience Facility have injected an unprecedented number of financial resources to gain a competitive advantage in digital and green technologies. Developing countries and emerging countries, even large ones like Brazil and India, struggle to match the quantum of these resources and reach the minimum scale threshold of investment required to be competitive. On the contrary, the global crises have worsened the debt position of several developing countries and reduced the macroeconomic policy space they need to finance their sustainable structural transformation. The resulting paradox is that the same developing countries that are affected by climate change the most, and hence need more resources for mitigation and adaptation, are also the ones with less financial resources at their disposal.

The world has also witnessed dramatic qualitative changes in industrial policy making with respect to policy rationales and framing, as well as selectivity of measures. China, EU and the US have each formulated a new more assertive industrial policy framework which recognizes the need for more direct state intervention, as a result of which conflicting national interests have come to the surface. Industrial policy is no longer simply justified

²⁰ Santiago, F., Haraguchi, N. and Lavopa, A. (2024). "Global Trends and World Order: Implications for New Industrial Policies in Developing Countries", *Journal of Industry, Competition and Trade*, Vol 24:5. See <https://link.springer.com/article/10.1007/s10842-024-00419-4>.

within a market-failure perspective; structural coordination failures are acknowledged as well, and governments are explicit about some zero-sum outcomes of global competition. Over the last five years, the US and the EU have gone beyond market failure rationales and have increasingly advocated strategic and defense arguments, as well as allegedly unfair competition, as new rationales for protectionist measures (especially targeting China). In the case of the US, this has led to new techno-nationalist measures (trade tariffs, subsidies and local content conditions); on the contrary, the EU has so far mainly relied on regulatory and competition policy measures to protect its single market (e.g. CBAM), within an “open strategic autonomy” framework. Pressures for a more subsidy-based industrial policy in the EU are however increasing, given fears associated with the newly discovered vulnerabilities and dependencies of EU industries.

These new trends are driven by big economic blocks and the tensions between them - yet they affect Low- and Middle-Income Countries’ industrial development prospects very much. On the one hand, protectionist measures affect LMICs access to the markets and technologies of big economic blocks, especially with the new US tariffs. On the other hand, Low- and Middle-Income Countries now have more policy space to implement targeted industrial policies (to the extent that they can finance them).

At the same time, what industrial policy should look like is more contested than ever. One reason is that major economies are now again using a wide range of instruments that had previously been considered as trade-distorting and incompatible with the spirit of the World Trade Organization, such as “trade-related investment measures” (TRIMS) and which may lead to a spiraling effect of tit-for-tat retaliations that will reduce global welfare. Consequently, there is no consensus about when industrial policies will deliver (net) gains and in which conditions they may make things worse. Another reason is that the new complexity of the target system (competitiveness, value creation, decarbonization, circularity, strategic autonomy, resilience, etc.) implies many trade-offs that need to be carefully pondered.

The mix of these different trends and their cascading impact across economies **opens at least three new windows of opportunity for UNIDO:**

First, considering that a) industrialization is widely recognized as a key driver of development, b) industrial policy is no longer seriously contested, while c) it is not at all clear what good industrial policy means for different country contexts and development stages, implies **more policy space and a greater need for UNIDO’s services**. In fact, UNIDO is uniquely positioned as there is no other specialized agency with a similar mandate.

Second, given that many Low- and Middle-Income Countries a) have limited expertise in industrial policy design and implementation, and b) want to use industrial policy to address multiple and overlapping sustainability crises, a demand for grounded and innovative policy instruments and institutional models for implementation has emerged. UNIDO’s focus on technical cooperation and its collaboration with private sector companies uniquely position the organization to meet the growing **demand for experimentation, scaling successful models, and sharing best practices**. UNIDO has the opportunity to position itself as a global thought leader in industrial development. It can become the agency Low- and Middle-Income Countries go to for industry-related policy challenges, a Center of Excellence, a Think-and-Do Tank able to provide realistic, innovative solutions that have been tested in a variety of country settings.

Third, **multilateralism is threatened**, and donor countries' willingness to invest in international cooperation seems to be declining. While this is a threat to UNIDO and other international organizations, it might be turned into an opportunity. Those countries interested in a fair, rules-based world economic order, and those committed to the SDGs, may rally behind credible and neutral multi-lateral organizations. This may be an opportunity for UNIDO to further diversify its international support base. Enhancing engagement with the G20, BRICS, Gulf countries and others who may be willing to increase their voluntary contributions can lead to new coalitions supporting multilateral work on industrial development.

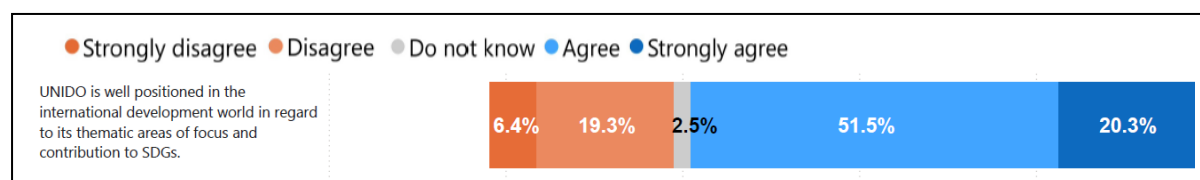
3.2 Assets to build upon

Given its mandate and long-standing experience with respect to industrial development, UNIDO has strong assets it can build upon.

First, as a UN specialized agency, **UNIDO has credibility as a neutral broker and convener that is not driven by any national agenda or private sector interests**. This is an enormous advantage, especially in the industrialization and industrial policy thematic areas, as countries are seeking ways to navigate between different concepts and practices. In this situation, as a UN agency with a good reputation in Low- and Middle-Income Countries, UNIDO is well positioned to facilitate the search for country-specific solutions and dissemination of best practices.

An ample majority of UNIDO's personnel in fact regards UNIDO to be well positioned in the international development world regarding its thematic areas of focus (Figure 6 - although about 1/3 of the permanent staff disagrees – reasons will be discussed below).

Figure 6: UNIDO's positioning in international development

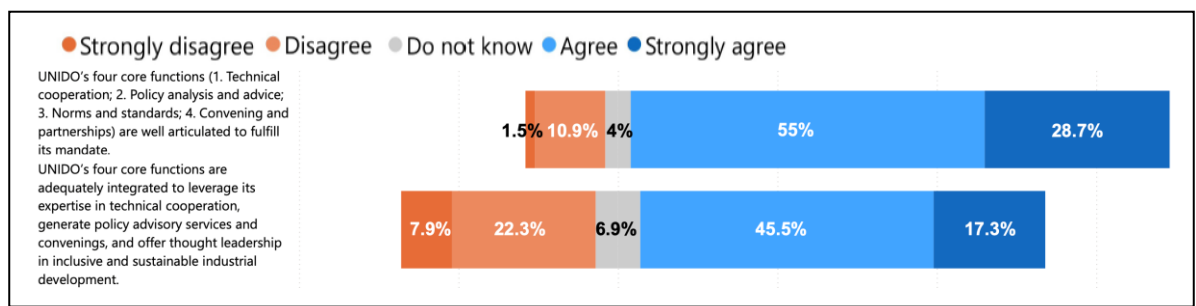


Second, the organization's strong positioning is also related to **UNIDO's four core functions** and the fact that they are designed to **complement industry-related knowledge creation, dissemination and implementation in a unique and efficient way**, as specified in the Theory of Change. These four core functions are intended to provide UNIDO with a holistic mandate, going from the micro-level (TC support of specific project or firms, brokering of B2B and B2G relationships), to the meso-level (TC, normative and standard setting functions at the sectoral and value chain levels) and macro-level (normative function and thought leadership in industrial policy at the center of the government). Adopting a multi-pronged approach with the intention of impacting these three levels in a synergetic way gives UNIDO the possibility of brokering multiple domestic (but also international) interfaces and addressing different demands from member states and potential private sector investors.

While among UNIDO's personnel there is wide-spread awareness of this asset and the vast majority believe that the functions are well-articulated and integrated, there is still a

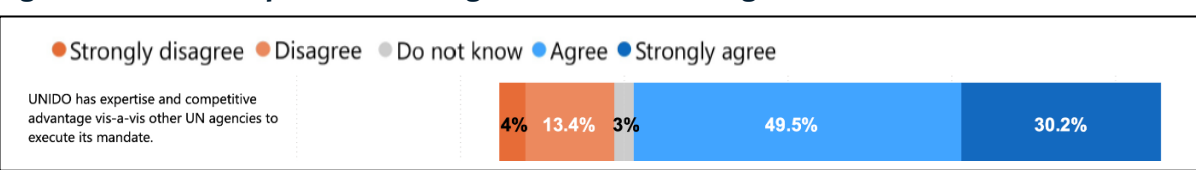
significant proportion of over 1/3 of the personnel who believe UNIDO’s core functions are not adequately integrated (Figure 7).

Figure 7: Articulation and integration of UNIDO’s core functions



Third, within the UN system, **UNIDO has built a reputation for being the “agency of the engineers.”** This is evidenced in the cadre of engineers, who count themselves among the project managers designing, planning and implementing various programmes and projects around the world. This expression was stressed by several interviewees who provided evidence of the specialized technical expertise that UNIDO houses across key areas of TC, including energy efficiency, circular economy, chemical waste, industrial decarbonization, agro-industry development and, more recently, hydrogen-based industrial policy (Figure 8).

Figure 8: UNIDO’s competitive advantage vis-à-vis other UN agencies



Boxes 1 and 2 below offer two case descriptions showing how such specialized technical expertise has enabled UNIDO to be a pioneer in two specific areas.

The first is a case on eco-industrial parks, a niche policy-specific area with increasing demand from member states eager to replicate the successful experiences of East Asian countries in fast-tracking industrialization through development of industrial zones, while at the same time leapfrogging into more sustainable industrial practices and technologies.

Box 1: Transforming industrial zones through the Global Eco-Industrial Parks Programme (GEIPP)

Traditional industrial parks, while central to economic growth, often contribute to environmental degradation, inefficient resource use, and social inequalities. In response, UNIDO launched the Global Eco-Industrial Parks Programme (GEIPP) in 2018, supported by the Swiss State Secretariat for Economic Affairs (SECO), to shift industrial development toward sustainability through Eco-Industrial Parks (EIPs).

GEIPP operates at two levels: at the policy level, it helps countries develop enabling environments for EIPs, resulting in national legislation and standards (e.g. Colombia’s National EIP Standard, Vietnam’s Decree 35, Ukraine’s EIP Law 2025); at the technical level, it provides tailored support based on the International EIP Framework 2.0. Complementary components include online learning platforms, practical tools, and best practice publications that support country-led transformations.

GEIPP is a strong example of UNIDO’s thought leadership and normative impact. It catalyzed significant policy and regulatory reforms in at least four countries and produced knowledge

products such as “Assessing the Contribution of Eco-Industrial Parks to the SDGs” and “Applications of Green Hydrogen in EIPs.” With 439 capacity-building sessions, over 12,500 professionals trained, and 14.9 million EUR in leveraged investment, GEIPP also achieved substantial resource efficiencies (e.g. 170,937 tCO₂eq emissions reduced per year) and financial savings (EUR 7.4 million). Technical pilots—such as solar PV in Indonesia and tire recycling in Egypt—demonstrated scalable, circular economy models. GEIPP’s structured blend of policy, capacity, and innovation reinforces its value as a model for driving systemic change across countries.

The second area pertains to quality and standard setting for industries development, trade and sustainability. While this is an area where other institutions such as the International Organization for Standardization (ISO) have a broader mandate and global standard-setting role, UNIDO has developed a unique and recognizable expertise in setting up the institutional framework and technological infrastructure needed to enable compliance with international standards, development of local productive capabilities, and ultimately contributing to countries’ industrial competitiveness.

Box 2: Strengthening Trade and Sustainability - Global Quality and Standards Programme (GQSP)

In an increasingly interconnected global economy, compliance with international quality and sustainability standards has become essential for market access. Yet for many developing countries, technical regulations -- ranging from environmental and labor standards to product safety requirements -- pose serious trade barriers. Weak quality infrastructure systems (QIS), limited institutional capacity, and slow digital transformation hinder firms' ability to comply, ultimately restricting economic growth and innovation.

To address these barriers, UNIDO launched the Global Quality and Standards Programme (GQSP), active in 11 countries across four continents and supported by the government of Finland. It follows a three-pronged approach: (1) strengthening national quality infrastructure (QI) institutions; (2) supporting producers to comply with international standards; and (3) creating an enabling environment through policy advocacy and knowledge-sharing. These country-level efforts are complemented by a global knowledge component that shares open-access resources and tools via the UNIDO Knowledge Hub.

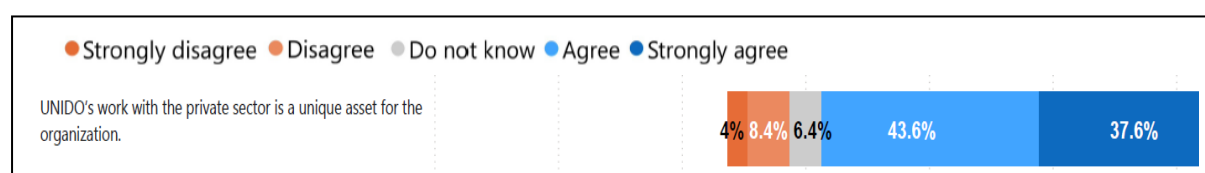
GQSP is a strong example of a normative and scalable UNIDO intervention. It supported 151 standard-setting processes, strengthened 141 quality institutions, and trained over 11,700 technical experts. The programme’s policy-level engagement has catalyzed reform and awareness, reaching over 21,000 individuals and directly enabling 1,400 producers to access new markets. A key normative output is the QI4SD Index, developed by UNIDO to measure how national QI contributes to the SDGs, linking quality systems to sustainability and economic performance. Through its global learning platforms and structured knowledge sharing, GQSP provides a replicable model for integrating quality infrastructure with inclusive and sustainable industrial development.

While pointing to these pockets of impact, several interviewees stressed how retaining, updating and further developing such technical expertise is nevertheless challenging. This is because world-leading, sector-specific expertise is expensive to retain in-house, and also because of potential trade-offs and tensions arising from UNIDO’s business model and stringent incentive mechanisms (see below). As an example, interviewees pointed to the potential drift from in-house technical expertise towards increasing outsourcing of technical knowledge. This means potentially moving from a technical cooperation delivery model to a model of technical management, in which UNIDO officers manage technical service delivery provided by external experts.

Fourth, **UNIDO’s longstanding practice of direct work with the private sector** is seen by an ample majority of UNIDO’s personnel **as a unique and distinctive asset** within the UN

system. Over 1/3 of UNIDO personnel, who participated in the survey, gave a very strong endorsement of this asset. In-depth interviews and focus groups highlighted several cases in which UNIDO has used its network of Investment and Technology Promotion Offices (ITPOs) to promote investment attraction and better B2B coordination along value chains. In most cases, however, UNIDO has mainly worked with small and medium enterprises (SMEs) and a few large players who have a strong interest in investing in markets of Low and Middle-Income Countries and establishing local value chains. Interviewees also stressed that while we are potentially entering a post-ODA era, working with the private sector will become an even more important asset. Other multilateral organizations are in this case looking at UNIDO as an early mover in this space (Figure 9).

Figure 9: UNIDO's work with private sector is a unique asset



Fifth, compared to many other agencies, **UNIDO is facing the current fast-evolving global scenario from a position of relative financial strength.** This is due to two main facts. The first is that – as discussed above – UNIDO has already faced significant restructuring since the 1990s which led to a diversification of income sources and a nimbler and demand-driven approach to TC. The second reason for its strengthened financial position is more recent and due to a strong incentivization to attract more TC and full utilization of UNIDO capabilities. While the recent changes in the business model have delivered short-term financial gains, their sustainability and long-term viability remains to be seen. Potential risks are discussed in the following section 3.3.

3.3 Assessing UNIDO's thought leadership

To explore to what extent UNIDO is a thought leader with respect to ISID and industrial policy, we conducted a citation analysis, included related questions in the surveys with member states and UNIDO personnel, and triangulated the information obtained with in-depth interviews and focus group discussions with UNIDO personnel.

Overall, we find that UNIDO has struggled in establishing its thought leadership in international debates and fora on ISID and industrial policy, as evidenced by one of the lowest levels of citations of its publications when compared with other multilateral organizations. When UNIDO engages countries directly through its technical cooperation, its thought leadership seems to receive more significant recognition from member states, although evidence is limited and anchored in specific cases. The extent to which UNIDO's thought leadership is recognized externally is therefore mixed, with significant scope for improvement. The internal assessment of UNIDO's thought leadership identifies key areas for improvement. We also identify pockets of thought leadership and good practices in UNIDO that the organization can build upon to strengthen its impact.

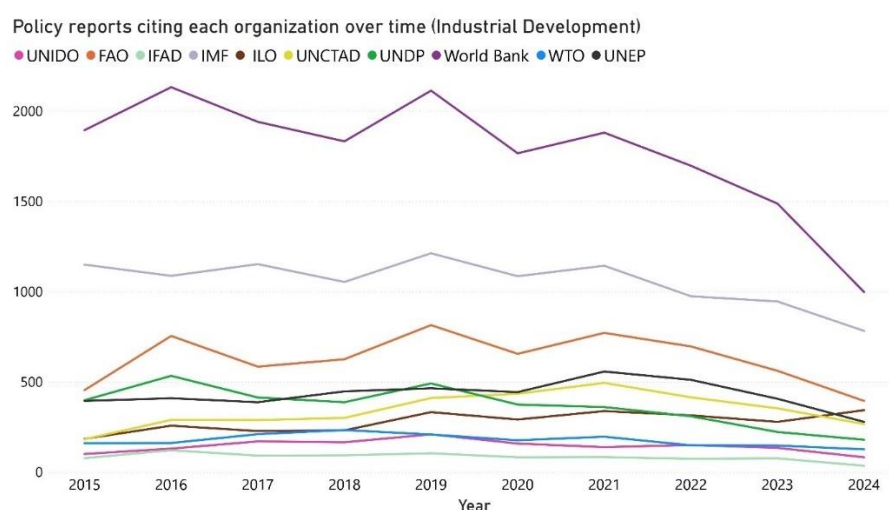
We find that UNIDO's staff and those in headquarters are more critical of the organization's approach to thought leadership and overall impact than temporary and field office personnel. The former are particularly relevant for shaping UNIDO's corporate identity and profile. In the following analysis we therefore report both the average assessments and those by permanent staff in particular.

3.3.1 Thought leadership: external assessment

Citation analysis is a good starting point for an assessment of the external recognition of an organization's thought leadership. To measure UNIDO's citation footprint in policy literature, data were collected using Overton,²¹ the world's largest database for policy and grey literature. A time-series analysis was conducted to track the number of policy documents citing UNIDO's publications from 2015 to 2024, aligning with the implementation period of the Sustainable Development Goals (SDGs). Citation trends for other benchmarked international organizations were analyzed to provide a comparative perspective on UNIDO's intellectual influence within the broader policy landscape.

Compared to other benchmarked organizations (Figure 10), UNIDO's work is cited less frequently, often ranking among the least cited. The most cited organizations consistently include the World Bank, FAO, and IMF. However, it is quite striking that, with just a few researchers, the number of citations on UNIDO's work is higher than that of IFAD, and roughly comparable to that of the WTO—an organization that is more oriented toward policy, research, advocacy, and normative work. Furthermore, considering the limited resources available for knowledge products—for instance, UNIDO allocates less than 10% of what UNDP spends on its flagship report to produce the Industrial Development Report—this highlights the high productivity and quality of UNIDO's research, even in comparison to organizations such as UNDP and UNCTAD.²² Thus, this disparity must be viewed in the context of publication volume - UNIDO produces fewer annual publications than these larger organizations. The lower citation count may also reflect output quantity rather than the quality or impact of UNIDO's work. Alternatively, it could indicate less visibility of these documents to the policy community and/or the broader audience, thereby indicating the need for greater focus on communication strategies. In addition, the limited volume of publications could suggest a lower research and policy advisory capacity relative to more frequently cited organizations.

Figure 10: Policy reports on industrial development citing each organization



Source: own compilation

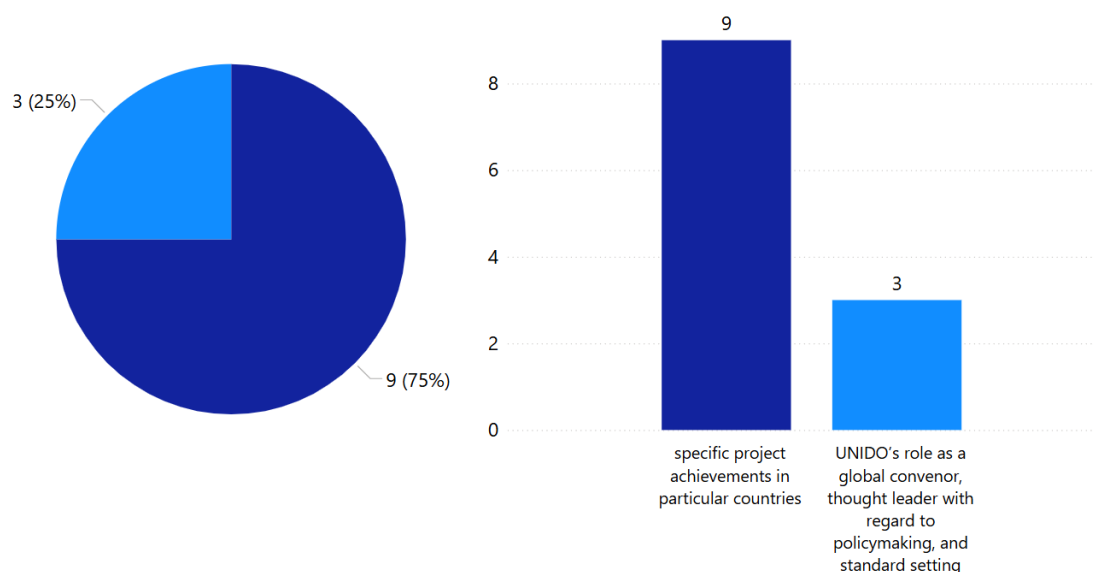
²¹ Overton tracks citations across more than 17 million documents, continuously expanding its coverage, and automatically identifying references to supporting evidence. See here for more information on Overton: [Welcome to Overton | Overton](#).

²² UNIDO Office of Evaluation and Internal Oversight (2024), "Independent Strategic Evaluation of Knowledge Management in United Nations Industrial Development Organization."

The financing of projects supporting the normative function and, specifically, the production of thought leadership outputs like the Industrial Analytics Platform, the Global Industrial Policy Advice Facility and the EQUIP tool is challenging for UNIDO. Figure 11 shows that – among the non-representative twelve voluntarily contributing countries responding to the survey – only three prefer for UNIDO to focus on global convening and thought leadership functions.

Figure 11: Funding preference of voluntary contributors

Only for countries making Voluntary Financial Contributions: Would you prefer UNIDO to focus efforts that improve:



Source: own compilation

There may be a dynamic of self-fulfilling prophecy, however: as governments and donors perceive UNIDO to be a capable project implementer but not thought leader, they adapt their funding offer. Alternatively, as UNIDO itself has been steadily downsizing its thought leadership capacity, this could be interpreted by donors as a lack of interest in this function and a prioritization of technical cooperation over normative work. Hence, the current perception should not be taken as an unchangeable external constraint.

Over time, thought leadership has come to be associated with other international organizations (e.g. IEA on energy transitions including industries; IRENA on conditions for developing renewable energy industries; IMF for fossil-fuel subsidy reforms; FAO for agro-processing) more than with UNIDO. Furthermore, interviewees highlighted that even when UNIDO has developed knowledge products that can contribute to TC and country normative work, the units within UNIDO developing such knowledge inputs have struggled to prove the relevance of their work and to convincingly articulate pathways to impact in countries.

Interviews with external stakeholders highlighted how UNIDO has established some presence in international high-level fora such as the G20 and the COPs. However, in such fora UNIDO has often focused on positioning the organization and its mandate more than exercising thought leadership. While positioning is an important function as it gives UNIDO visibility as a multilateral organization, interviewees stressed how this positioning has not translated into proactively shaping policy agendas, thus, missing the opportunity to exercise thought leadership. Evidence of this “positioning bias” is seen in UNIDO’s mainly

organizing side-events in these international fora; cases in which UNIDO has been the main convener of the fora and shaper of the international agenda are much rarer.

The fact that UNIDO has played a supporting more than leading role was also highlighted in the context of the GEF programme. GEF accounts for the largest proportion of UNIDO's funding. Yet, in most GEF programmes and competitive calls, UNIDO has mainly managed to tap into national and regional projects, and global programmes accounting for around 40% of UNIDO's GEF portfolio are in fact pretty small in comparison to other GEF global programmes. This is partially due to UNIDO's assets in relatively niche areas where UNIDO could be a "niche leader" – see above – but also it is due to the fact that GEF leverages existing institutional large-scale capacity rather than helping agencies to grow their footprint. Being relatively small, UNIDO starts from a position of disadvantage when it comes to leading sizeable global programmes.

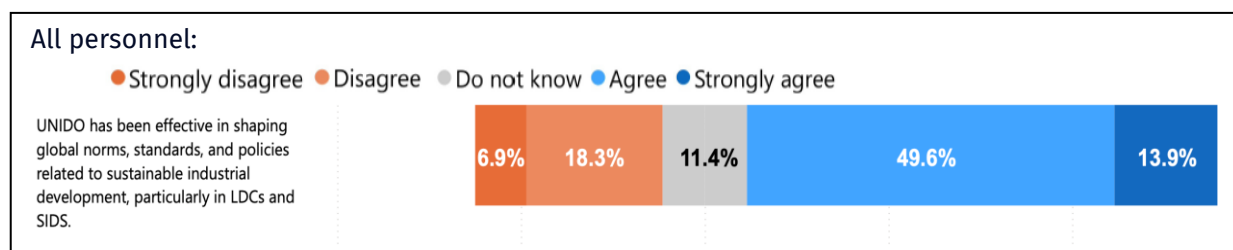
Among the three dimensions of thought leadership distinguished in Section 1.1 (developing global norms and governance innovations for dealing with new ISID-related challenges; helping to design national industrial development strategies; and contributing to innovative private sector initiatives) the most positive assessments were given with regard to the second. With respect to global solutions, UNIDO seems to play a very subordinate role compared to other international organizations. In the field of working with the private sector (beyond specific engagements at country level), implementation of the Montreal Protocol and a leading role in the Green Industry Platform under the GGKP (Green Growth Knowledge Partnership) were mentioned, but no major engagements with leading private sector associations, such as the WBCSD.

Member states' perception of UNIDO's thought leadership is more positive; however, evidence gathered is limited. In this regard, interviews with staff focusing on work with member states stressed how global thought leadership is impactful to the extent that the appropriate services and the right set of actors are aligned at the country level, and there is sufficient absorption capacity in countries that allow for UNIDO to have impact. Some interviewees highlighted the risk of falling between cracks. Specifically, generating knowledge products such as the Enhancing the Quality of Industrial Policies project (EQUIP) that are only relevant for low-income countries with limited capacity, which, however, are much less in demand in middle and upper-middle income countries where there is sufficient expertise in industrial diagnostics and policy design. Another case in which potential knowledge products fail to deliver impact is when they are thought to potentially impact global level discourse (with mixed outcomes) and become less impactful at the country level, where grounded understanding of contexts, sectors, and politics of the country is needed.

3.3.2 Thought leadership: internal assessment

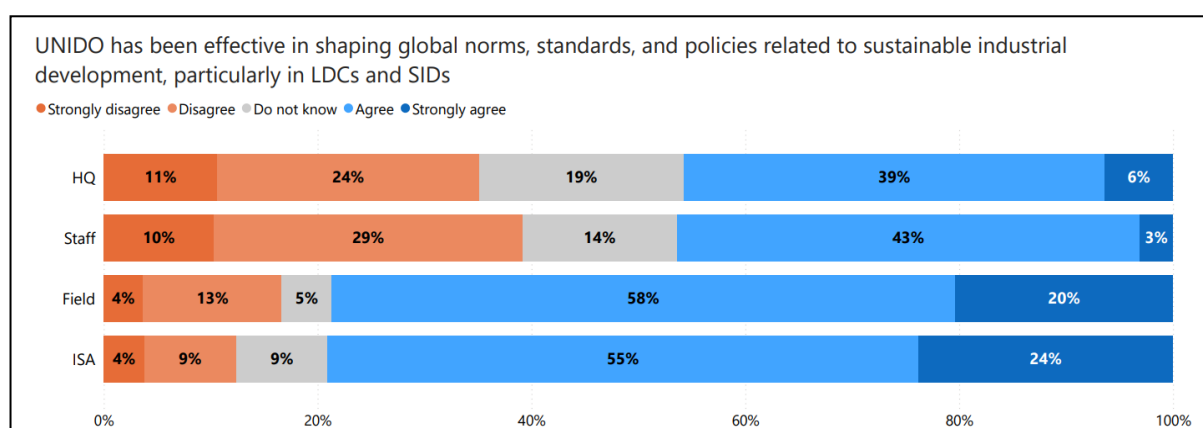
The internal self-assessment of UNIDO's thought leadership was conducted via an in-depth survey covering all personnel, thus staff with different experience in UNIDO's portfolio of activities. Over 2/3 of UNIDO's personnel believe that UNIDO has been effective in shaping global norms, standards, and policies related to sustainable industrial development, particularly in LDCs and SIDS (Figure 12). While this is a relatively high and positive response, there is a significant percentage of respondents who are unable to express a position, and a significant 1/4 of the personnel who disagree or strongly disagree. For a small organization like UNIDO this is particularly important to take into consideration, as this more negative feedback might be concentrated among specific groups.

Figure 12: UNIDO's effectiveness in shaping global norms, standards, and policies in ISID



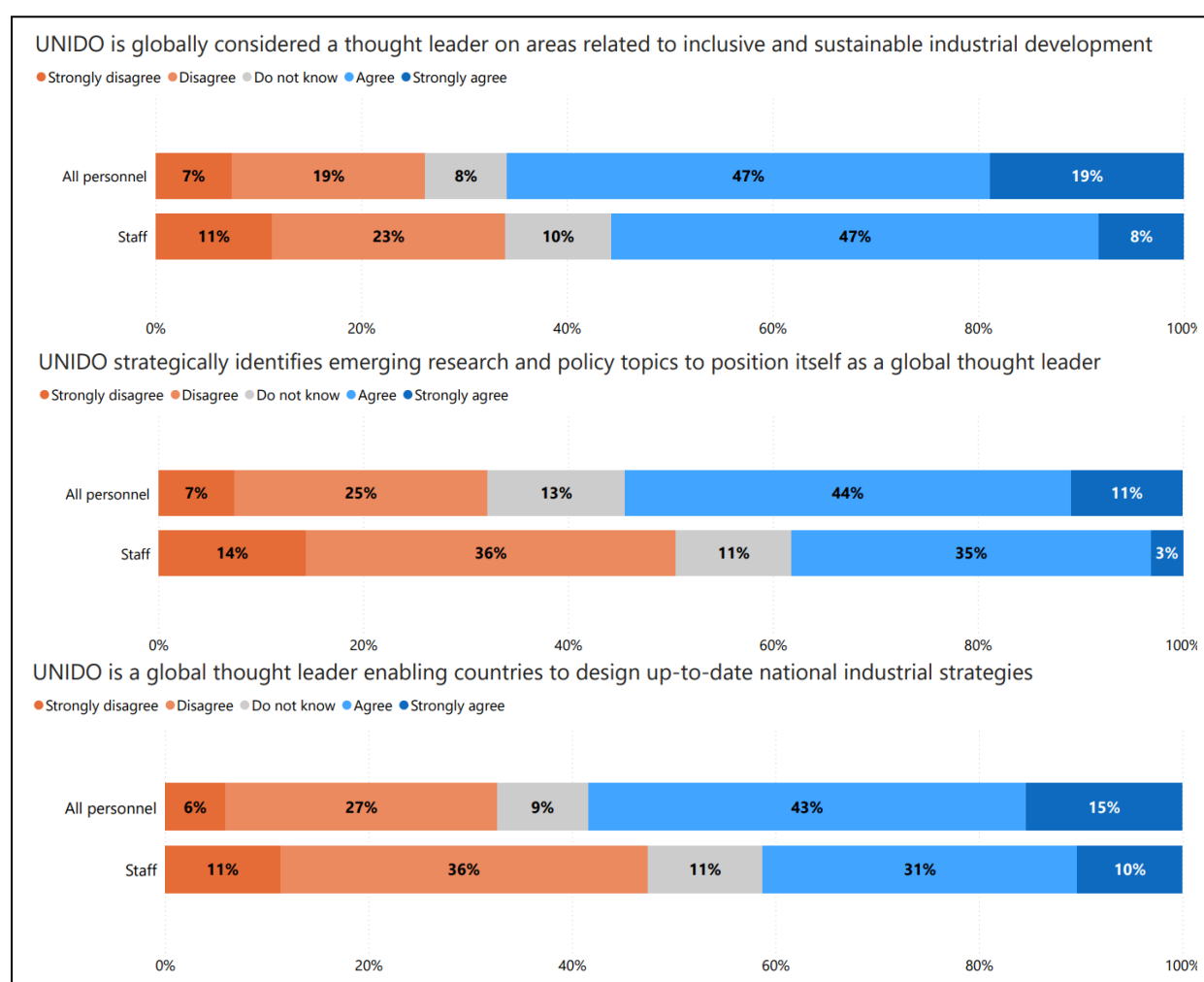
Indeed, there is significant heterogeneity when data are disaggregated (see Figure 13). Throughout the whole survey, we observed a considerable gap between (permanent) staff and (temporary) ISA holders, as well as between headquarters and field offices. Across all survey questions, staff and those at headquarters are far more critical of UNIDO's strategic positioning, which is an alarming sign with regard to corporate identity.

Figure 13: Diversity of perceptions depending on type and location of staff



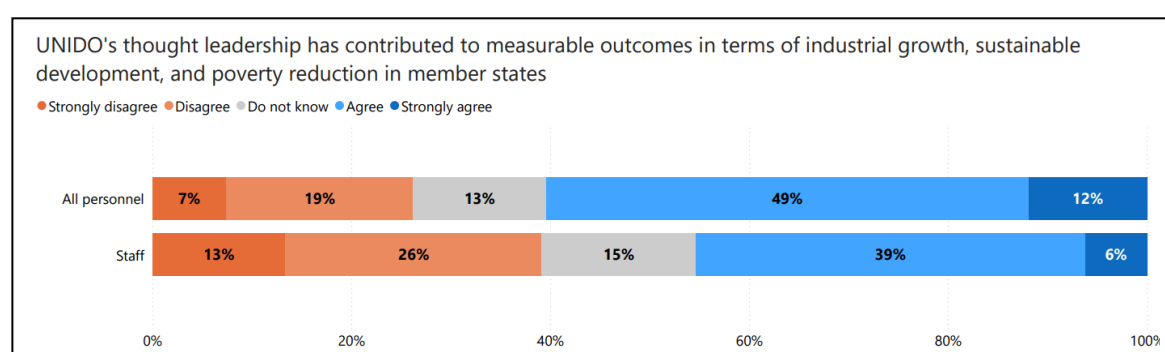
UNIDO personnel were also asked to assess UNIDO's thought leadership in three critical areas. The overarching area in which personnel believe UNIDO is globally considered a thought leader is inclusive and sustainable industrial development – again with decreasing consensus among permanent staff. The consensus drops significantly when personnel are asked the same question in relation to the normative function of designing up-to-date national industrial strategies, and whether UNIDO strategically identifies emerging research and policy topics (Figure 14).

Figure 14: Internal assessment of UNIDO's thought leadership



Finally, the survey asked UNIDO personnel to assess the extent to which UNIDO's thought leadership has contributed to measurable outcomes in terms of industrial growth, sustainable development, and poverty reduction in member states. Responses are again mixed and tend to deteriorate when staff and HQ responses are considered separately. For these last two groups there is also a significant share of respondents who do not express either a positive or negative opinion. One out of four respondents does not agree that UNIDO has contributed to measurable outcomes, while this number nearly doubles when only staff responses are taken into consideration. This sentiment was also underscored in in-depth interviews and focus group discussions (Figure 15).

Figure 15: Contribution of UNIDO's thought leadership to measurable outcomes



Interviewees often benchmarked UNIDO against other agencies of similar size who have managed to influence - at least temporarily - the global debate in the areas of industrial policy and industrialization. The agency that was more often mentioned was UNCTAD (recently renamed UN Trade), which has managed to position itself as the “Third World’s voice on trade and related industrialization issues” (Box 3).

Box 3: How UNCTAD became a thought leader with distinct profile

Established in 1964 as a permanent intergovernmental body, the United Nations Conference on Trade and Development (UNCTAD) was born out of the aspirations of developing countries to create a forum that could better reflect their economic development interests on the global stage, notably aligned with the New International Economic Order. UNCTAD’s mandate is to promote inclusive and sustainable development by integrating developing countries into the world economy through trade, investment, finance, and technology. Often referred to as the “Third World’s voice” in the international economic arena, UNCTAD’s distinct profile is grounded in its intellectual independence and commitment to the development priorities of the Global South.

One of its most influential conceptual contributions was the creation of the Least Developed Countries (LDC) category in the late 1960s — a milestone in development thinking that enabled targeted international support and remains central to global development policy today. UNCTAD has also become known for its flagship reports, such as the *Trade and Development Report* (TDR), *World Investment Report*, and *Digital Economy Report*, which combine rigorous analysis with policy relevance. The TDR, launched in 1981, regularly challenges mainstream macroeconomic frameworks, advocating heterodox approaches that more appropriately reflect the realities of developing economies. These publications have shaped global debates on debt, financial crises, trade asymmetries, and development finance. According to a citation analysis conducted using Overton, UNCTAD’s reports rank among the most frequently cited across the UN system, particularly in areas of trade, investment, and structural transformation -- underscoring its high intellectual visibility and authority.

The organization continues to pioneer innovative analytical tools, such as the Productive Capacities Index (PCI), which offers a multidimensional framework for understanding the capabilities needed for long-term development. Similarly, the *Digital Economy Report* has positioned UNCTAD as a leader in digital development, data governance, and bridging the global digital divide.

UNCTAD’s influence extends beyond research. Through intergovernmental consensus-building and technical cooperation, it translates knowledge into policy advice and capacity building. Its sustained focus on development-led globalization and equity has earned it a distinct, forward-looking voice within the multilateral system — making it a recognized thought leader in international development.

While UNCTAD’s approach to global thought leadership offers several lessons, interviewees also pointed to the fact that member states are not necessarily interested in “another UNCTAD” and that UNIDO has different assets that could be potentially leveraged to both develop its unique value proposition and eventually innovate the way in which thought leadership is both understood and practiced.

3.3.3 Thought leadership: pockets of impact and innovative models

Many interviewees argued that UNIDO had in the past pursued its thought leadership more actively. The “System of Consultations” launched in 1975 (Box 5) is seen as an excellent role model of how UNIDO can integrate its core functions to become a thought leader.²³

²³ Consideration should be given to the fact that UNIDO became a UN specialized agency in 1985, ten years after the system of consultations described in Box 4. While volume and allocation of resources may have been different during that era, SoC is illustrative of what is possible, if resources are diverted to thought-leadership-generating functions and mechanisms.

Box 4: System of Consultations: A Normative Mechanism for Global Industrial Dialogue

In the 1970s, global industrial production was heavily skewed in favor of developed countries, leaving developing nations with limited industrial output, weak access to technology, and minimal influence over trade rules. To address these systemic inequalities and support a more equitable New International Economic Order (NIEO), UNIDO launched the System of Consultations (SoC) in 1975.

The SoC functioned as a structured, multi-level mechanism to bring together governments, technical experts, and industry representatives in a series of policy-oriented consultations. It combined policy research with dialogue and negotiation across sectors such as iron and steel, fertilizers, and pharmaceuticals. The process began with analytical studies on industrial barriers, followed by sector-specific consultations that shaped actionable recommendations. These, in turn, informed policy papers, model contracts, and institutional cooperation frameworks, which were refined through monitoring and feedback.

The SoC is a landmark example of UNIDO's thought leadership in shaping global industrial policy. It produced key normative tools, such as the *System of Consultations Report on Industrial Financing* (1978–1979), which mapped out strategies for mobilizing capital in developing countries. Fertilizer sector consultations led to model contracts that standardized obligations, liabilities, and compensation mechanisms -- reducing project delays and enhancing investment confidence. The iron and steel industry consultation introduced a policy goal for developing countries to reach 30% of global steel production by 2000, providing a shared benchmark for industrial growth. The 1980 pharmaceutical consultation advanced access to affordable medicines through international sourcing guidelines and the creation of a bulk drug directory. Notably, the 1984 Fertilizer Consultation in New Delhi institutionalized South-South cooperation by promoting joint ventures, technology exchange, and training programmes among developing countries. Collectively, these outputs demonstrate how the SoC advanced concrete, implementable pathways for inclusive industrialization, firmly establishing UNIDO's role as a normative and policy-shaping institution.

During the 1990s, UNIDO began integrating foresight principles into its work, primarily focused on industrial planning, technology assessment, and policy advisory services to help developing countries anticipate and adapt to global industrial and technological changes. UNIDO collaborated with international experts and institutions to explore long-term industrial development trends, emphasizing strategic planning and capacity building. As part of this broader foresight initiative, in the early 2000s, UNIDO launched the Technology Foresight Programme to help developing and transition economies in identifying priority technologies that could drive economic growth, industrial competitiveness, and sustainable development. While engaging various stakeholders, this programme provided tools and methodologies to anticipate future technological trends and assess their implications for national and regional development (Box 5).

Box 5: Technology Foresight Programme

In the early 2000s, UNIDO carried out a series of regional Technology Foresight (TF) initiatives across Asia, Latin America, and Central and Eastern Europe. The aim was to equip these countries with tools and methodologies to envision and prepare for future technological developments. The initiative's objectives included:

- Raising awareness about the importance of foresight in enhancing industrial competitiveness.
- Developing and adapting foresight methodologies suitable for the region.
- Strengthening national and regional capacities to design innovation-focused policies.
- Undertaking regional projects targeting specific sectors or themes.
- Providing solutions to regional challenges through appropriate applications of technology foresight.

In 2005, UNIDO published a Technology Foresight Manual, which was based largely on presentations and discussions from a series of UNIDO-organized regional events. Structured in seven modules, the

manual covered all major aspects of foresight design and implementation from methodology and organization to practical applications at national, regional, and company levels.

Beyond the manual, UNIDO implemented a wide range of targeted activities:

- Training programmes were held across Europe and Asia, including specialized courses in Gebze (Turkey), Prague, Budapest, Bratislava, and Seville.
- Regional Initiatives included efforts to establish a Regional Virtual Centre on Technology Foresight for the Central and Eastern European region (CEE) and Newly Independent States (NIS) - Eurasian Virtual Center (EVC) to serve as a hub for collaboration.
- Thematic Projects like FutureFood6 addressed food quality and safety in Central and Eastern Europe.
- UNIDO Technology Foresight Summits and expert group meetings created platforms for exchange among policymakers, researchers, and industry leaders.

Despite the initial momentum, the initiative did not evolve into a sustained, large-scale program, and follow-up has been limited.

More recently UNIDO has successfully managed to experiment, develop and scale up new models to deliver on its thought leadership and normative functions, at the international level with the LKDF Platform and at the national level with the promotion of Circular Economy in Uruguay (Box 6; Box 7). Both cases highlight the importance and potential of innovating UNIDO's tools and approaches to project delivery, as well as the need to tailor interventions at the country level and in close collaboration with governments, private sector and several "boundary partners," that is, chambers of commerce, business associations, etc.

Box 6: Learning and Knowledge Development Facility (LKDF)

LKDF is a platform that promotes industrial skills development among young people in emerging economies. The focus of the platform is to address the mismatch in skills produced by TVET systems and the skills that are in demand in labor markets. Since its launch, the LKDF platform has grown significantly going from projects in 3 countries to over 14 countries (including Morocco, Uruguay, etc.) and an increasing financing streaming reaching 130 millions. The platform offers new toolkits and related services and is used to promote a new approach to partnerships. UNIDO's tool for assessment of TVET institutions' resilience and sustainability offers hands-on resources to assess different dimensions of TVET institutions, from their financial sustainability to their organizational resilience.

The post-assessment work is anchored around a new approach to stakeholders' engagement - called Public Private Development Partnership. PPDP is a way of delivering and funding public services with a wider development impact. The investments, risks, responsibilities and rewards are shared between the public sector, the private sector, and a development partner. The Public Private Partnership (PPP) approach, which assumes that certain public goods can be delivered more efficiently and effectively by the private sector, is not new as such. However, adding the "D" (Development), thereby turning PPP into PPDP, is a relatively new and innovative method. It stems partly from the Sustainable Development Goals which can only be realized with a strong commitment to global partnership and cooperation. PPDPs are used in areas where poverty reduction cannot be achieved by separating private actors, the public sector, and development agencies, and where all these actors share a common goal. To make a PPDP successful, it has to create benefits for all parties.

Box 7: Circular Economy and UNIDO in Uruguay

In 2017, Uruguay joined the Partnership for Action on Green Economy (PAGE) to strengthen the capacity of policymakers to assess the impact of environmental policies, fostering public-private collaboration and raising awareness of inclusive green economy principles. This led Uruguay to

embrace the concept of circular economy, recognizing its potential to generate new businesses and jobs while prioritizing environmental sustainability. In 2024, the country presented its National Circular Economy Strategy.

Uruguay is a regional reference when it comes to the circular economy. Besides early policy efforts, the country started to implement circularity initiatives through the GEF-funded Biovalor project, led by the Ministry of Industry and implemented by UNIDO. With Biovalor's support, Uruguay was the host of the first regional circular economy forum in 2017, paving the path for many other forums. Biovalor also joined the National Economic Development Agency (ANDE) in the development of Uruguay's 'Circular Opportunities' programme to cofinance circularity initiatives at the firm level. This led to other government agencies, private sector organizations and the academic community to embrace the circular economy agenda.

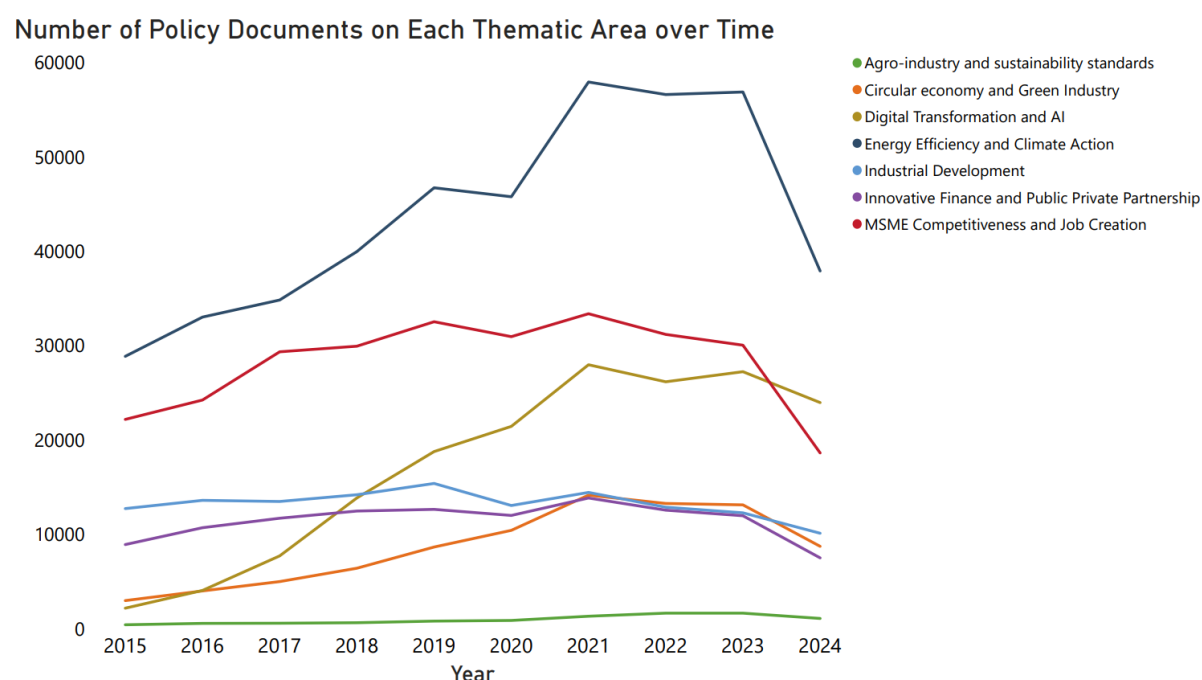
PAGE, through its support with the circular awards, contribution to ANDE's programme and the development of the National Strategy on Circular Economy, has been key to rationalizing and structuring all government's efforts to mainstream the circular economy in the policy agenda. The launch of the Strategy, led by three sectoral ministries including Ministry of Industry, Energy and Mining (MIEM), the Ministry of Environment and the Ministry of Livestock, Agriculture and Fisheries (MGAP), is a major milestone for the country as it hopes to pursue a green growth agenda with circularity at its core. The Government of Uruguay has given PAGE a strong recognition as a catalyzing program to embedding the circular economy in the country.

Building on this success, UNIDO is now supporting the Government of Uruguay in its 2nd energy transition through the Joint SDG programme 'Renewable Energy Innovation Fund', a blended finance instrument that mobilizes private sector financing. UNIDO is also continuing its work on circular economy accompanying the implementation of the National Strategy.

3.3.4 Thought leadership by topic: Strengths and weaknesses

UNIDO's thought leadership has consistently focused on a key ISID related topic, thereby increasing efforts towards newly emerging topics such as energy efficiency and climate change, MSME competitiveness and jobs creation, as well as digital transformation and AI. Figure 16 illustrates the number of policy documents on each cluster of topics covered by UNIDO over time. These policy documents are not related to citations – they are simply the total number of policy documents published on different thematic areas that are recorded on Overton from 2015 to 2024.

Figure 16: Number of policy documents published on each thematic area over time



Source: own compilation

As the graph indicates, the areas of energy efficiency and climate action have received the most attention, with nearly twice as many policy documents as MSME competitiveness and job creation, the second most covered area. In contrast, circular economy and green industry, along with agro-industry development and sustainability standards, have the fewest policy documents. The broader category of industrial development has slightly more documents than these two but only a third as many as energy and climate. The remaining two thematic areas, digital transformation and AI, as well as innovative finance and PPP, have roughly the same amount of coverage as the industrial development category.

With respect to thematic areas, UNIDO is already quite diversified in terms of subjects covered. Hence, it may help to strengthen its profile by sticking to topics where UNIDO's mandate is undisputed: industrial development, its societal effects in terms of socio-economic benefits as well as its environmental sustainability. Where other international organizations are better positioned, UNIDO should engage in partnerships to bring in its industry-related expertise, but stick to that expertise (e.g. when engaging with FAO on combatting hunger and increasing farmers' income, UNIDO should stick to agro-processing as its core competence; in renewable energy, cooperate with IRENA and IEA to bring in expertise on how value creation, technological learning and manufacturing employment can be maximized via industrial policies).

Interviews reveal that the topics UNIDO covers are in most cases driven by project opportunities (e.g. the long-term finance provided through the Montreal Protocol). Exceptional cases were mentioned where UNIDO strategically allocated resources to develop specialist expertise in emerging fields before this materialized in projects – specifically in the case of industrial strategy to exploit the benefits of green hydrogen.

Several topics may deserve similar efforts, given their increasing relevance. The following examples were identified because of their prominent role in international discussions and

because interviews and focus group discussions revealed a gap between international demand and UNIDO's current offer. This is not an exhaustive list, and more regular foresight activities could anticipate new demands.²⁴ Recall that almost half of personnel and almost 2/3 of permanent staff state that UNIDO is not strategically identifying emerging research and policy topics to underpin its thought leadership role. The following observations are based on the external evaluators own research and review of industrial development trends and endorsed during interviews and focus group discussions.

- Various digital technologies are revolutionizing the manufacturing sector – from AI to robotics, big data platform economies to 3D-printing. These affect virtually every economic activity, from gene editing and precision farming in agriculture to factory automation, robotics and Industry 4.0 in manufacturing to internet banking and online trade in services. The effects on industrial development, even in low-income countries where digital penetration is still limited, are enormous and difficult to predict, as digital solutions provide new opportunities, but also replace huge amounts of analogue activities: cost advantages in labor-intensive manufacturing become less relevant; small retail increasingly suffers from online delivery platforms, yet small firms may gain from new digital marketing opportunities, easier access to digital finance, and new manufacturing opportunities. Countries designing industrial development strategies must be able to anticipate the direction of change, regulating where they anticipate negative effects, reskilling where skill profiles change, and supporting emerging business models. Yet, in-house expertise on many of the digital trends and what coping strategies might look like for countries with different initial conditions seems to be limited. There may be a need to invest more in a) in-house expertise related to digital change and its impact on industrial development as well as b) assisting governments in enhancing their foresight capacities.
- Demand for “green” minerals – those required for the energy transition - is skyrocketing. This includes lithium, nickel, cobalt, iridium and many others that are required for car batteries, magnets for wind turbines, electrolyzers and many other emerging uses. The challenge for countries rich in such minerals is to learn from failed experiences with extractive resource deals, hence prioritizing value capture through beneficiation, employment, and social and environmental improvements in mining areas. Yet, this may conflict with importing countries' desire to secure control of such critical raw material value chains to enhance their strategic autonomy. Hence, there is a need for assistance to governments in negotiating and implementing patterns of raw material extraction that benefit people and do not harm the planet. This requires a deep understanding of entry barriers to different stages of value creation and how those depend on specific country conditions, as well as evidence-based expertise on the effects of alternative localization policies, from support for local suppliers to local content requirements and export bans.
- Industry decarbonization is another growing field of industrial development that is gaining importance and requires complex government support. Again, governments need to understand how markets and prices unfold for green substitutes relative to the dominant polluting products: green vs gray ammonia, green steel based on DRI technology vs. traditional steel manufacturing via the blast furnace route, sustainable aviation fuels vs kerosene, etc. This involves uncertainty, and requires market foresight, continuous observation of price differentials and close

²⁴ The Office of the Director General has recently commissioned three foresight studies with the intention to enhance the organization's thought leadership potential.

communication with investors to avoid costly malinvestments. Moreover, industry decarbonization requires policy support to shift investment incentives towards green alternatives (e.g. carbon pricing); to develop realistic and agreed national decarbonization roadmaps; to support the transformation of big industries (e.g. using Carbon Contracts for Difference and de-risk long-term investments); and to create systems to comply with international standards, e.g. regarding life-cycle emissions. As such policies are usually first tested in and their certification schemes designed by advanced economies, UNIDO needs to engage with the respective learnings to continuously update its knowledge base and transfer it to Low- and Middle-Income Countries. While UNIDO has built expertise on certain aspects of industrial decarbonization, more emphasis should be placed on this rapidly evolving and highly contested field.

3.4 Underlying reasons for UNIDO's relatively weak standing in terms of thought leadership

3.4.1 Lack of consensus on the importance and understanding of UNIDO's thought leadership

Underlying the observed deviation from UNIDO's convincing ToC and the pitfalls related to the current de facto business model seems to be a lack of clarity and internal consensus regarding the interpretation of UNIDO's mandate. While the mandate is stated in UNIDO's core documents, three aspects merit further internal discussion.

First, as outlined before, there seems to be disagreement on **how much UNIDO should aspire to be a thought leader** and a knowledge organization rather than a project implementation agency. While the ToC places strong emphasis on the former and UNIDO's personnel (especially at headquarters and among permanent staff) clearly want a stronger focus on thought leadership, the current incentive structure is geared towards project implementation at the expense of normative functions.

Second, it is not entirely clear which **aspects of thought leadership UNIDO wants to prioritize**. At least three aspects may be distinguished here:

1. UNIDO may aspire to be **a thought leader that develops global norms and governance innovations** for dealing with new challenges related to industrial development. This would fit its unique profile as a UN specialized agency without its own vested interests. Examples include support for fair and transparent rules for industry-related subsidies – an increasingly relevant topic given the subsidy race between major economic powerhouses that distorts investment flows to the detriment of developing countries; supporting the Climate Club for ambitious industry decarbonization and the Technology Mechanism that emerged from the UN Climate Change process to enhance technology development and transfer to developing countries; the development of norms and standards for climate accounting in industry and the development of harmonized standards for low-carbon industries and hydrogen; the establishment of international regulations as well as knowledge transfer regarding battery manufacturing and recycling, or guidelines for trade in second-hand cars and garments that do not jeopardize local industries; or regulating the digital sphere in a way that protects societal interests and local industries. UNIDO would then need to invest more in processes around climate change, G7 and G20, and join forces with other international agencies and

strengthen its own convening function. From a global perspective, there is also demand for international peer learning on ISID matters.

2. Building on its country diagnostics, UNIDO may become the agency policymakers (especially those in Low- and Middle-income Countries) turn to in search for **national industrial development strategies** tailored to the specific needs of their countries and sectors. As most advanced economies have a dense network of technology institutions, ministerial and inter-ministerial task forces, think tanks, and specialized service providers for economic development and business associations, UNIDO may not have the capacity to add much complementary expertise. Yet, many low- and lower-middle income countries lack such an institutional framework and therefore rely on external support. Here, UNIDO can provide expertise on overall industry trends and regulatory requirements, international lessons learned about the use of specific instruments (such as de-risking instruments, special economic zones, local content requirements) as well as general lessons on good practices for industrial policy implementation (such as conditionalities, sunset clauses, involvement of private service providers to increase competition in the service market, among others). UNIDO is relatively well-positioned in this field (e.g. EQuIP tool and training) but could further strengthen this through systematic codification of experiences, comparative analysis and deeper engagement with key Ministries in member states.
3. UNIDO may also become **a thought leader that drives and instills new ideas in private sector initiatives** aimed at industrial development. UNIDO might strive to become the UN agency, together with UN Global Compact, that drives sustainability discourses and applied solutions in and with the private sector. In a post-ODA world, with diminishing public funds for international cooperation, cooperating with private sector associations becomes even more important. UNIDO could engage more with influential organizations that drive forward-looking discussions with business leaders – such as the World Business Council for Sustainable Development and Business for Nature. It can support initiatives such as the Science-Based Targets Initiative, a corporate initiative that defines standards and helps to implement ambitious science-based emissions reduction targets, or the Glasgow COP global coalition of countries, cities and carmakers committed to ending the era of fossil-fuel powered vehicles by 2040. It might leverage its established private sector contracts to further strengthen its Sustainable Supply Chain priority theme. Global supply chains are driven by leading transnational corporations as „chain governors,” hence alliances with them could provide a strong lever for change.

While these are not mutually exclusive, a clear direction on their relative importance is required to align incentive systems and allocate resources correspondingly.

Third, there is a lack of clarity on **what is in the realm of UNIDO's core competence of “sustainable and inclusive industrial development”**. Industrial development may be interpreted in a narrow (manufacturing) or a broad way, where “industry” comprises opportunities arising in areas such as software development, business process outsourcing and other non-manufacturing sectors applying industry-typical forms of production. Given the increasingly blurred boundaries between sectors (e.g. manufacturing and services, agriculture and agro-processing), some interviewees asked for a clearer definition of UNIDO's mandate in terms of sector coverage. This also pertains to the new priority area “ending hunger by cutting post-harvest losses.”

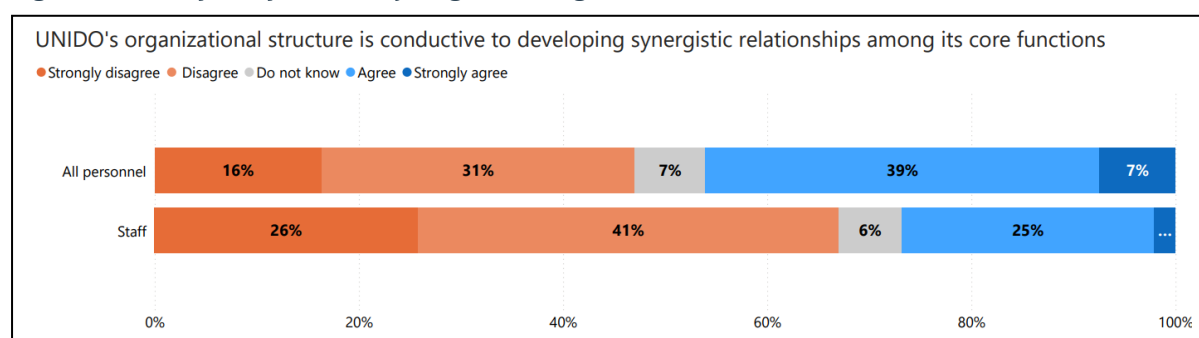
3.4.2 Lack of integration of core functions and TC money delivery bias

UNIDO's business model is theoretically based on the integration of its four core functions. The aspiration is to combine knowledge creation via industrial research, policy analysis and statistical services with the development and promotion of industrial norms and standards, policy advice, convening functions and technical cooperation. Implementing solutions with partners in government and industry informs normative activities and vice versa. The ToC makes a convincing argument for these synergies, emphasizing the integration of UNIDO's various functions. UNIDO staff is very supportive of this ToC, as an ample majority confirms that "UNIDO's four core functions are well articulated to fulfill its mandate" – although challenges persist in the actual ability to leverage the synergies expected from the articulation of the complementary functions.

De facto, UNIDO's business model has deviated substantially from the stylized model of the ToC. The institution has increasingly moved towards operational project implementation with greater focus on expenditures at the expense of results, impact and thought leadership in the various dimensions identified in Section 1.1. This explains why the agency's unique assets are not adequately leveraged to deliver thought leadership, despite increasing demand for UNIDO's normative function. Based on survey results, interviews, and focus group discussions, critical aspects that diminish UNIDO's thought leadership role are elaborated below.

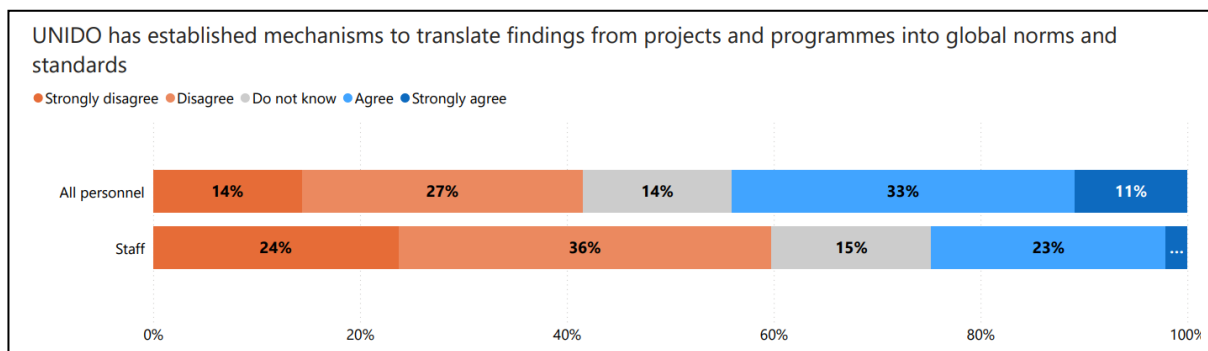
Overall, nearly half of UNIDO's personnel seem to identify problems with the organizational structure (47% to be exact). Looking at UNIDO's permanent staff (and HQ – as patterns are similar, they are not included here; see Annex 4 for a detailed breakdown), there is a widespread perception that the organizational structure of the agency is *not* conducive to developing synergistic relationships among its core functions. Attention needs to be paid to the fact that staff and HQ have a significantly more negative perception of the overall organization structure as it affects overall corporate identity and motivation (Figure 17).

Figure 17: Staff perceptions of synergies among UNIDO's core functions



Similarly, personnel perceive a lack of mechanisms to translate findings from projects and programmes into global norms and standards (Figure 18).

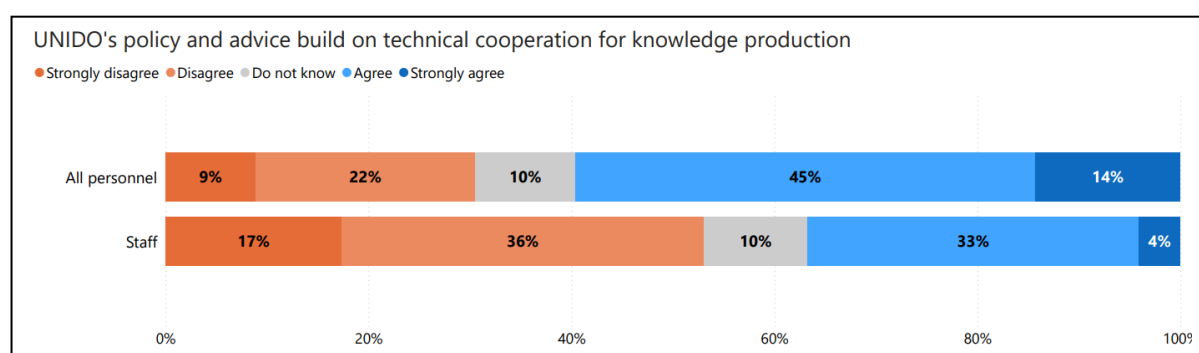
Figure 18: Staff perceptions of interactions among programmes, norms and standards



This evidence was further specified in the survey and qualified during the in-depth interviews in which challenges in the organizational structure were ascribed to several internal factors identified at different levels of UNIDO.

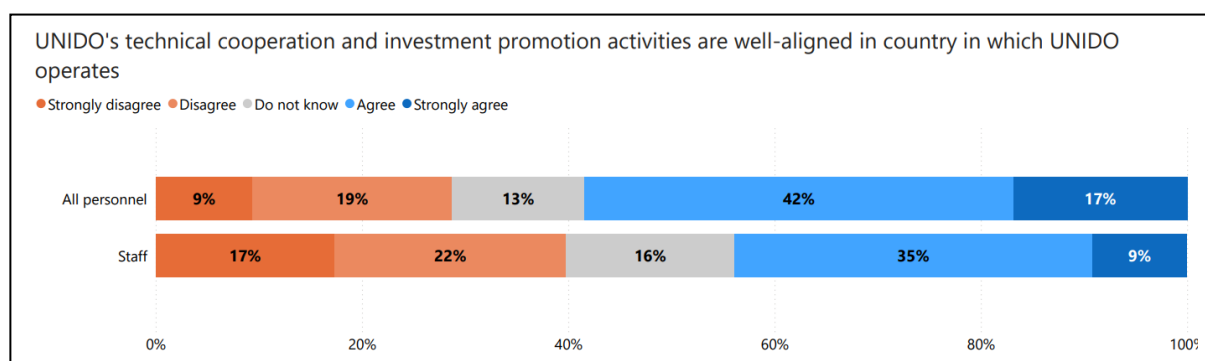
First, there is a general sense that the more UNIDO has shifted towards a TC implementation agency, the more this has happened at the expense of its normative function, thereby leading these functions to drift apart. Specifically, UNIDO's staff and HQ are both significantly critical of the ability to feed insights from TC back into the research and policy work (Figure 19). In-depth interviews highlighted how this drifting apart is due to multiple internal factors reinforcing each other. For example, the research and policy functions are increasingly detached from country-specific knowledge and detailed insights emanating from specific programmatic actions and TC instruments. Challenges with knowledge capture and codification on the TC side have not helped either.

Figure 19: Relationship between policy analysis & advice and technical cooperation at UNIDO



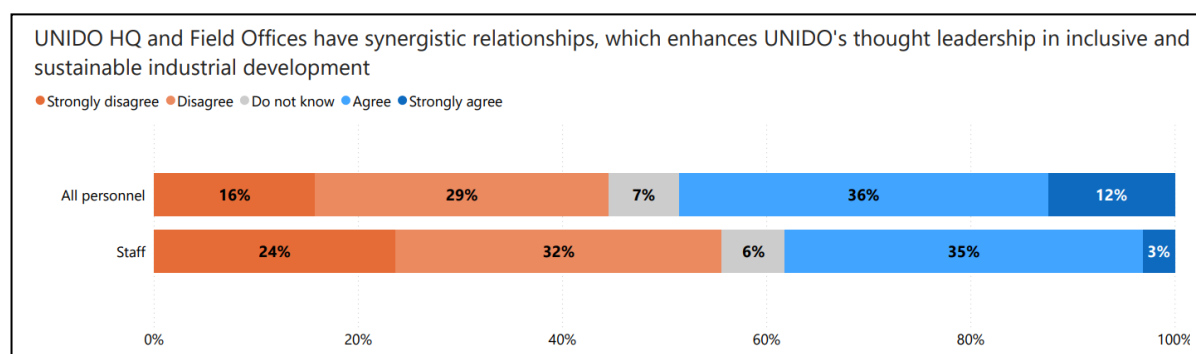
Second, investment promotion does not seem to be very well aligned with TC at the country level. Interviews suggested difficulties in developing a joint approach for all ITPO offices as those are funded by host countries, which link their funding to specific requirements in each case. Moreover, interviewees observed that investment promotion activities are neither informed by UNIDO's TC projects or policy work nor inform those. Even the convening role at HQ level that explicitly focuses on investment promotion is not coordinated with the ITPO network (Figure 20).

Figure 20: UNIDO's investment promotion activities and TC



Third, synergies between headquarters and field offices, as well as between TC and investment promotion activities remain ad hoc and patchy (Figure 21). When they work well it is mainly because of inter-personal working relationships between staff, more than because of purposefully designed institutional and organizational mechanisms. The evidence suggests that challenges are more acute in the HQ and Field Office interfaces, while less so in terms of TC and investment promotion.

Figure 21: Synergies between UNIDO HQ and Field Offices



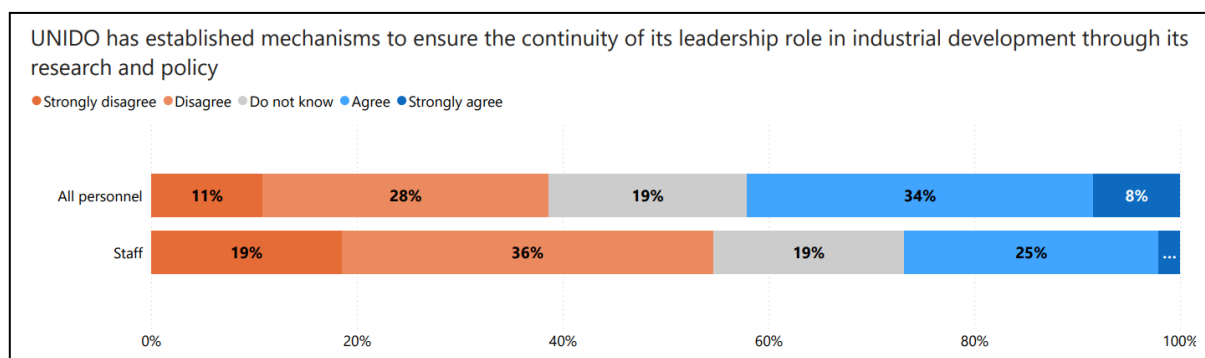
Lack of integration of core functions as well as the too strong focus on TC project implementation has been addressed by several evaluations before,²⁵ but does not seem to have led to corresponding reforms.

3.4.3 Neglect of research and thought leadership

The flip side of the TC focus is the neglect of its investment in research and policy expertise. The research and strategy division is severely understaffed and has been further reduced in the more recent past. Only about half of all personnel and even fewer permanent staff believe that UNIDO has established mechanisms to ensure the continuity of its leadership role in industrial development through its research and policy, and again this assessment is much more critical among permanent staff and at HQ level (Figure 22).

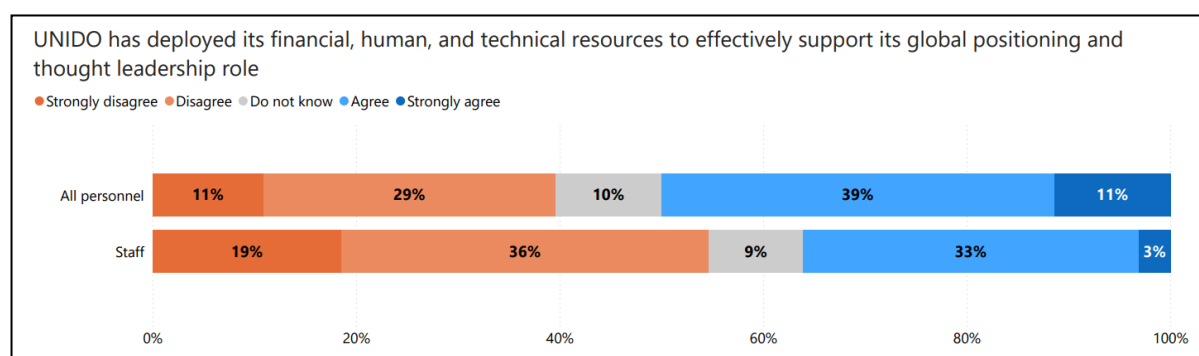
²⁵ Especially the Independent Thematic Evaluation on UNIDO's Global Forum Function (UNIDO, 2013); the United Nations Industrial Development Organization (UNIDO) 2019 Performance Assessment (MOPAN, 2019); and the Independent Strategic Evaluation: UNIDO's Capacity to Contribute to Transformational Change (UNIDO, 2022)

Figure 22: UNIDO's mechanism on ensuring its leadership in industrial development research and policy



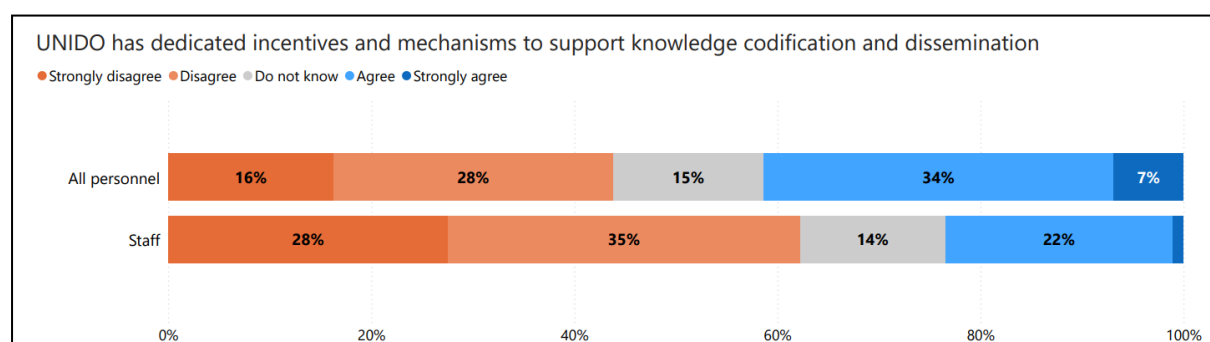
Similar results shown in figure 23 were obtained with regard to deployment of resources to support UNIDO's global position and thought leadership.

Figure 23: UNIDO's resource dedication to support its global positioning and thought leadership



... and whether UNIDO has dedicated incentives and mechanisms to support knowledge codification and dissemination (Figure 24).

Figure 24: UNIDO's incentives and mechanisms to support knowledge codification and dissemination



Interviewees mentioned the existence of several repositories of data, specifically the Solutions Platform, LKDF, and the Knowledge Hub. Yet, the feeling persists that much of UNIDO's substantive expertise on ISID matters is not captured, as there is little incentive for project staff to dedicate time to collecting data, developing baselines, quantifying results, documenting key findings, and comparing and integrating learnings from other related activities within or outside the organization. Moreover, interviewees voiced some criticisms regarding user-friendliness of repositories and observed that knowledge

captured in UNIDO's internal repositories is not easily accessible to show UNIDO's expertise to the outside world.²⁶

While the UN 2.0 call has been heeded by its peers, UNIDO has not effectively and consistently promoted digitally enabled solutions to improve its own codification of knowledge, service delivery, and collaboration. This digitalization of UNIDO's activities would also help in conducting strategic foresight to better understand global trends and navigate change in line with the SDG agenda. Many interviewees highlighted the need for better, digitally enabled knowledge management systems. As knowledge management has been the subject of a recent separate evaluation,²⁷ this report, while confirming the need for improvement, does not go into detail.

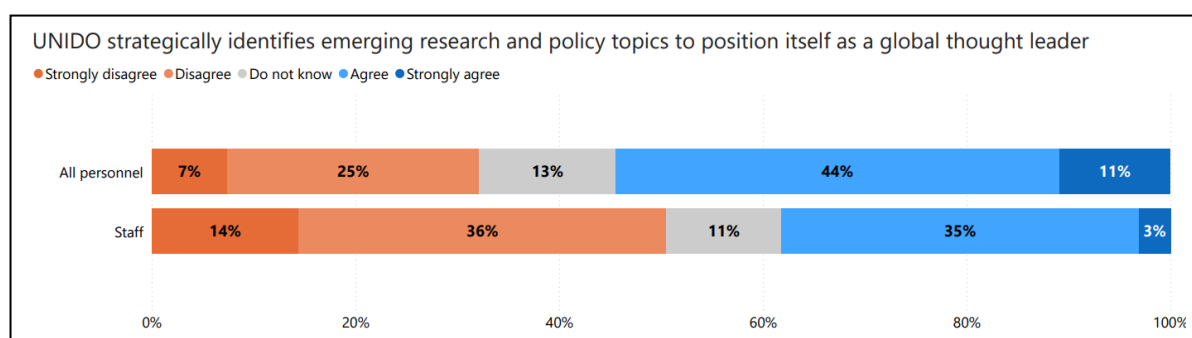
Finally, both the survey and interviews pointed to the need for better mechanisms to screen new developments and research gaps in industrial development, such as foresight analyses. One-third of personnel and half of permanent staff feel that UNIDO does not strategically identify emerging research and policy topics to position itself as a global thought leader (Figure 25). As a result, UNIDO may miss out on important opportunities. For example, when shortage of vaccines and medical supplies during the COVID pandemic triggered strong efforts in Low- and Middle-income Countries to build resilient domestic industries and increase supply chain resilience, UNIDO might have designed a support programme, but failed to identify the gap early on and react quickly. Similarly, countries need to develop responses to upcoming EU carbon border adjustments affecting their exports, but UNIDO does not seem to have identified this as a potential driver of change for industrial development. It should be noted that three independent foresight studies have recently been commissioned to identify relevant trends regarding DG's priority topics. These in turn will be feeding into Vision 2050, which is currently also work in progress.²⁸ For several other themes – for example, implications of various IT developments (AI, platform economies, 3D printing, among others on industrial development; US trade policy's implications for developing country exports; who benefits, who will be negatively affected by carbon border taxes?) UNIDO lacks the foresight mechanisms required to support national coping strategies.

²⁶ At the time of writing this report, a new tool was introduced that replaces Open Data, called Compass. According to the announcement email, "Compass has been designed to improve data accessibility, user experience, and overall transparency. It reinforces UNIDO's commitment to openness, accountability, and stakeholder engagement, offering a centralized, user-centric platform that provides a clear and structured view of our global activities, partnerships, and results." It is too soon to assess this new interface, but the evaluation team acknowledges UNIDO's efforts in upgrading its information repository system.

²⁷ UNIDO, 2024, *Strategic Evaluation of UNIDO's Knowledge Management*.

²⁸ Currently, a management initiative has launched the discussion and formulation of a "UNIDO Vision 2050." The evaluation team reviewed a draft version where it provides some elements related to a fair and inclusive global economy, where industry is a key driver of sustainable development, climate resilience, and shared prosperity. The operationalization of the Vision 2050 (if approved) should also consider the findings and areas for improvement and action provided in this evaluation, together with the current strategic guidance included in the MTPF and governing bodies guidance.

Figure 25: UNIDO's strategic positioning as a global thought leader



It should be noted that the costs of the current project and money driven bias and neglect of normative functions - in terms of limited agenda-setting power, reputational risks and decreasing corporate identity – have been recognized by the Office of the Director General office, indicating that stabilizing UNIDO financially required a temporary augmented project implementation effort, with plans to focus more on normative functions going forward.

In the past, UNIDO experimented with promising instruments aimed at strengthening the link between research, policy work and project implementation. As a good practice example of research being used to improve UNIDO's technical cooperation strategy, interviewees referred to the COMPID initiative implemented in the early 2000s (Box 8).

Box 8: Strategic research for organizational learning: The COMPID Initiative

In the early 2000s, UNIDO recognized a need to deepen its analytical capacity to better address industrial marginalization and poverty in developing countries. To bridge its normative research and operational work, the organization launched the *Combating Marginalization and Poverty through Industrial Development* (COMPID) initiative, funded by Denmark and implemented from 2002 to 2006.

The initiative was structured around five research themes -- ranging from SME development to technological change -- executed by leading institutions such as the Overseas Development Institute, the German Development Institute, and the Institute of Social Studies. A rigorous academic peer review process ensured research quality, while a final high-level conference validated results and stimulated cross-sectoral dialogue. The initiative aimed not only to generate knowledge but also to strengthen UNIDO's position as a learning organization.

COMPID stands out as a good practice in strategic research and policy integration. Its outputs directly informed policy and programmatic approaches -- for example, SME research helped shape UNIDO's differentiated SME technical cooperation strategy, while the work on social capital reinforced its cluster development model. Despite implementation challenges, COMPID contributed to a culture of evidence-based programming. It also provided valuable lessons: the importance of participatory research design involving TC staff; the need for diversified, user-friendly outputs beyond academic reports; and the value of high-level sponsorship to ensure strategic impact. By institutionalizing these insights, COMPID laid the groundwork for future results-based research efforts and demonstrated how UNIDO's normative work can shape both organizational strategy and field-level practice.

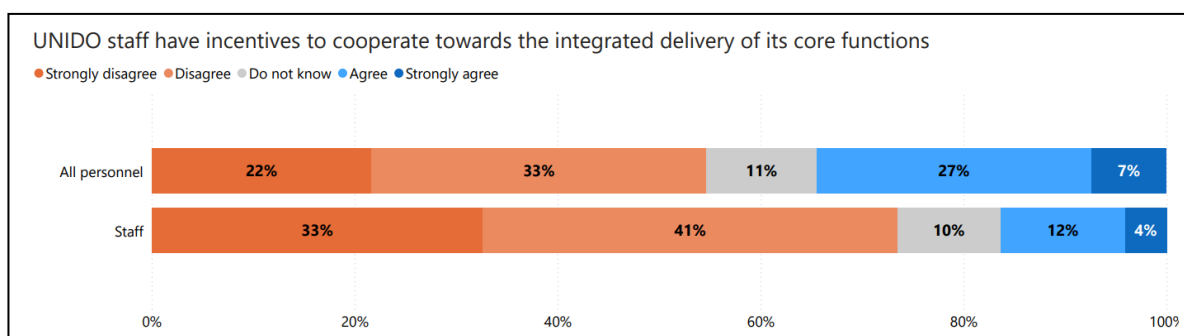
3.4.4 Internal incentive systems discourage thought leadership

Personnel attributes the lack of synergies across core functions to UNIDO's internal incentive system. In particular, the increasing pressure to mobilize and implement 25% more year on year was addressed time and again to be detrimental to integrated service delivery. This incentive puts significant pressure on TC managers and directors of units who

are expected to meet such targets, sometimes at the expense of collaborative initiatives involving different parts of the organization. The last years have been interpreted by large numbers of the staff interviewed as a signal to strengthen technical cooperation at the expense of other functions. Many voiced statements like “We have become a TC-driven organization.”

The push for TC project implementation was perceived as stressful and not leaving time for any effort to codify accumulated know-how within the organization, and ultimately disincentivizing cooperation (Figure 26).

Figure 26: UNIDO staff's incentives to cooperate



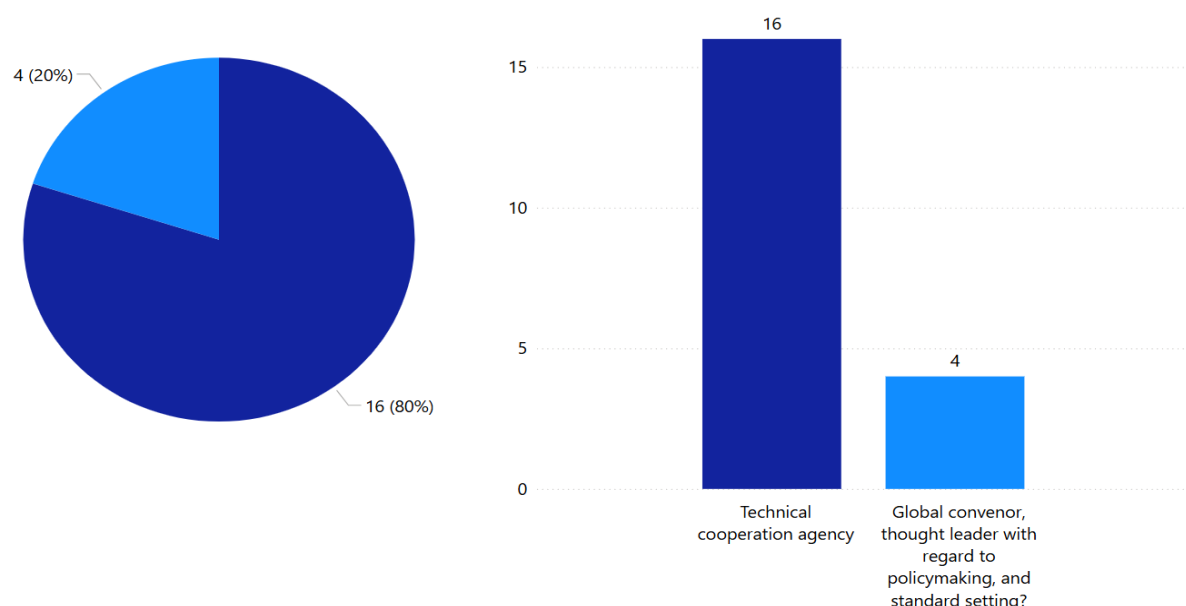
Internal competition for attracting scarce financing resources from outside is particularly fierce, given UNIDO’s current position. Donors set the terms and targets of financing, and UNIDO is not always the “chosen funding allocation target.” Interviewees highlighted that over the years UNIDO has become a more “residual funding allocation target” for donors, especially when countries need to meet their allocation quota to multilateral agencies. Being a residual allocation target exposes UNIDO to several challenges. First, UNIDO is an easy target if member states or governments need to cut funding – this is an increasingly critical challenge given broader cuts to aid among key member states. Second, UNIDO might face further competitive pressures from larger agencies in accessing funding in a global environment with increasingly scarce resources.

Pressure to attract more funding in conjunction with unproductive internal competition for funding has further impacted the overall composition of UNIDO’s portfolio of projects. Several interviewees stressed that to meet the 25% target UNIDO managers are getting projects of all scale – including smaller projects where margins for impact are limited – and in areas that are not necessarily strategic.

Interviewees voiced concern that UNIDO’s current “project bias” and neglect of normative functions may set UNIDO on an irreversible track: If member states, especially those offering major voluntary contributions, perceive UNIDO as “just another TC implementing agency” with only limited normative competencies, they may request and fund only project implementation. Figure 27 shows that of the 20 member states that responded, 16 perceive UNIDO mainly as a TC agency rather than a global convener and thought leader. While not representative, it is indicative of a greater sentiment across the organization.

Figure 27: Member states' perception of UNIDO

Do you perceive UNIDO mainly as:

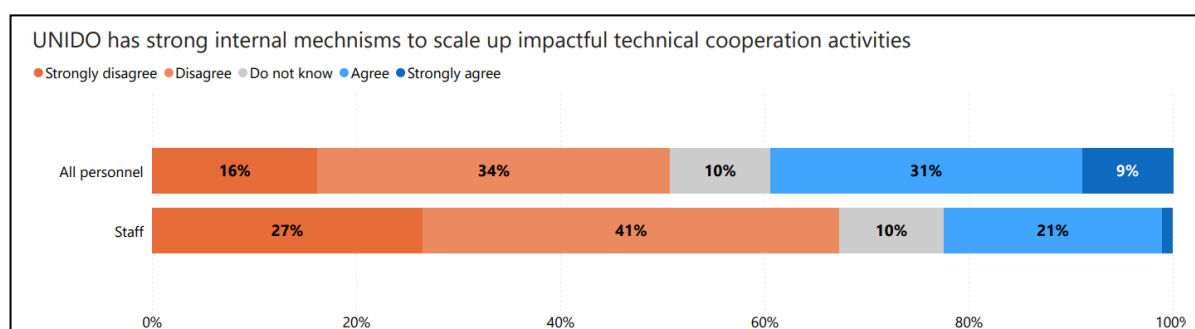


Source: own compilation

3.4.5 Insufficient mechanisms for scaling up

UNIDO's Theory of Change makes a convincing case for using UNIDO's vast in-country and project experience as a field of experimentation, testing optimal interventions and then scaling up the most successful solutions. Yet, there is a perception among personnel that more can be done to achieve such upscaling (Figure 28).

Figure 2828: UNIDO's internal mechanisms to scale up TC



3.4.6 Untapped opportunities for collaboration with external partners and strengthening UNIDO's convening function

UNIDO is relatively small compared to other international agencies with partly overlapping mandates, such as the World Bank, IMF, FAO, and IEA and even some national agencies, such as GIZ. For UNIDO it is thus even more important to collaborate and exploit synergies. UNIDO has ongoing collaborations, e.g. within the UN family with UNDP and UNEP and in an institutionalized form with the Partnership for Action on Green Economy (PAGE). Also, UNIDO co-publishes reports, e.g. with IRENA, and engages with leadership fora such as the World Economic Forum.

This said, interviewees suggested that more could be done to advance global industrial development via collaborations, thereby strengthening UNIDO's role and reputation as a knowledge provider and thought leader. Examples include collaboration with the World Bank, which clearly lacks industrial development and policy expertise; with the Intergovernmental Panel on Climate Change (IPCC) Working Groups on industry decarbonization issues; and with the World Business Council on Sustainable Development (WBCSD) on private sector solutions. Given UNIDO's strong profile in clean industry development (industry decarbonization, circular economy, eco-industrial parks, etc.), enhanced partnerships with UNEP seem to be particularly promising. Also, interviewees suggested stronger collaborations with academic centers renowned for their industrial policy expertise (Columbia, Harvard, Peking, Johannesburg and Cape Town Universities, University College London, and others). Such collaborations may be encouraged via Memoranda of Understanding (MoUs), regular visits, staff exchanges, and incentives for joint events and reports.

Related to this, the partnerships are seen as a way of strengthening UNIDO's convening function, which in turn is essential to enhancing UNIDO's thought leadership profile. The World Without Hunger Conference held in 2024 jointly with the African Union Commission, the Government of Ethiopia and the FAO were mentioned as a good example. UNIDO's established international fora, especially the Vienna Energy and Climate Forum and the Multilateral Industrial Policy Forum, might increase their impact through strategic partnerships. Interviewees observed that UNIDO's convening efforts are less prominent compared to larger organizations like UNDP and the World Bank. Strengthening its presence through focused conferences and thematic talk series could reinforce its leadership in industrial development discussions.

4 Conclusions

Demand for a specialized agency with a mandate for inclusive and sustainable industrial development, one that is able to timely and substantively assist governments (and the private sector, through the respective governments) in navigating the challenges of industrial policy in a world of global imbalances has never been as large as now. UNIDO can seize this opportunity to become the thought leader, convener and facilitator for industrial development, with an innovative approach at the country level and an authoritative positioning in the multilateral arena.

While there is a widely shared view that UNIDO has strengths to build upon but is not a global thought leader, there are different views of how UNIDO might try to strengthen this role. The following SWOT Analysis summarizes the main evidence findings.

Table 1: SWOT Analysis of UNIDO's Thought Leadership in Industrial Development

STRENGTHS <ul style="list-style-type: none"> • Clear Constitutional mandate • Complementary core functions • Technical cooperation that connects to country level • UNIDO recognized as neutral broker between government and private sector • Expertise in some technical fields with increasing demand (e.g., green industrial parks, circular economy, industrial decarbonization) • Some long-standing direct engagement with private sector • Agility to engage with partners and acquire new projects 	WEAKNESSES <ul style="list-style-type: none"> • Technical cooperation/money-biased business model • Limited research and policy capabilities • Insufficient incorporation of practical learnings into normative functions • Inappropriate incentives and metrics • Limited competencies in technical fields with increasing demand (e.g., digitalization, AI, critical minerals) • Internal competition translating to limited cooperation across units • Lack of synergies between TC, ITPOs, research and policy, and convening function • Lack of project upscaling • Increasing weakening of in-house technical expertise
OPPORTUNITIES <ul style="list-style-type: none"> • Growing demand for expertise in industrial development at country, regional and global level • Increasing need to convene multilateral dialogue on industrial policy • UNIDO as an attractive partner for countries concerned with current erosion of multilateralism and rules-based global economic governance • Creation of unique knowledge products based on technical cooperation • Integration and use of UNIDO field network • Increasing demand for neutral brokers 	THREATS <ul style="list-style-type: none"> • Reduction in funding allocation to multilateral organizations and global challenges • Increasing competition for funding within the UN • Challenges to multilateralism

The findings presented above highlight both external and internal factors that have contributed to UNIDO's inertia in performing a more robust, strategic, and impactful normative function and thought leadership. The fact that these factors are interlinked and

reinforce some of the patterns highlighted above means that UNIDO will need to adopt a multipronged approach to drive its strategic refocusing towards global positioning and thought leadership. This means addressing both internal and external factors in an integrated manner.

Internal factors are mainly driven by the current business model and the underpinning set of incentives and reward metrics. There are also path-dependent dynamics internal to the organization which have contributed to an increasingly fragmented portfolio of projects, imbalances across the core functions, and missed alignment between TC and research and policy work supporting UNIDO's normative role. Over time these misalignments have potentially changed the unique resource mix and assets that UNIDO has traditionally had, with potential loss of specialized technical capabilities and a shift towards a more opportunistic than strategic focus on projects.

Specifically, the incentives under which UNIDO personnel operate are biased towards the pursuit of additional funding, mainly in the form of technical cooperation projects, with little consideration for whether they add to UNIDO's knowledge stock or strengthen UNIDO's thought leadership. In fact, increasing project turnover is the only "hard" incentive. Pressure to meet the 25% increase in annual implementation target was regularly mentioned to come at the expense of time and effort invested in knowledge products and exchange across teams. Hence, it is felt to be undermining UNIDO's ability to systematically extract lessons learned, and compare, codify, and disseminate learnings.

UNIDO's current business model has emerged as a response to external factors – mainly the reduced contribution by member states and the need to focus on TC at the expense of UNIDO's normative functions. The interplay between external and internal factors has led to mixed results and trade-offs. On the one hand, UNIDO has become more agile and resilient in an increasingly challenging and competitive funding environment. As a result, UNIDO is now in a relatively good financial position relative to other project-implementing organizations. On the other hand, the strong focus on increasing the number of TC projects has come at a considerable cost in terms of thought leadership as well as corporate identity, especially in HQ and among permanent staff. The strong pressure (and enormous success) in terms of project implementation is currently a matter of concern among personnel, leading to neglect of normative functions and eroding motivation and corporate identity.

External factors are also driven by member states' perception of UNIDO as mainly an implementation agency – especially for countries with limited domestic capabilities – and an agency dealing with a type of economic policy – industrial policy – which is perceived to result in zero-sum game outcomes. The idea that industrial policy is about pursuing national interests undermines opportunities for aligning interests and achieving more mutually beneficial outcomes. Interviewees have, however, highlighted how member states have different perceptions, expectations, and interests with respect to UNIDO. It is therefore critical to identify and build a coalition of willing countries, who believe in the need for a multilateral agency like UNIDO to focus on its core mandate and normative function. It is also critical to invest in UNIDO's institutional capacity to address the increasing demand from countries.

There is increasing demand for upstream work and industrial policy; however, the requests are mainly focused on implementation challenges, including effective policy design, institution building, policy enforcement and coordination among stakeholders with divergent interests and different capabilities. Exercising thought leadership at the country

level in these areas requires grounded engagement with sectors, stakeholders, and governments as well as sufficient space for experimentation. UNIDO staff have years of experience and a wealth of knowledge about practical implementation on the ground, but the organization seems to have failed to collect and codify this experience, compare across countries, and make lessons learned available to other parties. UNIDO could be uniquely positioned as a thought leader if it integrated projects and normative functions more systematically – by leveraging its TC and using it as a policy testing laboratory and a platform for selecting, scaling up, and disseminating models and policies that deliver the best development outcomes.

Structured peer learning among policy experts on, and from, Low- and Middle-Income Countries could become a key deliverable to enhance UNIDO's thought leadership. This could be exchanges among countries experimenting with alternative approaches to common challenges (e.g. Indonesia, Chile, Brazil exchanging lessons on concrete policy successes and failures to add value to critical raw materials). These peer learnings are particularly fruitful if they are embedded in a well-organized process including preparation (e.g. overview of relevant cases), documentation of results, and potentially follow-up rounds. Likewise, larger conference formats, such as the Multilateral Industrial Policy Forum and the International Vienna Energy and Climate Forum can build on these peer learning formats and disseminate policy insights to a larger audience.

Country level engagements and engagements at the multilateral level cannot be effectively performed without investments and mainstreaming of the research and policy function. The capacitation of this function is both a matter of quantity of invested resources and profiles of competences which are needed to capture and codify the substantive in-house expertise, engage with international centers of excellence in the field of ISID and conduct some applied comparative research along UNIDO's main lines of work.

In previous years, organizational transformations have come at a cost: the rising imbalances between UNIDO's core functions, in particular, the reduced centrality of its normative function and institutional capacity. With increasing demand for thought leadership and normative role in industrial development, UNIDO is reaching a critical crossroads. While UNIDO writes a new chapter in its evolution, questions around its positioning and thought leadership acquire central importance both as a reflection of the past and as a way of reimagining its future and distinctive value proposition within the multilateral landscape. Specifically, to what extent UNIDO can enhance its thought leadership and pivot towards a more resilient and sustainable future for the organization, and a more effective delivery of its mandate, are questions that the organization needs to answer.

5 Areas for Improvement

UNIDO has a unique mandate to promote inclusive and sustainable industrial development, and its business model – as described in its Theory of Change – is well-designed to learn from industrialization projects around the world, especially in Low- and Middle-income Countries and, on this basis, organize knowledge-sharing and transfer and inform convening aimed at improving conditions for industrial development globally. In practice, however, UNIDO acts mostly as an agency for technical cooperation like many others, leaving its potential for thought leadership largely unexploited. The following areas for improvement aim to strengthen UNIDO's role as a thought leader in inclusive and sustainable industrial development.

While the findings provided in the report and the below areas require attention, ownership, and action at the highest organizational level, on the basis of the current UNIDO organizational structure, the Directorate of Strategic Planning, Programming and Policy (SPP/OMD) should be the focal point for coordinating with all other Directorates and for addressing the following Areas:

Area 1: Build and ensure shared institutional understanding, internally and with external stakeholders, of UNIDO's unique value proposition and corporate identity

UNIDO should clarify how it interprets its mandate, and on that basis develop a proactive communication strategy, both towards UNIDO's personnel and outside partners, that indicates UNIDO's commitment to strengthening its unique mandate, striving for thought leadership on issues related to industrial development based on a more consistent integration of its core functions.

In addressing this area for improvement, UNIDO should:

- a. decide on the appropriate combination of services that is most suitable to achieving its objectives and securing UNIDO's long-term contribution to inclusive and sustainable industrial development – currently, UNIDO is positioned between scenarios 1 and 2.

Scenario	Pros and cons	Organizational implications
Scenario 1: Technical cooperation agency specialized in industrial development	Pro: Proven expertise and ability to attract funding. Unique selling point may rest in industry expertise. Con: Misses out on UNIDO's unique role as credible neutral UN agency, potential thought leader on industrial development and policy, and global convener.	Keep emphasis on TC project implementation. No major changes in incentives and organizational structure are required.
Scenario 2: Technical cooperation agency with enhanced normative function	Pro: Maintains established focus on TC yet further strengthens impact by leveraging synergies between core functions.	Better integration of four core functions.

	Con: Not sufficient to become a thought leader on industrial development at eye's level with other international organizations.	Emphasis on learning from TC, codifying lessons, and informing policy work. Convening role better integrated. Invest in in-house expertise for research and policy.
Scenario 3: Global thought leader with grounded experience in policy implementation	Pro: Creates a unique comparative advantage that sets UNIDO apart from bilateral donor agencies; meets an untapped demand for political guidance on industrial development strategies in an increasingly turbulent environment. Con: Changing UNIDO's role requires gradually changing relationships with member states and may risk losing some contributors.	Considerable investment in organizational learning, knowledge codification and transfer, research, and policy work. Strong integration of conceptual and implementation work. Strengthening convening function and anchoring it in organizational expertise. New approach to TC, attracting innovative policy work and experimenting with new approaches, while turning down routine project implementation tasks.

- b. clarify the relative priority of different aspects and objectives of thought leadership, as described in Section 3.4: thought leader that develops global norms and governance innovations; thought leader on national industrial development strategies; and/or on private sector initiatives?

If UNIDO agrees to strengthen its normative function relative to its current position between scenarios 1 and 2, especially its thought leadership and global convening function, then it should:

- c. clearly communicate a renewed emphasis on thought leadership among all its personnel and adapt internal incentives (Area for Improvement 2 for details) accordingly. When doing this, it is important to celebrate joint achievements in terms of project identification, appraisal and approval, highlighting that such success was temporarily necessary to solidify UNIDO's financial basis but has now created new space to emphasize thought leadership.
- d. promote UNIDO's renewed emphasis on thought leadership among member states, encouraging them to engage UNIDO more in shaping their industrial policies; proactively negotiate voluntary contributions in support of normative functions and try to take over a leadership role in global programmes (e.g. those funded by GEF and GCF).

- e. signal UNIDO's renewed emphasis on thought leadership to external partners by investing in strategic knowledge partnerships with the most competent institutions in specific fields (such as IEA, FAO, UNEP, select academic centers).

Area 2: Establish an incentive system towards results and impact on ISID, to strengthen thought leadership

Establishing an internal incentive system that is results- and impact-oriented is central to overcoming the identified constraints. To address them, UNIDO should:

- a. change the focus of the current 25% additional TC delivery target and emphasize efforts towards UNIDO's normative functions, results and impact instead.
- b. place stronger emphasis on knowledge products in performance assessments for individuals and teams.
- c. encourage thematic teams to develop *Pathways to Impact* plans in which they systematically document their plans to integrate UNIDO's core functions.
- d. emphasize the importance of monitoring and reporting on results in order to create a feedback loop that allows for evidence-based articulation of value added from UNIDO work, feeding into articulation of policy and normative work.

Area 3: Strengthen and re-define the Research and Policy function (if Areas 1 and 2 are addressed)

In order to enhance UNIDO's thought leadership, UNIDO needs to both strengthen the research and policy functions and ensure knowledge from TC projects feeds into policy formulation. To do this, UNIDO should:

- a. create mechanisms that bring together TC and policy/research functions in order to enhance UNIDO's policy advisory roles.
- b. do a deep dive into other UN agencies that have been more successful in bridging together their TC and policy work, cementing their position as thought leaders in certain development fields.
- c. leverage the foresight exercises currently underway to screen new industrial development opportunities and challenges with a view to carving a future-oriented niche in industrial development.
- d. implement the recommendations and management action plans of the strategic evaluation on UNIDO's knowledge management in order to ensure it has an easily accessible repository of project experiences, knowledge products, good practices, and impact stories.

Area 4: Strengthen international peer learning, convening function and partnerships (if Areas 1 and 2 are addressed)

To strengthen its engagements and partnerships with stakeholders, UNIDO should:

- a. organize regular peer learnings involving international policy experts and practitioners, especially from Low- and Middle-Income Countries working on solutions for specific challenges related to industrial development. Strengthen UNIDO's convening function, bringing international key stakeholders together to promote inclusive and sustainable industrial development while focusing on a few niche areas that are aligned with UNIDO's mandate and key priorities.
- b. further strengthen partnerships with select partners, in particular:
 - with the private sector. UNIDO could engage more with influential private sector initiatives that drive practical, in many cases "green", innovative business practices and develop new ambitious voluntary standards for industry.
 - with other multilateral agencies. To strengthen its competencies and visibility as a thought leader for ISID-related global solutions (in addition to its policy support functions geared at individual countries), UNIDO may want to strengthen cooperation and leverage synergies with respect to industrial development with other multilateral institutions with similar and/or overlapping mandates.
 - with academic institutions. Thought leadership requires deeper engagement with academic institutions, especially industry-focused centers with an applied research perspective and policy think tanks.

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Annexes

Annex 1: Abridged Terms of Reference

Annex 2: Evaluations Matrix

Annex 3: Glossary of Evaluation-related Terms

Annex 4: Survey Results

Annex 5: List of Interviewees

Annex 6: Benchmarking analysis

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Annex 1: Abridged Terms of Reference

Title/Purpose	To undertake an Evaluation of Thought Leadership and Global Positioning of UNIDO in Inclusive and Sustainable Industrial Development
Recruiting Office	Evaluation and Internal Oversight/Independent Evaluation Unit
Location of Assignment	Home-based with travel to Vienna, Austria
Duration of Assignment	November 2024 – June 2025

I Introduction

The approved 2024-25 Evaluation Work Plan highlights three initiatives to guide the work of the Office of Evaluation and Internal Oversight (EIO) and to focus its strategic direction: (i) increasing the utility of EIO within UNIDO; (ii) driving innovation in EIO functions; and (iii) building strategic partnerships and collaborations with internal and external stakeholders. In pursuit of these strategic initiatives, EIO conducted an evidence gap assessment ranking the top ten domains that are key strategic areas in UNIDO with little to no evidence to offer insights into their performance, achievements, or challenges. UNIDO's global positioning and thought leadership on inclusive and sustainable industrial development (ISID) ranked on top of this list and was thus identified in the Work Plan as one of the strategic evaluations for 2024-25.²⁹

This topic is particularly salient in light of the recently held Summit of the Future and discussions about the post-2030 agenda as well as the General Assembly resolution on industrial development cooperation.³⁰ Furthermore, the quadrennial comprehensive policy review published late 2024 specifically addresses the importance of UNIDO's mandate in the achievement of the SDGs, emphasizing "the essential role of inclusive and sustainable industrial development as part of a comprehensive strategy of structural economic transformation in eradicating poverty and supporting sustained economic growth and thus contributing to sustainable development in developing countries, and invites the relevant entities of the United Nations development system to support efforts in this regard in line with the 2030 Agenda and the Sustainable Development Goals."³¹ In addition, since UNIDO is currently working on the next Medium-Term Programme Framework (MTPF 2026-29) and will be holding its upcoming session of the General Conference in November 2025, it is a good time to take stock of UNIDO's operations, with a focus on its functional areas pertinent to thought leadership: research and policy advisory services, normative standards-related activities, partnerships and convenings, as well as technical cooperation.³²

Indeed, UNIDO's Constitution emphasizes its important normative role in Article 2, according to which, creating new concepts and approaches to industrial development as well as

²⁹ UNIDO Office of Evaluation and Internal Oversight (2023), *Evaluation Work Plan 2024-2025*, [https://downloads.unido.org/ot/33/68/33684984/Evaluation%20work%20plan%20\(2024-2025\).pdf](https://downloads.unido.org/ot/33/68/33684984/Evaluation%20work%20plan%20(2024-2025).pdf).

³⁰ UN General Assembly (2024), A/79/441/Add.2, *Eradication of poverty and other development issues: industrial development cooperation*, 11 Dec 2024, <https://documents.un.org/doc/undoc/gen/n24/394/61/pdf/n2439461.pdf>.

³¹ UN General Assembly (2024), A/C.2/79/L.60, *Quadrennial comprehensive policy review of operational activities for development of the United Nations system*, (24 Nov 2024), para. 29, <https://documents.un.org/doc/undoc/ltd/n24/360/86/pdf/n2436086.pdf>.

³² See UNIDO's mandate, vision, and work at <https://www.unido.org/about-us/who-we-are>.

establishing institutional infrastructure for the provision of regulatory, advisory, and developmental services to industry constitute part of its mandate. Furthermore, Article 8 contains provisions on the adoption of normative instruments, stipulating that “the General Conference has the authority to adopt conventions or agreements with respect to any matter within the competence of the Organization.”³³ Similarly, UNIDO’s MTPF 2022-25 underscores the Organization’s normative role as catalytic to combining thought leadership, policy advice, and norms- and standard-setting activities to upscale ISID impact and influence global, regional and national sustainable development agendas.³⁴

At the United Nations, normative work is defined as “support to the development of norms and standards in conventions, declarations, regulatory frameworks, agreements, guidelines, codes of practice and other standard-setting instruments, at global, regional, and national level. Normative work also includes support to the implementation of these instruments at the policy level, i.e., their integration into legislation, policies, and development plans, and to their implementation at the programme level.”³⁵ In addition to a UNIDO report examining and making the case for the need to strengthen the Organization’s normative role,³⁶ several UNIDO-led independent evaluations in the recent past have highlighted gaps in the important normative and policy advisory role UNIDO should play in industrial development.³⁷ Similarly, assessments conducted by the Joint Inspection Unit (JIU)³⁸ in 2017 and the Multilateral Organization Performance Assessment Network (MOPAN)³⁹ in 2020 both found a prioritization of technical cooperation at the expense of research and standard setting, with the latter stating that “a lack of clear articulation of UNIDO’s normative role, and its results for ISID reduces the organization’s scope for contributing to ISID.”⁴⁰

UNIDO’s capacity and initiatives in setting norms and guiding policy greatly contribute to this international organization’s potential to achieve higher development impact while reaching for sustainable development goals. Defining challenges and innovative solutions to overcome them, sharing valuable knowledge through innovative research, and setting norms and standards with a clear vision for ISID constitute thought leadership; these are indeed activities that are central to UNIDO’s mandate.

II Background

UNIDO is a UN specialized agency with a mandate to promote and accelerate industrial development in developing countries.⁴¹ Its mission is rooted in the understanding that

³³ UNIDO (1979), *Constitution of the United Nations Industrial Development Organization*, https://www.unido.org/sites/default/files/2009-07/UNIDO_Constitution_0.pdf.

³⁴ UNIDO (2023), *2022-2025 Medium-Term Programme Framework: Integration and scale-up to build back better*, <https://www.unido.org/sites/default/files/unido-publications/2023-02/2022-2025-MEDIUM-TERM-PROGRAMME-FRAMEWORK-en.pdf>.

³⁵ UNEG Handbook for Conducting Evaluations of Normative Work in the UN System (2013).

³⁶ UNIDO (2022), *Advancing UNIDO’s Normative Role*, https://downloads.unido.org/ot/23/17/23171666/20210817_ProDoc_Normative_SAP%20210089.pdf.

³⁷ See *Evaluation of UNIDO’s Capacity to Contribute to Transformational Change* (2022), and *Strategic Evaluation of Knowledge Management in UNIDO* (2024).

³⁸ JIU (2017), *Review of Management and Administration in the United Nations Industrial Development Organization (UNIDO)*, JIU/REP/2017/1, <https://documents.un.org/doc/undoc/gen/g17/084/97/pdf/g1708497.pdf>.

³⁹ MOPAN (2020), *MOPAN 2019 Assessments: United Nations Industrial Development Organization*, <https://www.mopanonline.org/assessments/unido2019/>

⁴⁰ Ibid, p. 7.

⁴¹ See *Constitution of the UNIDO*, https://www.unido.org/sites/default/files/2009-07/UNIDO_Constitution_0.pdf.

industrialization is a critical driver of economic growth, poverty reduction, and overall socio-economic development while advocating for policies that balance industrial growth with environmental protection and social equity. Its normative function encompasses setting global standards, developing industrial norms, and providing policy guidance to ensure sustainable, equitable, and inclusive industrial growth. Aligned with UNEG's definition of normative work, UNIDO's normative activities are built on:

- Standard setting: establishing international guidelines for quality, safety, and environmental practices in industry;
- Policy development: offering strategic frameworks for industrialization that balance economic growth with environmental sustainability;
- Capacity building: strengthening national institutions and human resources to comply with global standards; and
- Knowledge dissemination: sharing best practices and data to inform decision making and promote innovation.

UNIDO's normative role and activities have influenced industrial policies and practices, which in turn have been central to UNIDO's research, policy advisory services, and development cooperation initiatives. UNIDO considers industrial policy as a key instrument for promoting inclusive and sustainable industrial development and provides countries assistance in designing and implementing strategies that drive economic growth, job creation, technological advancement, and environmental sustainability.

Since its establishment in 1966, UNIDO's role in shaping industrial policy has also evolved, encompassing a range of activities from technical assistance and policy advice to capacity-building and fostering of international cooperation. Over the course of its existence, UNIDO has contributed to discussions about industrialization through its industrial database and research; and although the Organization has been mostly reactive, there have been instances, in which it has shown strong thought leadership. UNIDO's intellectual contribution to industrialization is visible in its work on the sustainable development agenda. Since the 1990s, UNIDO has promoted cleaner production techniques, resource efficiency, and environmentally sound technologies, long before "green growth" was a household name. This shift was critical in aligning industrial strategies with global environmental goals, culminating in the adoption of SDG 9 (Industry, innovation, and Infrastructure). UNIDO has also influenced the thinking around industrial policy through its research on best practices and successful industrial strategies across various regions, thereby providing governments with critical insights into pathways to sustainable industrial development. These intellectual contributions have helped countries craft more effective industrial policies with the aim of fostering innovation, investment, and sustainable growth.

Recent policy work has emphasized the need to enhance the policy process, to coordinate policies across ministries, and to entice active stakeholder consultation through the policy process. Strong focus has also been attached to the implementation of policies, with a focus on learning, designing of M&E frameworks, and crafting of policy implementation plans that deliver. There has also been a shift from 'generic' industrial policy towards sector- and value chain-oriented policies, a shift that has aimed to foster cooperation between divisions specializing in policy and those with more 'technical' orientation, e.g., critical minerals

processing or remanufacturing. Some historical and more recent examples of UNIDO's contributions highlight its value added.

UNIDO's intellectual work - from its flagship Industrial Development Report series⁴² and statistical databases⁴³ to various platforms curating original research and practice in diverse areas of industrial development⁴⁴ - has both built on and fed into the work conducted in technical cooperation. All of these initiatives and products illustrate the important standard-setting and normative role played by UNIDO since its establishment. In fact, in its most recent MTPF (2022-25), UNIDO recognized that policymakers are turning to industrial policy to drive socioeconomic resilience and sustainable growth. The MTPF further emphasized thought leadership and convening of global partnerships as vital approaches to boost cooperation for ISID and catalyze transformative solutions.⁴⁵ More recently, recognizing industrial policy's return to the top of governments' agendas, UNIDO established the Multilateral Industrial Policy Forum (MIPF) as a global platform for Member States to engage in debates on how "industrial policies can best be leveraged to (i) promote productivity and growth; (ii) strengthen resilience and environmental sustainability; and (iii) address societal challenges."⁴⁶

Yet, while UNIDO has made strong contributions to industrial development, it needs to adapt to new industrial realities and challenges to remain relevant and impactful in the years to come. In the context of climate change and given that industrialization remains a strong driver of economic growth, it is ever more important for UNIDO to innovate in the field of green industrial policy. UNIDO can build on its experience of integrating environmental considerations into the core of industrial strategies in order to support industries in their shift to clean energy, resource-efficient manufacturing, and circular economies. Having foresight into future and emerging areas that will benefit from UNIDO's technical expertise will enhance this Organization's relevance, in particular due to its niche in industrial development.

Similarly, while UNIDO has made strides in influencing industrial policy, it can improve its impact as a strategic advisor. Governments, facing a complex policy landscape, require clearer and evidence-based recommendations that can be directly applied to national and regional contexts. By focusing on becoming a top-tier policy advisory service, UNIDO could provide tailored, actionable advice to governments while employing real-time data and country-specific insights to create future-oriented policy frameworks. As a UN specialized agency, UNIDO is in the position to offer unbiased policy advice balancing its currently heavier focus on downstream operations with upstream work.

As the world is advancing in an era of digital transformation, where advanced technologies such as automation, artificial intelligence, and robotics are reshaping industries, it is important that UNIDO position itself as a thought leader in this space. Irrespective of their level of development, all countries require research and policy advisory services in digital industrialization to navigate the complexities of Industry 4.0. By building expertise in emerging technologies, UNIDO can guide governments in creating policies that leverage automation, big data, and smart manufacturing for economic development. UN 2.0 could indeed offer a

⁴² See <https://www.unido.org/publications/industrial-development-report-series>.

⁴³ See <https://stat.unido.org>.

⁴⁴ Examples include: <https://iap.unido.org>, <https://lkdfacility.org>, <https://hub.unido.org>, among others.

⁴⁵ UNIDO (2023), *2022-2025 Medium-Term Programme Framework: Integration and scale-up to build back better*.

⁴⁶ See <https://www.unido.org/MIPF2023>.

framework for UNIDO to position itself globally as an innovative thought leader in the realm of green industrial policy, advancing inclusive and sustainable industrial development.

III Purpose, Scope, and Objectives

Purpose: In this light, this strategic evaluation of UNIDO's global positioning and thought leadership aims to facilitate stocktaking of the Organization's global positioning and normative role while suggesting ways in which UNIDO can strengthen its role as a thought leader in inclusive and sustainable industrial development. As a formative evaluation, the aim is to learn from moments and experiences, in which UNIDO has been recognized as an authority and led others in thinking on particular topics related to inclusive and sustainable development while considering ways in which the Organization can position itself globally as a credible authority and policy advisory service in industrialization.

Scope: This evaluation defines **global positioning** as the strategic role and influence UNIDO holds on the international stage in promoting inclusive and sustainable industrial development. This involves UNIDO's ability to shape global agendas, influence policy decisions, and lead international efforts in areas pertinent to industrial development. The evaluation defines **thought leadership** as the practice of leveraging expertise, unique insights, and innovative ideas to influence thinking in the field of inclusive and sustainable industrial development. As a thought leader, UNIDO's global positioning would manifest itself in a deep and forward-thinking understanding of industrial development, thereby being recognized as a trusted authority that drives discussions, inspires change, and provides a clear vision for the future. This requires not only reliance on UNIDO's technical expertise but also foresight into emerging areas and challenges, which the Organization can effectively and efficiently address.

As such, the evaluation will cover UNIDO's thought leadership during the 21st century with an emphasis on the Organization's current positioning in its niche of industrial development. There have been a series of studies that have taken a retrospective look to assess UNIDO's contribution to industrial development since its establishment as a UN specialized agency.⁴⁷ While this evaluation will take those studies into account, it will deploy a forward-looking approach that will facilitate discussions on how best to support UNIDO's efforts in reinforcing its expertise in the field of industrial development while identifying themes and areas within its mandate where it has a competitive advantage to serve as an innovative global thought leader.

Objectives: The evaluation will seek to accomplish the following objectives:

1. Assess UNIDO's thought leadership in as far as its normative, standard-setting, policy advisory, convening and development cooperation functions are concerned.
2. Evaluate the relevance and effectiveness of UNIDO's global positioning and thought leadership in inclusive and sustainable industrial development.
3. Identify and assess organizational weaknesses and factors constraining UNIDO's normative work and global positioning.

⁴⁷ See, for example, Youry Lambert (1993), *The United Nations Industrial Development Organization: UNIDO and Problems of International Economic Cooperation*, Praeger; Stephen Browne (2012), *United Nations Industrial Development Organization: Industrial Solutions for a Sustainable Future*, Routledge; and UNIDO (2016), *The Intellectual History of UNIDO: Building ideas from data and practice*.

4. Identify areas for improvement and elaborate on opportunities that can enable UNIDO's enhanced global positioning and thought leadership in ISID.
5. Identify initiatives and success stories in UNIDO's thought leadership and global positioning and assess the potential to replicate these while highlighting unsuccessful approaches that should be discontinued.
6. Assess the role of UNIDO's policymaking organs in the global industrial policy setting.
7. Provide actionable recommendations and trigger Management Action Plans to enhance UNIDO's thought leadership, including specific actions to be taken, timelines, and responsible parties.

IV Evaluation Approach and Methodology

This evaluation will be conducted in accordance with the Charter of the Office of Evaluation and Internal Oversight,⁴⁸ UNIDO Evaluation Policy,⁴⁹ UNIDO Evaluation Manual,⁵⁰ and the UNEG Handbook for Conducting Evaluations of Normative Work in the UN System.⁵¹ [UNIDO adheres to international standards and best practices articulated in the Norms and Standards for Evaluation in the UN System approved by the United Nations Evaluation Group \(UNEG\) in June 2016.](#)

The evaluation will be conducted as an independent, in-depth exercise using a participatory approach whereby all key parties associated with UNIDO's normative role – from policy advisory to technical cooperation – will be informed and consulted throughout the process. Informal consultations have already been crucial for the formulation of these terms of reference and will continue to feed into the process and outcome of this evaluation.

The evaluation will use a theory of change approach⁵² and mixed methods to collect data and information from a range of sources and informants. It will pay attention to triangulating the data and information collected before forming its assessment. This is essential to ensure an evidence-based and credible evaluation with robust analytical underpinning.

The theory of change will depict the causal and transformational pathways from activities to outputs, outcomes, and longer-term impacts. It also identifies the drivers and barriers to achieving results. Learning from this analysis will be useful for the design of future policy and advisory functions of the Organization while homing in on areas with the highest added value by UNIDO.

The evaluation will be carried out by two independent senior consultants with substantial technical knowledge and experience in industrial development at the strategic level and experience with UN agencies. EIO will provide at least two team members, who will be actively involved in the design and execution of the evaluation.

⁴⁸ UNIDO (2020), Director General's Bulletin: Charter of the Office of Evaluation and Internal Oversight (DGB/2020/11).

⁴⁹ UNIDO (2021), Director General's Bulletin: Evaluation Policy (UNIDO/DGB/2021/11).

⁵⁰ UNIDO (2024), *Evaluation Manual*, <https://downloads.unido.org/ot/31/37/31371641/Evaluation%20Manual.pdf>.

⁵¹ UNEG (2013), *UNEG Handbook for Conducting Evaluations of Normative Work in the UN system*, New York, <https://unsdg.un.org/sites/default/files/UNEG-Handbook-for-Conducting-Evaluations-of-Normative-Work-Final-ENGLISH.pdf>.

⁵² For more information on Theory of Change, please see UNIDO [Evaluation Manual](#).

1. Data collection methods

The following instruments will be used for data collection:

- a) **Desk and literature review** of documents related to UNIDO's normative and standard setting role, research activities, convening and policy advisory function.
- b) **Benchmarking** of UNIDO's normative, policy and standard-setting and convening functions against other specialized UN agencies active in industrial development, including FAO, IFAD, ILO, IMF, ITC, UNCTAD, UNDP, UNEP, the World Bank, and WTO.
- a) **Stakeholder consultations** will be conducted through structured and semi-structured interviews and focus group discussions.
- b) **Citation analysis** to gauge UNIDO's policy influence (Overton) and utility in scholarly and research activities (Google Scholar, Scimago).
- c) **Content inventory** to assess prioritization of thematic areas over time.
- d) **Online data collection** methods will be used to the extent possible.
- e) **Surveys** to be conducted among UNIDO staff, Member States, and key stakeholders to collect information about survey recipients' perceptions of UNIDO's global positioning and thought leadership.
- f) **SWOT analysis** to enable UNIDO to gain a clear understanding of its current position and strategize effectively to leverage its strengths, address its weaknesses, seize opportunities, and mitigate threats

2. Key evaluation questions and criteria

The following are some initial overall questions to be addressed at the strategic institutional level. These questions will be adjusted during the inception phase to be included in the inception report, with a view to ensuring specificity and feasibility of the evaluation within the given period. In addition, gender and inclusivity metrics will be incorporated into the questions during the inception phase, in order to ensure alignment with broader UN priorities as well as reflection of these important criteria in UNIDO's global positioning and thought leadership. As a purposeful evaluation with the aim to provide actionable recommendations that advance UNIDO's global positioning and thought leadership in the field of industrialization, the evaluation might focus on some but not all the criteria below.

1. Relevance

- i. How well does UNIDO's current strategic focus on industrial development align with the evolving needs and priorities of member states as beneficiaries, particularly in the context of global challenges and trends like climate change, digital transformation, and inclusive development?
- ii. To what extent has UNIDO adapted its role as a thought leader to address emerging global trends such as Industry 4.0, circular economy, decarbonization and sustainable industrialization?

2. Coherence

- i. How effectively does UNIDO collaborate with other multilateral organizations (e.g., UNDP, World Bank, WTO, UNCTAD, FAO, UNEP, ILO) to ensure coherent and complementary efforts in advancing global industrial development?

- ii. To what extent are UNIDO's partnerships with the private sector,⁵³ civil society, and academia aligned with its mandate and objectives, and how well do these partnerships support the organization's thought leadership?
- 3. Effectiveness
 - i. To what extent has UNIDO achieved its objectives in promoting inclusive and sustainable industrial development, particularly through flagship initiatives such as the Programme for Country Partnership (PCP),⁵⁴ the Cleaner Production Program, Partnership for Action in Green Economy (PAGE) – to name a few – and its overall thought and practice leadership in SDG 9?
 - ii. How effective has UNIDO been in shaping global norms, standards, and policies related to sustainable industrial development, particularly in developing countries, small island and developing states (SIDS), and least developed countries (LDCs)?
- 4. Efficiency
 - i. How efficiently does UNIDO deploy its financial, human, and technical resources to support its global positioning and thought leadership role, and what measures have been taken to improve cost-effectiveness in achieving its strategic goals?
 - ii. Are UNIDO's internal processes and governance structures conducive to timely decision-making and effective response to global industrial development trends?
- 5. Sustainability
 - i. To what extent are the initiatives and programmes led by UNIDO sustainable in the long term, particularly in terms of institutional capacity-building?
 - ii. What mechanisms has UNIDO established to ensure the continuity of its leadership role in industrial development beyond its current strategic frameworks?
- 6. Progress Towards Impact
 - i. How has UNIDO's thought leadership contributed to measurable outcomes in terms of industrial growth, sustainable development, and poverty reduction in Member States, particularly in developing and least developed countries, and SIDS?
 - ii. What evidence exists of UNIDO's influence on global industrial policies, norms, and practices, and to what extent has this position contributed to broader development outcomes, such as the achievement of the Sustainable Development Goals, particularly SDG 9?
- 7. Communication
 - i. How well does UNIDO use its convening role and communication tools to position itself as a thought leader in industrial development?
 - ii. How well represented are UNIDO's activities in social media?

⁵³ A recent strategic evaluation examined this question, although it did not interrogate the extent to which such partnerships might be supporting UNIDO's thought leadership. See UNIDO (2024), *Independent Strategic Evaluation of UNIDO's Engagement with the Private Sector*, <https://downloads.unido.org/ot/34/41/34412450/Strategic%20evaluation%20report%20on%20UNIDO%20engagement%20with%20the%20private%20sector.pdf>.

⁵⁴ An evaluation of PCPs was conducted but it did not examine PCP contribution to thought leadership in UNIDO. See UNIDO (2023), *Independent Evaluation of the UNIDO Programme for Country Partnership (PCP) Framework*, [https://downloads.unido.org/ot/30/70/30700763/Evaluation%20report%20on%20the%20UNIDO%20Programme%20for%20Country%20Partnership%20\(PCP\)%20framework%20\(2023\).pdf](https://downloads.unido.org/ot/30/70/30700763/Evaluation%20report%20on%20the%20UNIDO%20Programme%20for%20Country%20Partnership%20(PCP)%20framework%20(2023).pdf).

V EVALUATION PROCESS

The evaluation will be conducted from November 2024 to June 2024. The evaluation will be implemented in five phases, which are not strictly sequential, but in many cases iterative, conducted in parallel and partly overlapping:

- 1) Desk review, data analysis, and preliminary informal consultations;
- 2) Inception phase: The evaluation team will prepare the inception report providing details on the evaluation methodology and include an evaluation matrix with specific issues for the evaluation to address;
- 3) Literature review, interviews/focus group discussions, surveys;
- 4) Data analysis, report writing, and debriefing to UNIDO staff at the Headquarters; and
- 5) Final report issuance, including management action plans, and publication of the final evaluation report on UNIDO website.⁵⁵

VI TIME SCHEDULE AND DELIVERABLES

The following timeline and deliverables are envisioned for this evaluation:

Activity	Responsibility	Estimated Timeline
Preparation of evaluation terms of reference	EIO/IEU	Nov 2024
Identification and recruitment of evaluation team (ET) members	EIO/IEU	Dec 2024
Literature review and preparation of evaluation methodology	ET	Jan 2024
Inception report	ET	Feb 2025
Interviews with UNIDO staff and stakeholders	ET/EIO	Mar 2025
Preparation of draft report	ET	Apr 2025
Presentation of preliminary findings to UNIDO	ET	May 2025
Review of draft evaluation report, based on stakeholder feedback & submission of final report	ET	May 2025
Finalization and Issuance of final report	EIO/IEU	Jun 2025

VII EVALUATION TEAM COMPOSITION

The evaluation team will be composed of

- 1) two senior international consultants with expertise in industrial policy/inclusive and sustainable industrialization
- 2) two EIO Evaluation staff members
- 3) research support by one or two EIO/IEU assistants/interns

A reference group consisting of five UNIDO staff members will be considered and confirmed during the inception phase. The role of the reference group will be to be a soundboard for the Evaluation Team on UNIDO-related technical and normative matters, as needed.

⁵⁵ The possibility of presenting the results of this evaluation in another format/setting might be considered.

VIII REPORTING

Inception report

This evaluation's terms of reference (ToR) provide some information on the evaluation methodology, but this should not be regarded as exhaustive. After reviewing the related documentation and having conducted initial interviews with concerned resource persons, the international evaluation consultants will prepare together with the evaluation team members a short inception report that will operationalize the ToR relating to the evaluation questions and provide information on what type of and how the evidence will be collected. The inception report will be discussed with and approved by the EIO.

The inception report will focus on the following elements: preliminary theory model(s); elaboration of evaluation methodology, including quantitative and qualitative approaches through an evaluation framework (evaluation matrix); division of work between the international evaluation consultants and the evaluation team members; people to be interviewed and possible surveys to be conducted; and a debriefing and reporting timetable.⁵⁶

Evaluation Report format and review procedures

A draft report will be delivered to the UNIDO Independent Evaluation Unit (with a suggested report outline) and circulated to UNIDO staff and stakeholders for factual validation and comments. Any comments or responses, or feedback on any errors of fact to the draft report, will be sent to EIO for collation and onward transmission to the evaluation team, who will be advised of any necessary revisions. Based on this feedback, and taking into consideration the comments received, the evaluation team will prepare the final version of the evaluation report. A presentation of preliminary findings will take place at UNIDO HQ.

Management will be requested to formulate Management Action Plans (MAPs) to address the findings and issues from the evaluation. Those MAPs will be included in the final report that will be cleared by EIO.

IX QUALITY ASSURANCE

All UNIDO evaluations are subject to quality assessments by UNIDO Independent Evaluation Unit. Quality assurance and control is exercised in different ways throughout the evaluation process (briefing of consultants on methodology and process of UNIDO Independent Evaluation Unit, providing inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, review of inception report and evaluation report by UNIDO's Independent Evaluation Unit).

The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality. The applied evaluation quality assessment criteria are used as a tool to provide structured feedback. UNIDO EIO Independent Evaluation Unit should ensure that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and is compliant with UNIDO's evaluation policy and these terms of reference. The draft and final evaluation report are reviewed by EIO, which will formally issue it and publish it on the UNIDO Evaluation webpage.

⁵⁶ The evaluator will be provided with a Guide on how to prepare an evaluation inception report prepared by UNIDO Independent Evaluation Unit.

Annex 2: Evaluations Matrix

Relevance	
Key questions	Suggested indicators or measures
1. How well does UNIDO's current strategic focus on industrial development align with the evolving needs and priorities of member states as beneficiaries, particularly in the context of global challenges and trends like climate change, digital transformation, and inclusive development?	<ul style="list-style-type: none"> Citations of UNIDO publications in policy documents of member states Number of high-level global fora convened by UNIDO involving top leaders (ministerial level) of member states
2. To what extent has UNIDO adapted its role as a thought leader to address emerging global trends such as Industry 4.0, circular economy, decarbonization and sustainable industrialization?	<ul style="list-style-type: none"> Number of publications covering emerging global trends Citations of UNIDO publications covering emerging global trends Number of global initiatives and programmes focusing on emerging global trends (e.g. GEF) in which UNIDO is a lead or co-lead agency
Coherence	
Key questions	Suggested indicators or measures
3. How effectively does UNIDO collaborate with other multilateral organizations (e.g., UNDP, World Bank, WTO, UNCTAD, FAO, UNEP, ILO) to ensure coherent and complementary efforts in advancing global industrial development?	<ul style="list-style-type: none"> Number of collaborations with multilateral organizations at the country level Number of global collaborative initiatives (e.g. GEF) in which UNIDO is a lead or co-lead
4. To what extent are UNIDO's partnerships with the private sector, ^[1] civil society, and academia aligned with its mandate and objectives, and how well do these partnerships support the organization's thought leadership?	<ul style="list-style-type: none"> Share of UNIDO programmes involving private sector organisations Share of UNIDO programmes involving civil society organisations Number of academics contributing to the development of knowledge products
Effectiveness	
Key questions	Suggested indicators or measures
5. To what extent has UNIDO achieved its objectives in promoting inclusive and sustainable industrial development, particularly through flagship initiatives – such as the Programme for Country Partnership (PCP), ^[2] the Cleaner Production Program, Partnership for Action in	<ul style="list-style-type: none"> SDG9 Indicators in countries where UNIDO has a regional office Outcome and impact indicators defined by the ToC of flagship initiatives in countries

Green Economy (PAGE), to name a few – and its overall thought and practice leadership in SDG 9?	
6.How effective has UNIDO been in shaping global norms, standards, and policies related to sustainable industrial development, particularly in developing countries, small island and developing states (SIDS), and least developed countries (LDCs)?	<ul style="list-style-type: none"> • Number of country level industrial policy framed within an ISID ToC • Number of multilateral organisations referring to UNIDO norms, standards and policies
Efficiency	
Key questions	Suggested indicators or measures
7.How efficiently does UNIDO deploy its financial, human, and technical resources to support its global positioning and thought leadership role, and what measures have been taken to improve cost-effectiveness in achieving its strategic goals?	<ul style="list-style-type: none"> • Number of new thought leadership niches covered by UNIDO • Funding attracted to support normative functions per number of dedicated staff
8.Are UNIDO's internal processes and governance structures conducive to timely decision-making and effective response to global industrial development trends?	Number of knowledge products leveraging in house technical cooperation learning
Progress to Impact	
Key questions	Suggested indicators or measures
9.How has UNIDO's thought leadership contributed to measurable outcomes in terms of industrial growth, sustainable development, and poverty reduction in member states, particularly in developing countries, LDCs, and SIDS?	<ul style="list-style-type: none"> • Number of multilateral organisations integrating ISID into their activities • SDG9 Indicators in developing countries, LDCs and SIDS
10.What evidence exists of UNIDO's influence on global industrial policies, norms, and practices, and to what extent has this position contributed to broader development outcomes, such as the achievement of the Sustainable Development Goals, particularly SDG 9?	<ul style="list-style-type: none"> • Number of industrial policy that have reached implementation stage in developing countries, LDCs and SIDS • Number of industrial policy referring to SDG9
Sustainability	
Key questions	Suggested indicators or measures
11.To what extent are the initiatives and programmes led by UNIDO sustainable in the long term, particularly in terms of institutional capacity-building?	<ul style="list-style-type: none"> • Number of initiatives and programmes that have received more than one round of financing • Number of initiatives and programmes that have attracted private investments

12.What mechanisms has UNIDO established to ensure the continuity of its leadership role in industrial development beyond its current strategic frameworks?	
Communication	
Key questions	Suggested indicators or measures
13.How well does UNIDO use its convening role and communication tools to position itself as a thought leader in industrial development?	<ul style="list-style-type: none"> • Number of downloads of UNIDO publications • Number of publications using UNIDO data
14.How well represented are UNIDO's activities in social media?	<ul style="list-style-type: none"> • Number of followers in social media platforms • Number of stakeholders participating in UNIDO events

Annex 3: Glossary of Evaluation-related Terms

Term	Definition
Assumptions	The conditions that need to be in place to achieve the results as will or may affect progress or success at different levels of an intervention's causal pathway. The assumptions can be internal or external to UNIDO or the particular programme or project and usually connect outputs to outcomes, and outcomes to impact.
Baseline	The situation, prior to an intervention, against which progress can be assessed or comparisons made.
Coherence	The compatibility of the intervention with other interventions in a country, sector or institution. The extent to which other interventions (particularly policies) support or undermine the intervention, and vice versa.
Effect	Intended or unintended change due - directly or indirectly - to an intervention.
Effectiveness	The extent to which the objectives of a development intervention were or are expected to be achieved.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
Environmental and social safeguards (ESS)	The extent to which environmental, climate change and social risks and impacts of a UNIDO product, service or process have been assessed and addressed (in line with respective administrative issuances).
Evaluand	The object of an evaluation, typically an intervention, organizational programme of work, or system.
Gender mainstreaming	The extent to which an adequate gender analysis has been conducted for a UNIDO product, service or process, its findings have been included in its design and monitoring and reporting data is sex-disaggregated where feasible.
Impact	Positive and negative, primary and secondary, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.
Independent evaluation	Independent evaluations provide an independent, credible and evidence-based assessment on a given entity under evaluation, such as a project, programme, or an entire strand of activities under a thematic, geographical or institutional heading. Independent evaluations are conducted and/or managed by staff members of the UNIDO Independent Evaluation Unit and conducted by external independent evaluation consultants.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor. Means by which a change will be measured.
Intervention	An external action to assist a national effort to achieve specific development goals.
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.

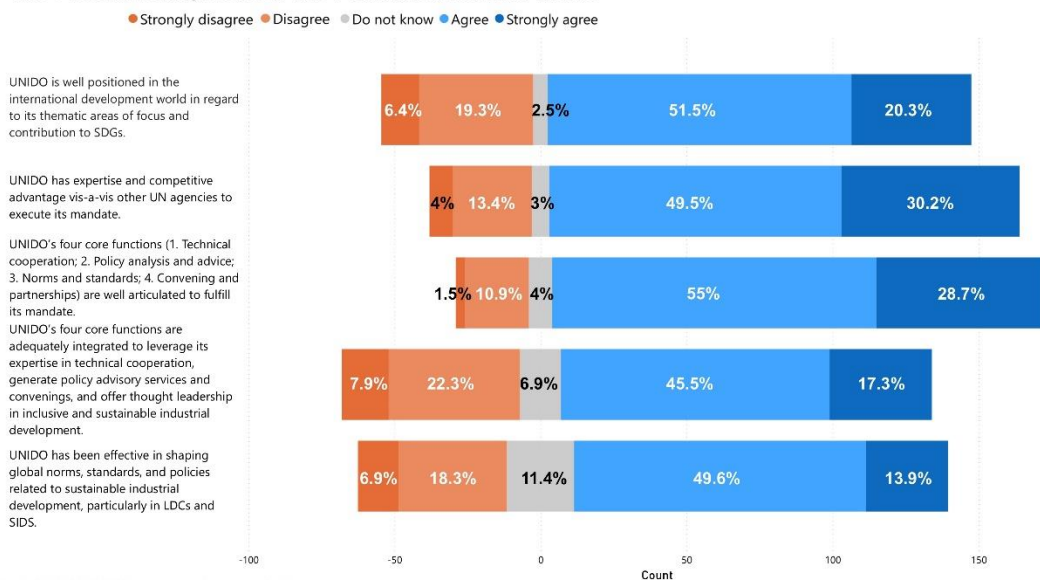
Logframe (logical framework approach)	Management tool used most often at the project level. It involves identifying strategic elements (activities, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates designing, planning, execution, monitoring and evaluation of a development cooperation intervention. System based on MBO (management by objectives) also called RBM (results-based management) principles.
Mainstreaming/sustaining	Initiatives are reproduced/adopted in other geographical areas or regions.
Market change	Initiatives catalyze market transformation by influencing the supply and demand for goods and services contributing to global environmental, economic and social benefits.
Means of verification	Data sources for indicators; reliable and cost-effective.
Outcome	The achieved or likely short-term and medium-term effects of an intervention's outputs.
Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Policy	A set of ideas or a plan of what to do in particular situations that has been agreed to officially by a group of people, an organization, a business organization, a government, or a political party.
Programme	<p>A collection of organizational resources that is geared to accomplish a certain major result or a set of results in a coordinated manner. Therefore, it is used in the context of development cooperation interventions as well as the organizational programme of work:</p> <p>a) A programme contributing to the organizational programme of work: An official plan of action within the Organization, which is aimed at accomplishing a clear organizational objective, and includes details on what work is to be done, by whom, when, and what means or resources will be used.</p> <p>b) Development cooperation programme: A group of complementary projects or activities designed and managed in a coordinated and coherent way, simultaneously or sequentially, to obtain broader benefits and long-term results (impact) not directly attainable from managing the projects individually. A programme is further typically characterized as a systematic and complex intervention to address a development problem or need to attain specific sectoral, national, regional or global development objectives.</p>
Progress to impact	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended, including redirecting trajectories of transformational process and the extent to which conditions for trajectory change are being put into place.
Progress- and performance measurement and monitoring, reporting & evaluation systems (M, R & E)	The extent to which indicators and means of verification (data sources) as well as M, R & E plans are fit to inform adaptive management and decision-making.

Project	A development cooperation intervention, which is designed to achieve specific objectives (outputs and outcomes) contributing to a higher objective (impact) within a given budget and a specific period of time, i.e. it has a beginning and an end.
Project/programme design	Formulation of the intervention, the plan to achieve a specific purpose.
Project/programme performance	Functioning of a development intervention
Quality	Products, services and processes being free of deficiencies or, in other words, satisfactory in terms of meeting established requirements (i.e. principles, standards and criteria).
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or objectives; and/or at the reallocation of resources.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donor's policies. Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.
Replication	Initiatives are reproduced/adopted in other geographical areas or regions.
Result	Specific and measurable change (output, outcome and impact) that is derived from a cause-and-effect relationship. The causality relationship between the changes is as important as the results themselves as it reflects the theory of change (see below) and the roles of UNIDO and its partners.
Results-Based Management (RBM)	A management strategy – at project and programme, portfolio, organizational, country, and global levels – based on managing for the achievement of intended results within a given context by integrating a results philosophy and principles into all aspects of management and by integrating good practices and lessons learned from past performance into management decision-making.
Results chain	The causal sequence for a development intervention that stipulates the necessary sequence to achieve desired results – beginning with inputs, moving through activities and outputs, and culminating in individual outcomes and those that influence outcomes for the community, goal/impacts and feedback. It is based on a theory of change, including underlying assumptions.
Review	A systematic and evidence-based self-assessment of the performance of a programme or project, aiming at determining performance against established criteria. The vehicle for steering corrective action by line management, and therefore a management responsibility (under 1st and 2nd Line of the UNIDO Three Lines Model of Defence (3LM)). It can be conducted internally, i.e. by personnel directly involved in a programme or project, or externally, i.e. by personnel hired specifically for the purpose of conducting the review (good practice), whereby the overall responsibility for the review rests with the programme or project management. Reviews can be carried out at different stages of the programme or project life cycle, i.e. for programmes and projects with start and end dates as mid-term

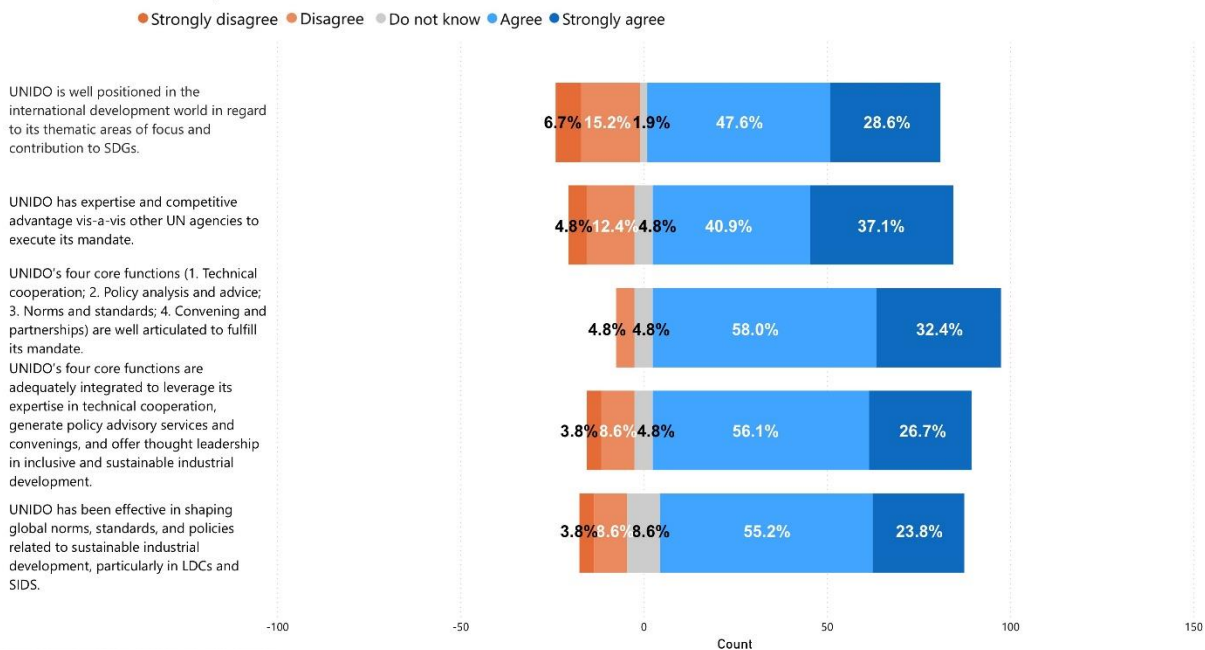
	reviews (MTRs) and terminal self-evaluations, and for open-ended programmes periodically.
Risks	Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Scale-up	Scale-up is defined as the multiplication of an achieved result from an intervention, in which a greater number of beneficiaries (people or institutions) benefit more lastingly from the results. The scaling-up process may be: a) horizontal, expanding geographical reach to cover more people through replication and adaptation; and/or b) vertical, expanding institutional reach to guide principles of practice through mainstreaming. Scaling-up of results may require an integrated approach of horizontal and vertical scaling-up
Self-evaluation	Self-evaluations are reviews (see above).
Sustainability	The continuation of benefits from an intervention, after the development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.
Target group	The specific individuals or organizations for whose benefit an intervention is undertaken.
Theory of change	Theory of change or programme theory is similar to a logic model but includes key assumptions behind the causal relationships and sometimes the major factors (internal and external to the intervention) likely to influence the outcomes.
Transformational Change	Deep, systemic, and sustainable change with large-scale impact.

Annex 4: Survey Results

UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities



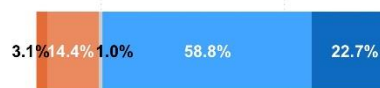
UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities - ISA Holders



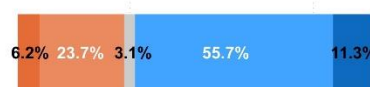
UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities - Staff

Strongly disagree Disagree Do not know Agree Strongly agree

UNIDO has expertise and competitive advantage vis-a-vis other UN agencies to execute its mandate.



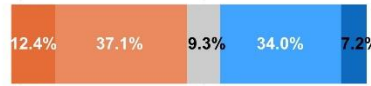
UNIDO is well positioned in the international development world in regard to its thematic areas of focus and contribution to SDGs.



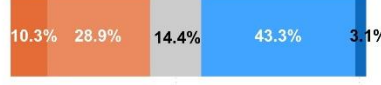
UNIDO's four core functions (1. Technical cooperation; 2. Policy analysis and advice; 3. Norms and standards; 4. Convening and partnerships) are well articulated to fulfill its mandate.



UNIDO's four core functions are adequately integrated to leverage its expertise in technical cooperation, generate policy advisory services and convenings, and offer thought leadership in inclusive and sustainable industrial development.



UNIDO has been effective in shaping global norms, standards, and policies related to sustainable industrial development, particularly in LDCs and SIDS.



-100

-50

0

Count

50

100

150

UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities - HQ

Strongly disagree Disagree Do not know Agree Strongly agree

UNIDO has expertise and competitive advantage vis-a-vis other UN agencies to execute its mandate.



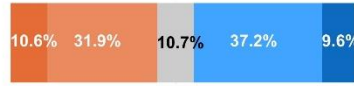
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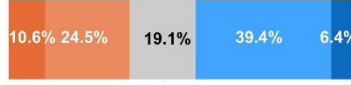
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-100

-50

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Count

50

100

150

UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities - Field

Strongly disagree Disagree Do not know Agree Strongly agree

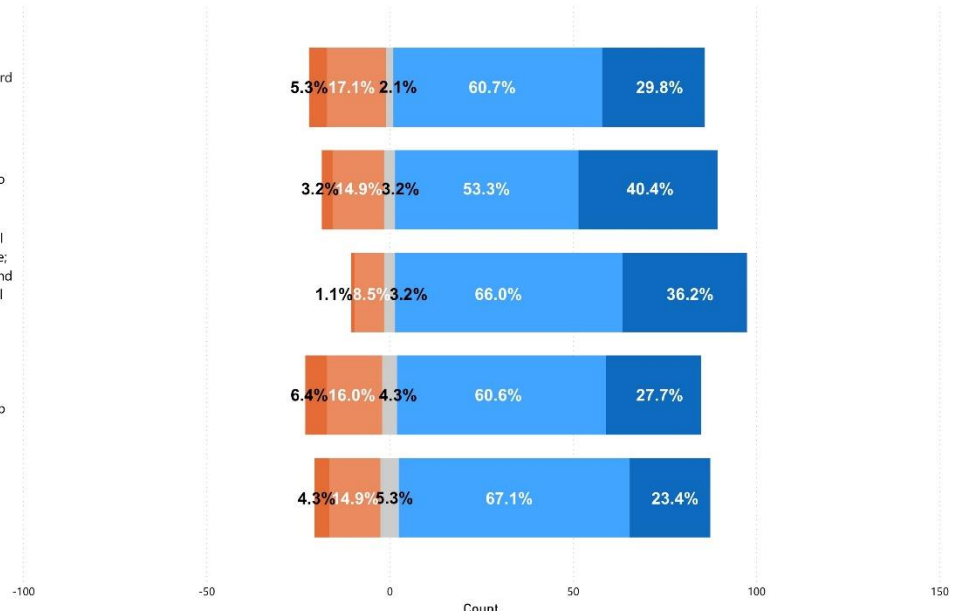
UNIDO is well positioned in the international development world in regard to its thematic areas of focus and contribution to SDGs.

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UNIDO's four core functions (1. Technical cooperation; 2. Policy analysis and advice; 3. Norms and standards; 4. Convening and partnerships) are well articulated to fulfill its mandate.

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UNIDO has been effective in shaping global norms, standards, and policies related to sustainable industrial development, particularly in LDCs and SIDS.



UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities - More than 5 years at UNIDO

Strongly disagree Disagree Do not know Agree Strongly agree

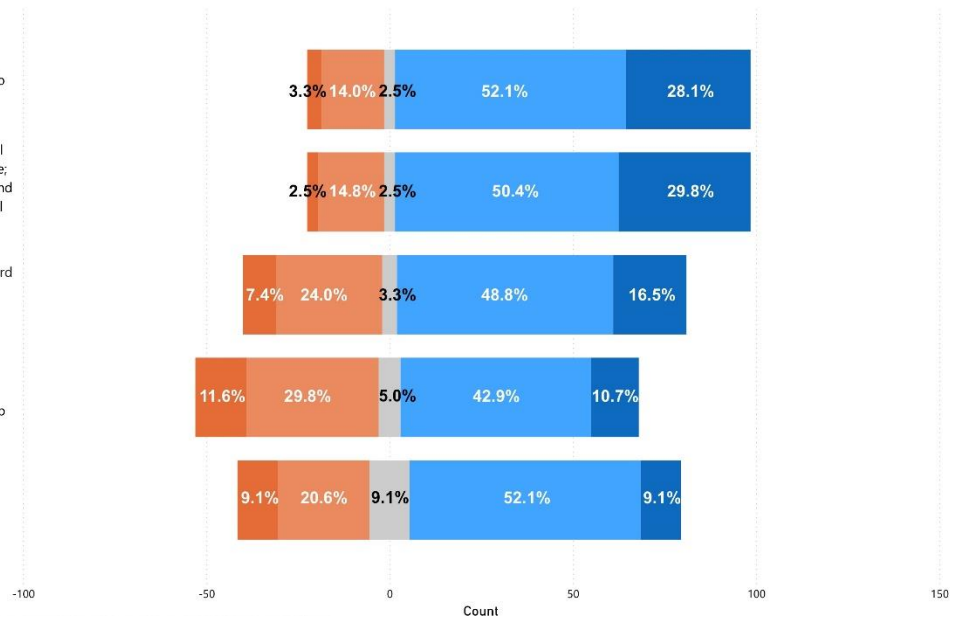
UNIDO has expertise and competitive advantage vis-a-vis other UN agencies to execute its mandate.

UNIDO's four core functions (1. Technical cooperation; 2. Policy analysis and advice; 3. Norms and standards; 4. Convening and partnerships) are well articulated to fulfill its mandate.

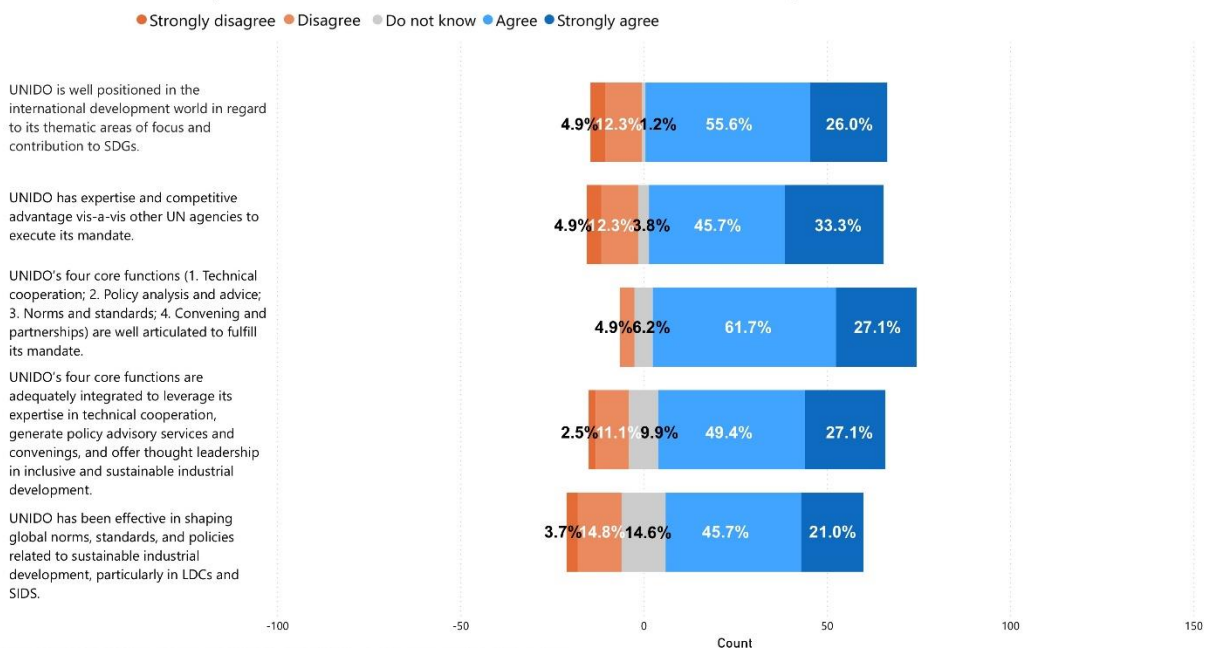
UNIDO is well positioned in the international development world in regard to its thematic areas of focus and contribution to SDGs.

UNIDO's four core functions are adequately integrated to leverage its expertise in technical cooperation, generate policy advisory services and convenings, and offer thought leadership in inclusive and sustainable industrial development.

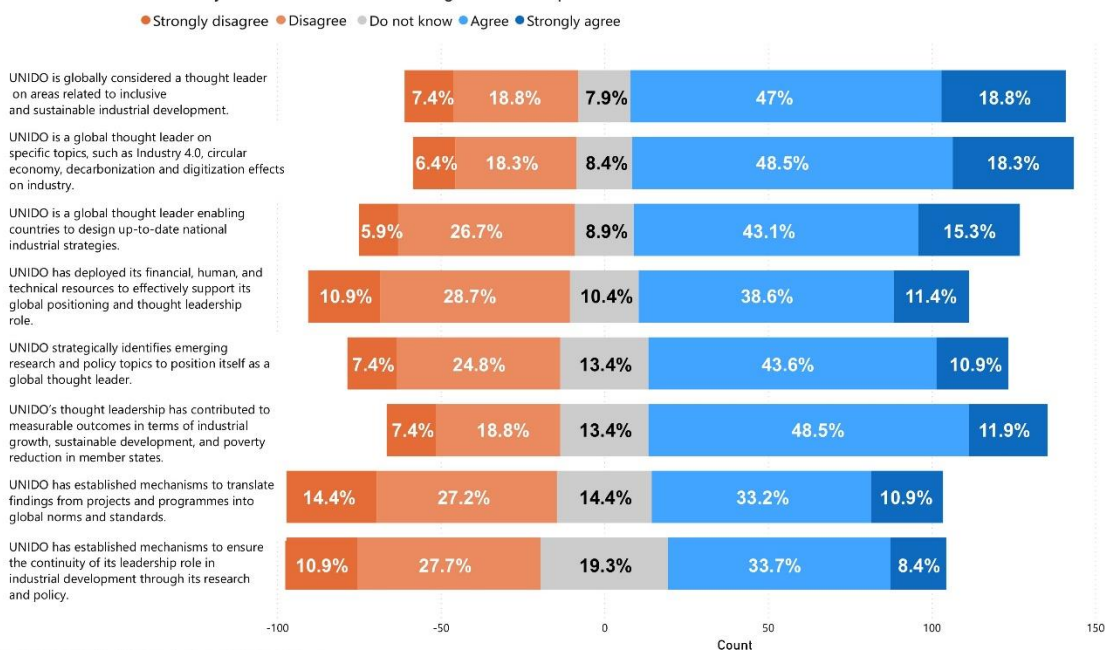
UNIDO has been effective in shaping global norms, standards, and policies related to sustainable industrial development, particularly in LDCs and SIDS.



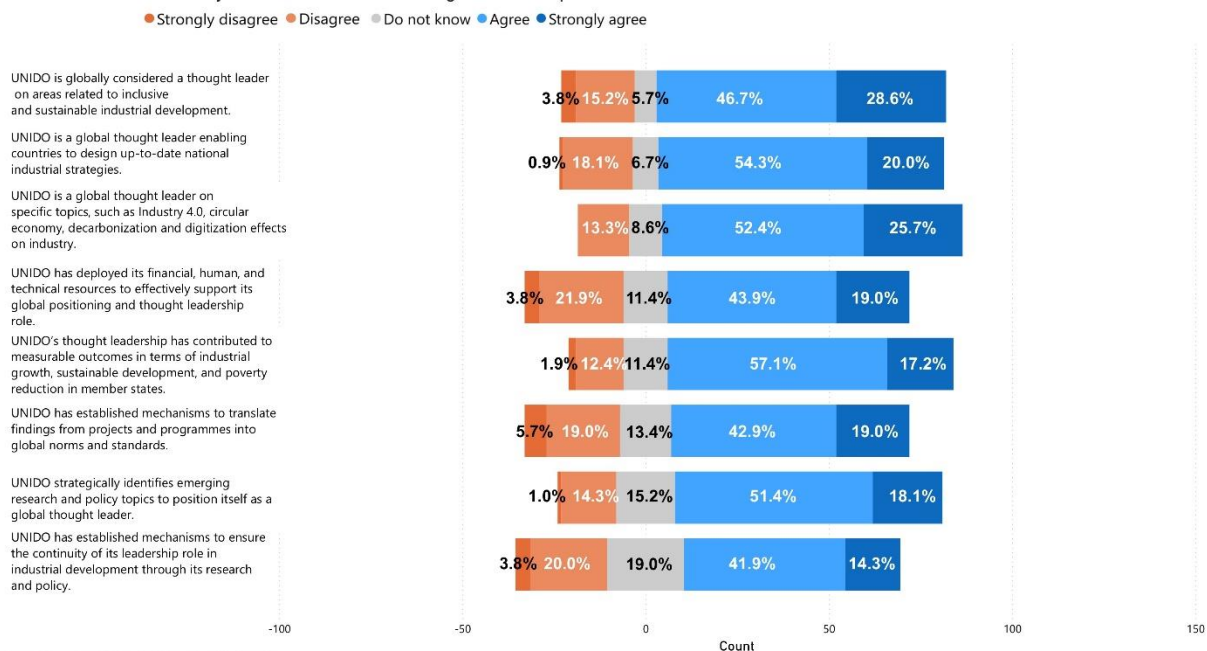
UNIDO Personnel Survey Results on UNIDO's Mandate and Thematic Priorities - Less than 5 years at UNIDO



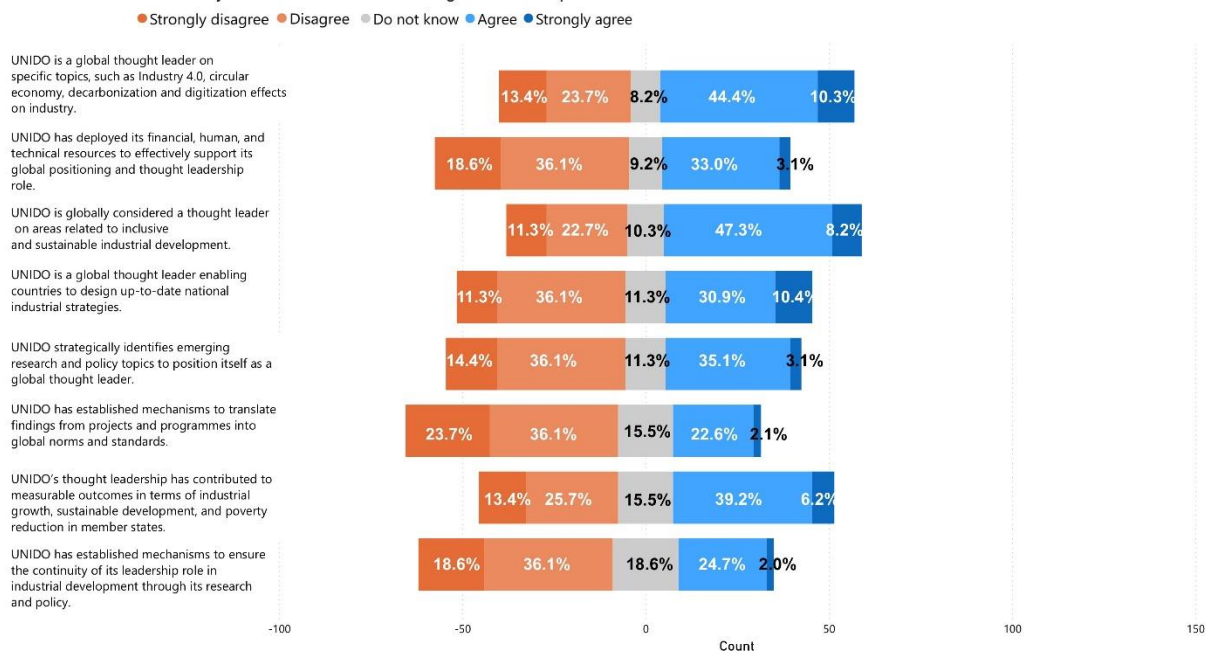
UNIDO Personnel Survey Results on UNIDO's Thought Leadership



UNIDO Personnel Survey Results on UNIDO's Thought Leadership - ISA Holders



UNIDO Personnel Survey Results on UNIDO's Thought Leadership - Staff



UNIDO Personnel Survey Results on UNIDO's Thought Leadership - HQ

● Strongly disagree ● Disagree ● Do not know ● Agree ● Strongly agree

UNIDO is a global thought leader on specific topics, such as Industry 4.0, circular economy, decarbonization and digitization effects on industry.

UNIDO is globally considered a thought leader on areas related to inclusive and sustainable industrial development.

UNIDO is a global thought leader enabling countries to design up-to-date national industrial strategies.

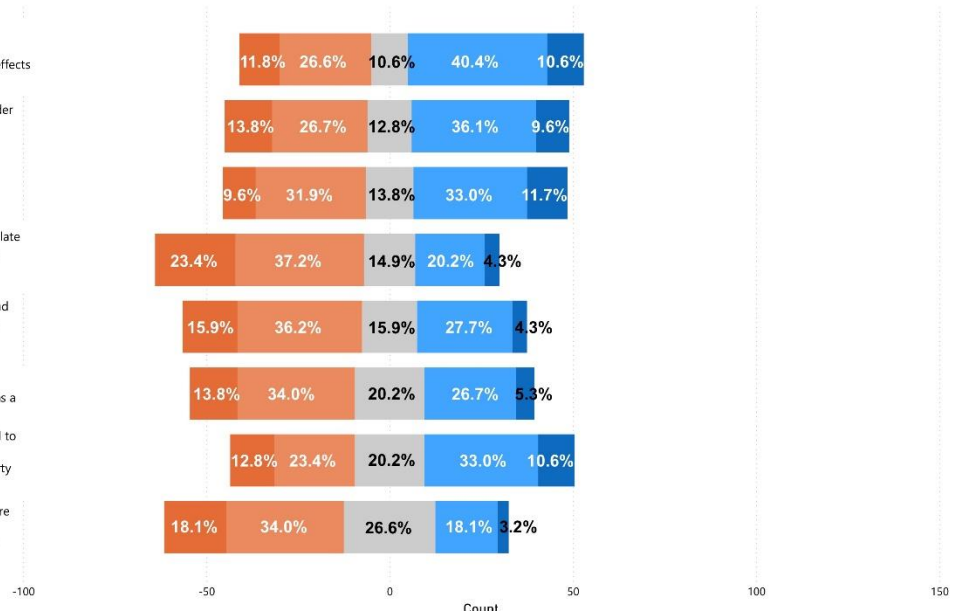
UNIDO has established mechanisms to translate findings from projects and programmes into global norms and standards.

UNIDO has deployed its financial, human, and technical resources to effectively support its global positioning and thought leadership role.

UNIDO strategically identifies emerging research and policy topics to position itself as a global thought leader.

UNIDO's thought leadership has contributed to measurable outcomes in terms of industrial growth, sustainable development, and poverty reduction in member states.

UNIDO has established mechanisms to ensure the continuity of its leadership role in industrial development through its research and policy.



UNIDO Personnel Survey Results on UNIDO's Thought Leadership - Field

● Strongly disagree ● Disagree ● Do not know ● Agree ● Strongly agree

UNIDO is globally considered a thought leader on areas related to inclusive and sustainable industrial development.

UNIDO is a global thought leader enabling countries to design up-to-date national industrial strategies.

UNIDO has deployed its financial, human, and technical resources to effectively support its global positioning and thought leadership role.

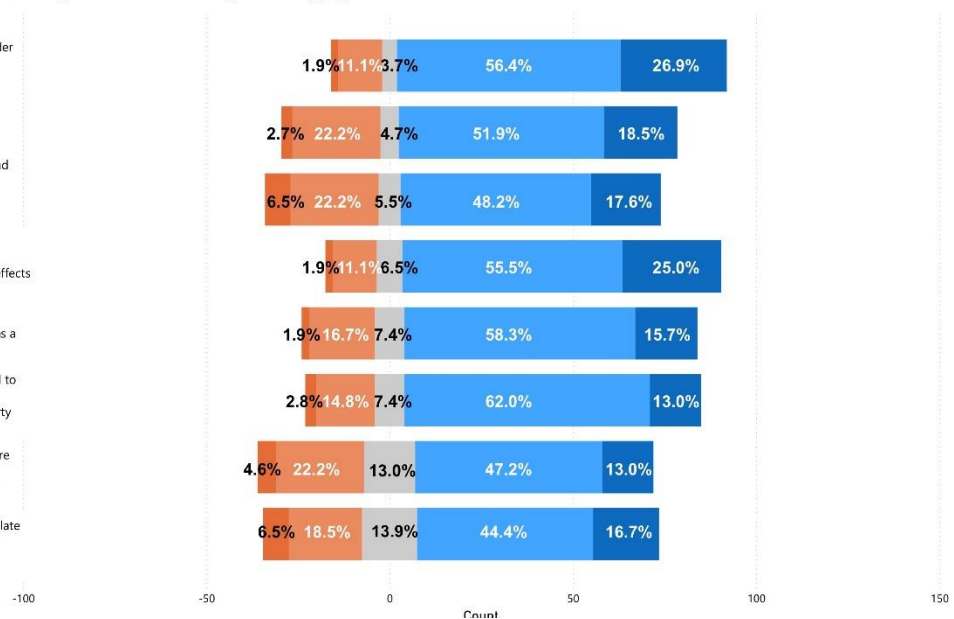
UNIDO is a global thought leader on specific topics, such as Industry 4.0, circular economy, decarbonization and digitization effects on industry.

UNIDO strategically identifies emerging research and policy topics to position itself as a global thought leader.

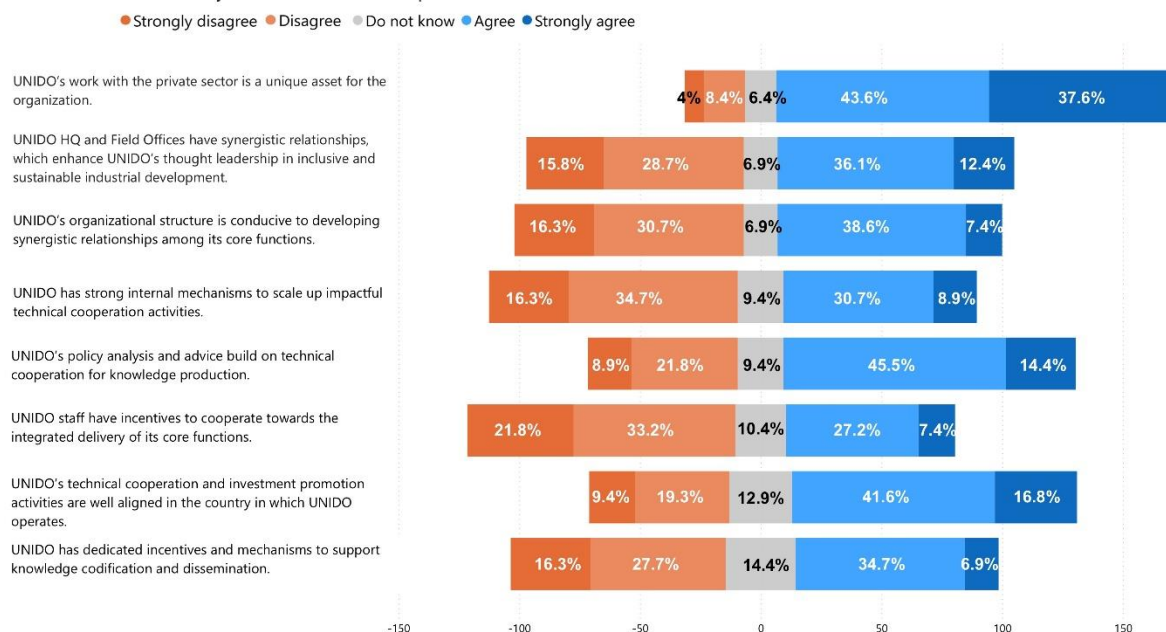
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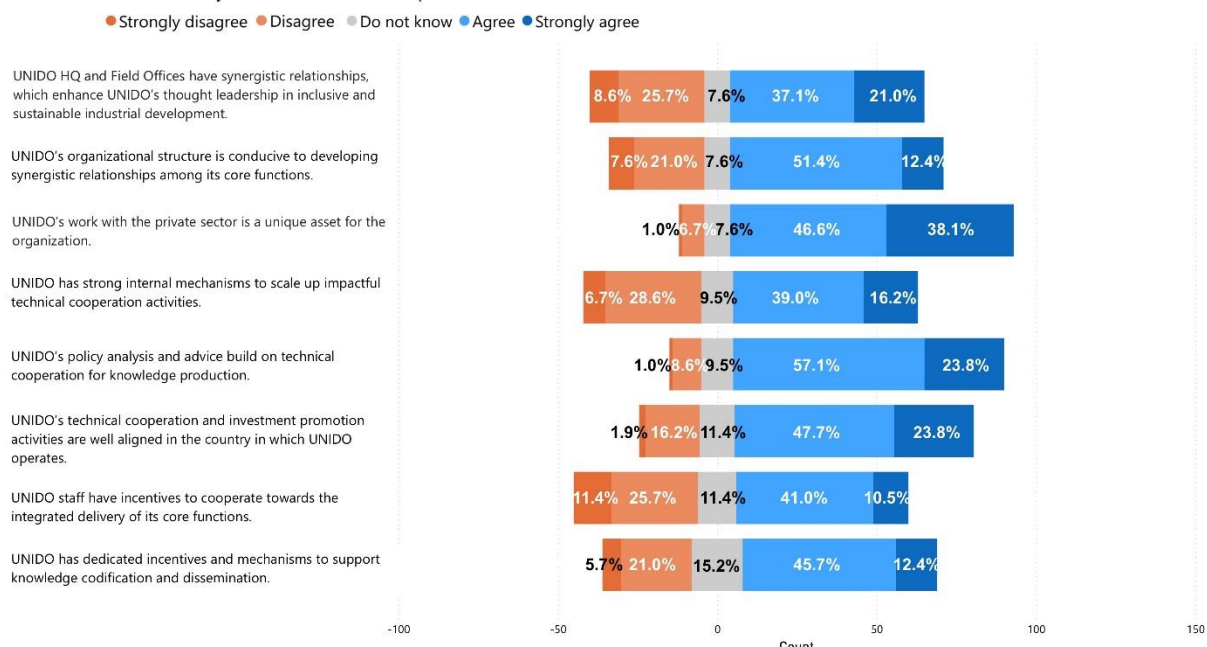
UNIDO has established mechanisms to translate findings from projects and programmes into global norms and standards.



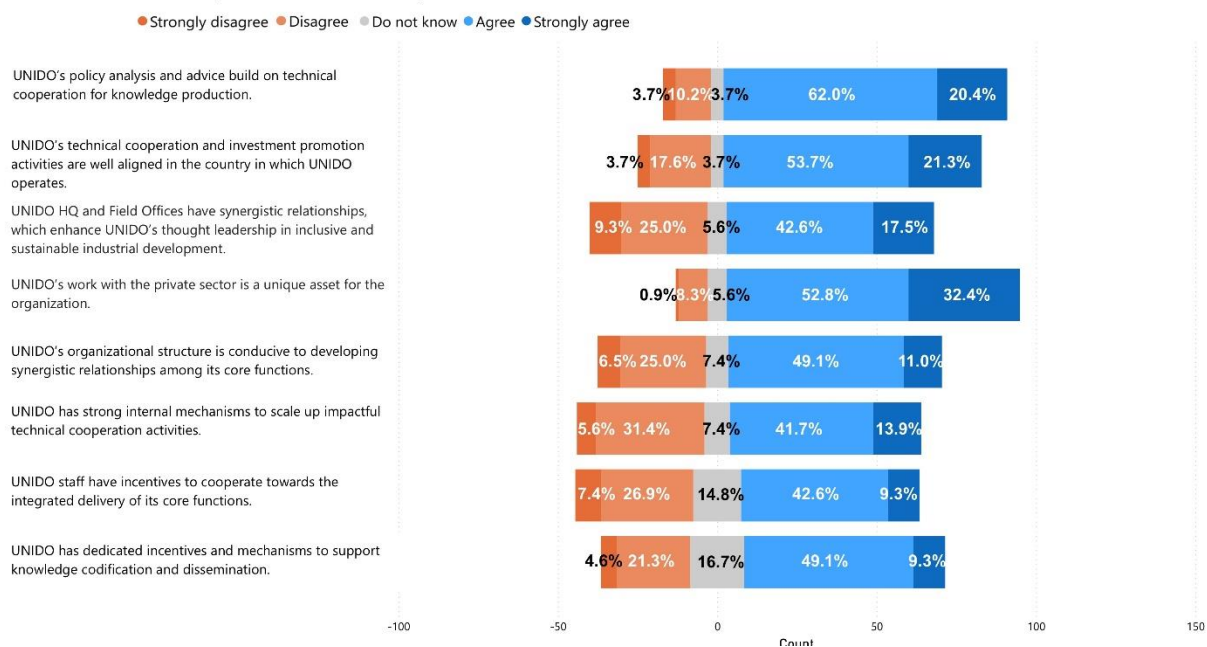
UNIDO Personnel Survey Results on UNIDO's Operational Functions



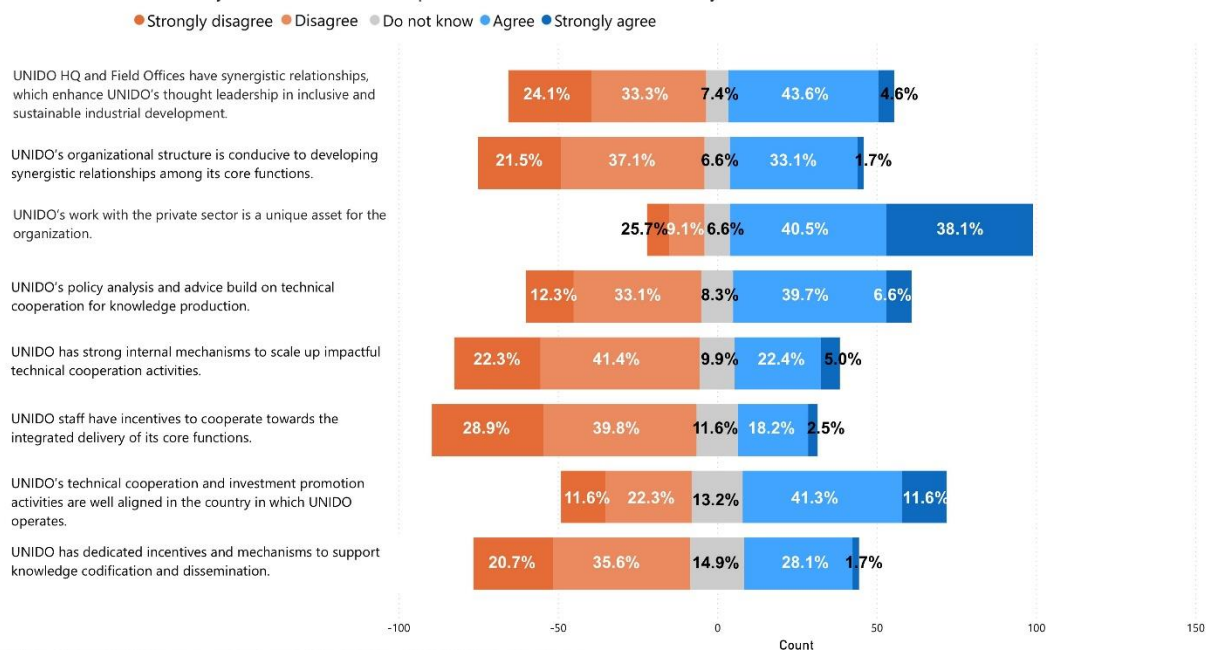
UNIDO Personnel Survey Results on UNIDO's Operational Functions - ISA Holders



UNIDO Personnel Survey Results on UNIDO's Operational Functions - Field



UNIDO Personnel Survey Results on UNIDO's Operational Functions - More than 5 years at UNIDO



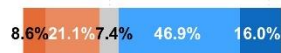
UNIDO Personnel Survey Results on UNIDO's Operational Functions - Less than 5 years at UNIDO

● Strongly disagree ● Disagree ● Do not know ● Agree ● Strongly agree

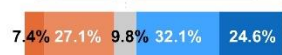
UNIDO's work with the private sector is a unique asset for the organization.



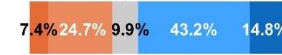
UNIDO's organizational structure is conducive to developing synergistic relationships among its core functions.



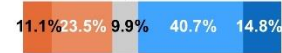
UNIDO HQ and Field Offices have synergistic relationships, which enhance UNIDO's thought leadership in inclusive and sustainable industrial development.



UNIDO has strong internal mechanisms to scale up impactful technical cooperation activities.



UNIDO staff have incentives to cooperate towards the integrated delivery of its core functions.



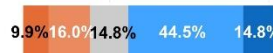
UNIDO's policy analysis and advice build on technical cooperation for knowledge production.



UNIDO's technical cooperation and investment promotion activities are well aligned in the country in which UNIDO operates.



UNIDO has dedicated incentives and mechanisms to support knowledge codification and dissemination.



-100

-50

0

Count

50

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150

Annex 5: List of Interviewees

1. UNIDO Internal consultations

Unit Abbr.	Unit Name
GLO/RFO/FLD/LAC/URU	Regional Office in Uruguay
TCS/CEG	Div of Circular Economy and Green Industry
IET	SDG Innovation and Economic Transformation
GLO/NYO	New York Liaison Office
GLO/ITP/ITA	ITPO Italy
SPP/SSC/SPN	Strategic Planning Unit
SPP/SPM/SPR	Strategic Programming, Results Monitoring and Reporting Unit
SPP/SEC	Div of Strategic Engagement and Coordination
GLO/RFO/FLD/LAC/MEX	Regional Hub Mexico
TCS/CEG/CRE	Circular Industry and Resource Efficiency Unit
IET/PPP	Div of Public Private Partnerships
IET/CTP	Div of Climate and Technology Partnerships
TCS/ECA	Div of Energy and Climate Action
GLO/RFO/FLD/ARB/EGY	Regional Hub Egypt
GLO	Global Partnerships and External Relations
SPP/IPS/IPR	Industrial Policy Research Unit
SPP/SSC/SPN	Strategic Planning Unit
GLO/ITP/BAH	ITPO Bahrain
TCS/IPC	Div of Industrial Policy Advice and Capacity Development
TCS/SME	Div of MSME Competitiveness, Quality and Job Creation
GLO/RFO	Division of Regional Bureaus and Field Coordination
IET/PST/SIB	Sustainable Investments and Responsible Business Unit
GLO/FPR	Div of Funding Partner Relations
SPP/GEW	Div. of Gender Equality and Empowerment of Women
IET/CTP	Division of Climate and Technical Partnerships
IET/AGR/AIB	Agro-Innovation and Bioeconomy Unit
ODG	Office of Director General
TCS/CMP/MPU	Montreal Protocol Unit
SPP/SPM	Div of Strategic Programming, Results Monitoring & Quality Assurance
IET/AGR/FSS	Food Security and Food Systems Unit
TCS/SMD/MDJ	MSME Development and Job Creation Unit
IET/OMD	UNIDO Investment Task Force
GLO/RFO/FLD/ASP/IND	Regional Office India
EIO/IEU	Independent Evaluation Unit

TCS/SME/MDJ	MSME Development and Job Creation Unit
TCS/IPC	Division of Industrial Policy Advice and Capacity Development
COR/DIT/LAB	Innovation Lab
IET/AGR/AIB	Agro-Innovation and Bioeconomy Unit
GLO/ITP	Division of ITPOs and Institutional Partnerships
GLO/OMD	Office of the Managing Director, GLO
COR/DIT/DIG	Information Technology and Digitalization
TCS/CEG/CRE	Circular Industry Resource Efficiency Unit
IET/PST	Div of Fair Production, Sustainability Standards & Trade
SPP	Strategic Planning, Programming and Policy
SPP/SPM/QAS	Quality Assurance and Safeguards Unit
SPP/SSC	Div of Strategic Planning and South-South Cooperation
COR	Corporate Services and Operations
TCS	Technical Cooperation and Sustainable Industrial Development

2. External Consultations

Organization	Division	Area of specialization
GEF	IEO	Biodiversity
GEF	IEO	Leadership
GEF	IEO	Chemical
GEF	IEO	Development Effectiveness

Annex 6: Benchmarking Analysis

A benchmarking exercise was conducted to assess UNIDO's thought leadership in comparison to nine other UN System organizations operating in related fields. The objective was to evaluate UNIDO's position in advancing Inclusive and Sustainable Industrial Development and to contextualize its influence within the broader international landscape.

The analysis measured UNIDO's thought leadership in each of its six thematic areas, adopted from the UNIDO Secretariat structure 2024¹. The six thematic areas represent the primary focus areas of UNIDO's work under the overarching theme of industrial development and include:

1. **Agro-Industry Development and Sustainability Standards;**
2. **Circular Economy and Green Industry;**
3. **Digital Transformation and Artificial Intelligence;**
4. **Energy Efficiency and Climate Action;**
5. **Innovative Finance and Public Private Partnerships;**
6. **MSME Competitiveness and Job Creation.**

In each area of work, it further assessed UNIDO's work across four key areas, adopted from its mandated functions: technical cooperation; action-oriented research and policy-advisory services; normative and standards-related activities; and partnerships for knowledge and technology transfer². These criteria reflect the mechanisms through which UNIDO generates and disseminates knowledge, engages stakeholders, and implements its mandate. The areas constitute:

1. **Databases;**
2. **Publications;**
3. **Technical Cooperation;**
4. **Convenings.**

The benchmarking includes organizations within the UN system whose mandates intersect with one or more of UNIDO's thematic areas. These organizations include some UN specialized agencies, although not exclusively, and consist of the following:

- Food and Agriculture Organization (FAO)
- International Fund for Agricultural Development (IFAD)
- International Labour Organization (ILO)
- International Monetary Fund (IMF)
- International Trade Centre (ITC)
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations Development Programme (UNDP)
- United Nations Environment Programme (UNEP)
- World Bank Group
- World Trade Organization (WTO)

The following tables provide an overview of the areas of work covered by UNIDO and the ten benchmarked organizations.

Table 1: Agro-industry development and sustainability standards summary

	Agro-Industry Development and Sustainability Standards			
	<u>Publications</u>	<u>Databases</u>	<u>Convenings</u>	<u>Technical Cooperation</u>
UNIDO	✓	✓	✓	✓
UNCTAD			✓	

ITC		✓		✓
UNDP	✓			✓
UNEP	✓	✓	✓	✓
FAO	✓	✓	✓	✓
IFAD	✓	✓	✓	✓
WTO				
ILO	✓		✓	
IMF				
World Bank	✓	✓		✓

Table 2: Circular economy and green industry summary

	Circular Economy and Green Industry			
	<u>Publications</u>	<u>Databases</u>	<u>Convenings</u>	<u>Technical Cooperation</u>
UNIDO	✓		✓	✓
UNCTAD				
ITC				
UNDP	✓			✓
UNEP	✓	✓		✓
FAO				✓
IFAD				
WTO	✓	✓		
ILO			✓	
IMF				
World Bank	✓		✓	✓

Table 3: Digital transformation and artificial intelligence summary

	Digital Transformation and Artificial Intelligence			
	<u>Publications</u>	<u>Databases</u>	<u>Convenings</u>	<u>Technical Cooperation</u>
UNIDO	✓		✓	✓
UNCTAD	✓	✓	✓	✓
ITC				
UNDP	✓	✓		✓
UNEP	✓			✓
FAO	✓		✓	
IFAD				
WTO	✓			
ILO			✓	✓
IMF	✓	✓	✓	
World Bank	✓			✓

Table 4: Energy efficiency and climate action summary

	Energy Efficiency and Climate Action			
	<u>Publications</u>	<u>Databases</u>	<u>Convenings</u>	<u>Technical Cooperation</u>
UNIDO	✓		✓	✓
UNCTAD				
ITC				
UNDP	✓	✓	✓	✓
UNEP	✓	✓	✓	✓
FAO	✓			✓
IFAD	✓			✓
WTO	✓			
ILO	✓		✓	✓
IMF	✓	✓		✓
World Bank	✓	✓	✓	✓

Table 5: Innovative finance and public private partnerships summary

	Innovative Finance and Public Private Partnerships			
	<u>Publications</u>	<u>Databases</u>	<u>Convenings</u>	<u>Technical Cooperation</u>
UNIDO				✓
UNCTAD	✓		✓	
ITC		✓		
UNDP	✓			✓
UNEP	✓		✓	✓
FAO				✓
IFAD	✓		✓	✓
WTO			✓	✓
ILO				
IMF	✓			✓
World Bank		✓	✓	✓

Table 6: MSME competitiveness and job creation summary

	MSME Competitiveness and Job Creation			
	<u>Publications</u>	<u>Databases</u>	<u>Convenings</u>	<u>Technical Cooperation</u>
UNIDO	✓	✓		✓
UNCTAD				
ITC	✓	✓	✓	✓
UNDP				✓
UNEP				

FAO				
IFAD	✓		✓	✓
WTO				✓
ILO	✓	✓	✓	✓
IMF				
World Bank	✓	✓		✓

Databases: UNIDO's statistical expertise is a core strength, offering specialized datasets and indices such as UNIDO's Industrial Statistics (INDSTAT), Industrial Demand-Supply Balance (IDSB), and the Competitive Industrial Performance (CIP) Index, which provide unique insights into industrial development. Unlike other organizations, UNIDO compiles comprehensive industrial sector data rather than focusing on specific thematic areas. However, expanding its databases to include more thematic-specific datasets could enhance its impact and better support its technical cooperation projects.

Publications: While UNIDO's *Industrial Development Report* provides a broad analysis of its six thematic areas, much of its research overlaps with other organizations' work. Its unique value emerges when leveraging proprietary industrial data, but its analyses are often not as in-depth. To strengthen its thought leadership, UNIDO could produce deeper, more specialized studies within its thematic areas while leveraging internal expertise, its country presence, and most importantly, knowledge gained from its technical cooperation programmes and projects.

Technical Cooperation: UNIDO engages in projects across all six thematic areas, but its work often overlaps with organizations like UNDP and the World Bank, which address broader development dimensions. UNIDO's comparative advantage lies in its industry-focused approach, for example, in areas like industrial decarbonization. While its narrower project scope differentiates it, expanding selectively into underexplored industrial subfields could enhance its impact.

Convenings: UNIDO plays a distinct convening role, hosting specialized fora such as the Vienna Energy Forum and the Multilateral Industrial Policy Forum. It also integrates convenings with technical cooperation through initiatives such as SWITCHMED and Eco-Industrial Parks (EIP), under which UNIDO has organized numerous related side events, including the GEIPP Energy Forum in Egypt in 2022. However, its overall convening efforts are less prominent compared to larger organizations like UNDP and the World Bank. Strengthening its presence through focused conferences and thematic talk series could reinforce its leadership in industrial development discussions.

Table 7: Benchmarking - UNIDO Value Added and Gaps to be filled

	Value Added	Gaps to be filled
Databases	<ol style="list-style-type: none"> 1. Aggregate industrial database 2. Industrial development indices 3. Variable compositing methodologies 4. Outreach analytical documents 	<ol style="list-style-type: none"> 1. More specific databases on each thematic area
Publications	<ol style="list-style-type: none"> 1. Comprehensive overview of the industry 2. Industrial perspective in thematic analysis 	<ol style="list-style-type: none"> 1. More analytical publications on both broader industrial development topics and sub-thematic topics 2. More in-depth analysis of thematic topics from the industrial angle

Technical Cooperations	<ol style="list-style-type: none"> 1. Specialized and targeted industrial approach 	<ol style="list-style-type: none"> 1. Create a more programmatic approach to projects to scale and sustain initiatives beyond the lifetime of a project 2. Collect data and evidence of actual results (outcome/impact)
Convenings	<ol style="list-style-type: none"> 1. Conference topic not addressed by other organizations 2. Industrial perspective to multilateral discussions 3. Integrate convenings with technical cooperations and partnerships 	<ol style="list-style-type: none"> 1. Smaller-scale talks with experts and different stakeholders.

Annex 7: Content Inventory

The purpose of this content inventory and analysis was to categorize UNIDO's documents and written texts into the six thematic areas identified for this study. By analyzing UNIDO's published materials from 2015 to 2024,¹³ this study aimed to assess the organization's focus and evolving priorities over time. This analysis employed Natural Language Processing (NLP) techniques using Python to automate and scale up the processing of a large volume of documents and written texts.

The study included a broad set of sources to ensure a comprehensive analysis of UNIDO's thematic focus. The selected sources were:

- **UNIDO's publications¹⁴**
- **Articles on UNIDO's Industrial Analytics Platform¹⁵**
- **Technical publications stored on UNIDO's Knowledge Hub¹⁶**
- **Webpages documenting past events¹⁷ organized by UNIDO**

In terms of methodology, the script first scanned all relevant documents available on the specified websites, downloaded PDFs, and followed links to extract textual content from articles and project descriptions. The text was processed for analysis, by cleaning it and converting everything to lowercase, while at the same time ensuring the script could handle multiple languages. The script then searched for predefined keywords associated with each thematic category. Whenever a keyword was detected, the document was categorized accordingly.

Moreover, additional metadata – such as the year of publication- were extracted from the webpages to identify yearly trends.

The output was generated in the form of an Excel file containing the title, date, and text extracted from the document corresponding to each thematic category. Power BI dashboards were then created to visualize trends in UNIDO's publications. The table below lists the six thematic areas and their associated keywords:

Table 2: Keywords for Content Analysis

Thematic Area	Keywords
Circular Economy and Green Industry	green industry, circular economy, resource efficient and cleaner production, RECP, eco-industrial parks, EIP, low carbon and climate resilient development, chemical leasing, green chemistry, switch to circular economy, transfer of environmentally sound technologies, Stockholm convention, persistent organic pollutants, POPs, polychlorinated biphenyls, PCB, Minamata convention, mercury, mercury emissions, artisanal and small-scale gold mining, planetGold, circular design of plastics, global alliance for circular economy and resource efficiency, e-waste, inter-organizations program for the sound management of chemicals, IOMC, strategic approach for international chemicals management, SAICM, global framework on chemicals, GFC, partnership for action on green economy, PAGE, green growth knowledge partnership, GGKP, green industry platform, GIP
Energy Efficiency and Climate Action	Sustainable energy, renewable energy, climate action, energy saving, carbon reduction, solar power, wind energy, climate change, energy efficiency, green energy, net zero

MSME Competitiveness and Job Creation	small business, job creation, entrepreneurship, msme, local business, productivity, skill training, market growth, business support, workforce
Digital Transformation and Artificial Intelligence	ai, digital tools, smart tech, automation, big data, iot, digital innovation, machine learning, cloud computing, tech upgrade
Agro-Industry Development and Sustainability Standards	agriculture, agro-industry, farming, food safety, organic farming, fair trade, sustainability, crop production, agro-processing, food standards
Innovative Finance and Public-Private Partnerships	blended finance, investment, public-private, green bonds, funding, collaboration, development finance, venture capital, co-funding

While this study provided valuable insights, several limitations should be acknowledged:

1. Subjectivity in Keyword Selection:

- The categorization relied on a predefined set of keywords, which introduces an element of subjectivity.
- Keywords were chosen to be both precise and unambiguous, but some documents may have been misclassified if they used alternative terminology.

2. Inconsistency in Repository Updates:

- UNIDO may not follow a consistent schedule for uploading documents.
- Some repositories were established in different years, making it challenging to track trends over the entire 2015-2025 period.

3. Variability in Document Length and Detail:

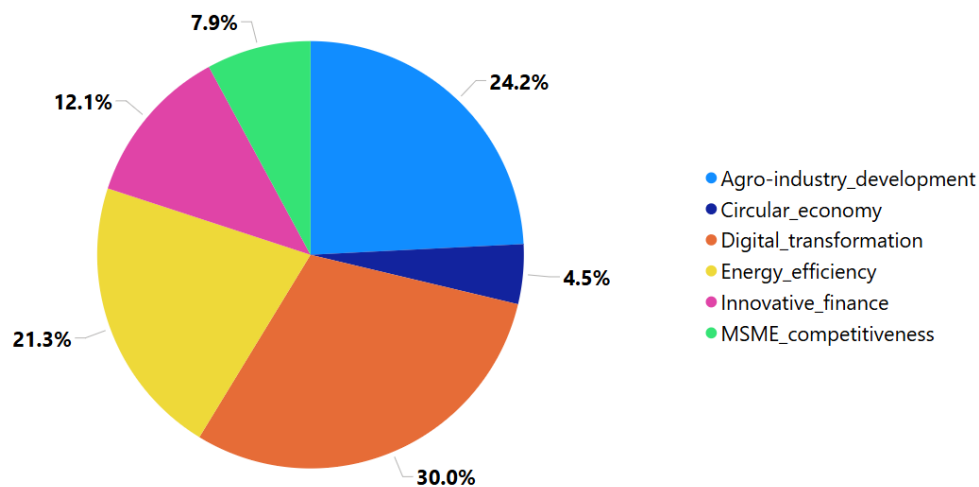
- Some documents contained extensive discussions covering multiple themes, while others were brief summaries, making it challenging to assess thematic depth solely based on word frequency

The processed data was visualized using Power BI to identify publication trends in UNIDO's focus areas. The analysis offered a few key findings:

Dominance of Certain Themes

From the period analyzed, some thematic areas appeared more frequently than others. Specifically, across all the analyzed knowledge products, **Digital Transformation and Artificial Intelligence** was the most prominent theme, followed by **Agro-Industry Development and Energy Efficiency and Climate Action. This suggests a strong push from UNIDO to align its priorities with a rapidly transforming technological context.** Moreover, despite its growing global importance, **Circular Economy and Green Industry** is less represented, suggesting either a lag in focus or a cross-cutting integration into other themes rather than studied separately. In fact, interdisciplinarity was also an observed phenomenon, particularly between Innovative Finance and MSME Competitiveness, suggesting a link between them.

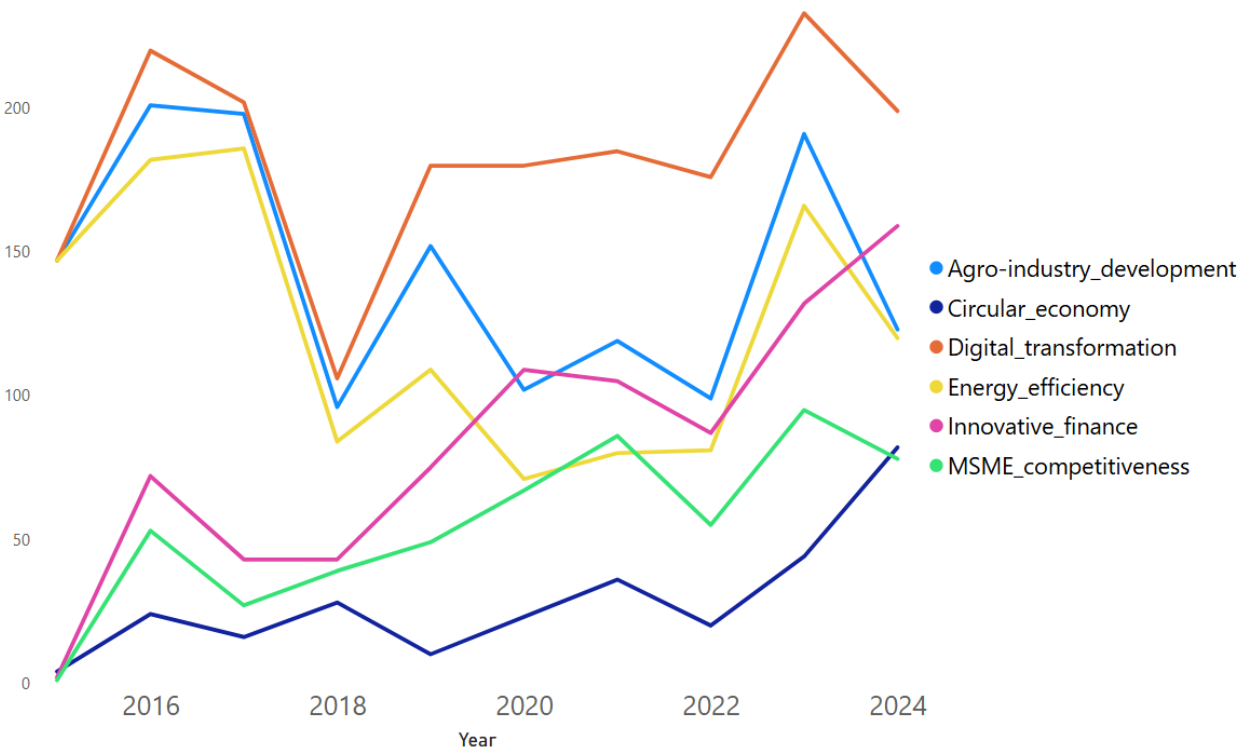
Figure 3: Dominance of thematic areas across UNIDO's documents (2015-2024)



Yearly Trends

When considered from a temporal perspective, additional findings could be drawn. Despite fluctuations, **Innovative Finance, Circular Economy and Green Industry**, and **MSME Competitiveness and Job Creation** showed over time a steady but substantive increase. On the other hand, the remaining areas, despite their prevalence in 2015, dramatically dropped in 2018 and slowly began to rise again. All the thematic areas surged in recent years, peaking in 2023 or 2024.

Figure 4: Thematic areas over time (2015-2024)



Disparities Across Repositories

The **UNIDO Knowledge Hub** and **Industrial Analytics Platform** contained a higher proportion of publications on **Digital Transformation and Artificial Intelligence**, suggesting that these platforms cater more to technology-driven discussions.

The **UNIDO Events Page** had a diverse thematic distribution, with notable peaks in **Energy Efficiency and Climate Action** and **Agro-Industry Development**, indicating that these themes are frequently discussed in conferences and workshops.

Analysis of industrial development context and budget

The trend analysis of the industrial development context, alongside an examination of UNIDO's activities and allocated budget, was conducted using a variety of data sources to better understand industrial production trends and funding initiatives that align with global priorities.

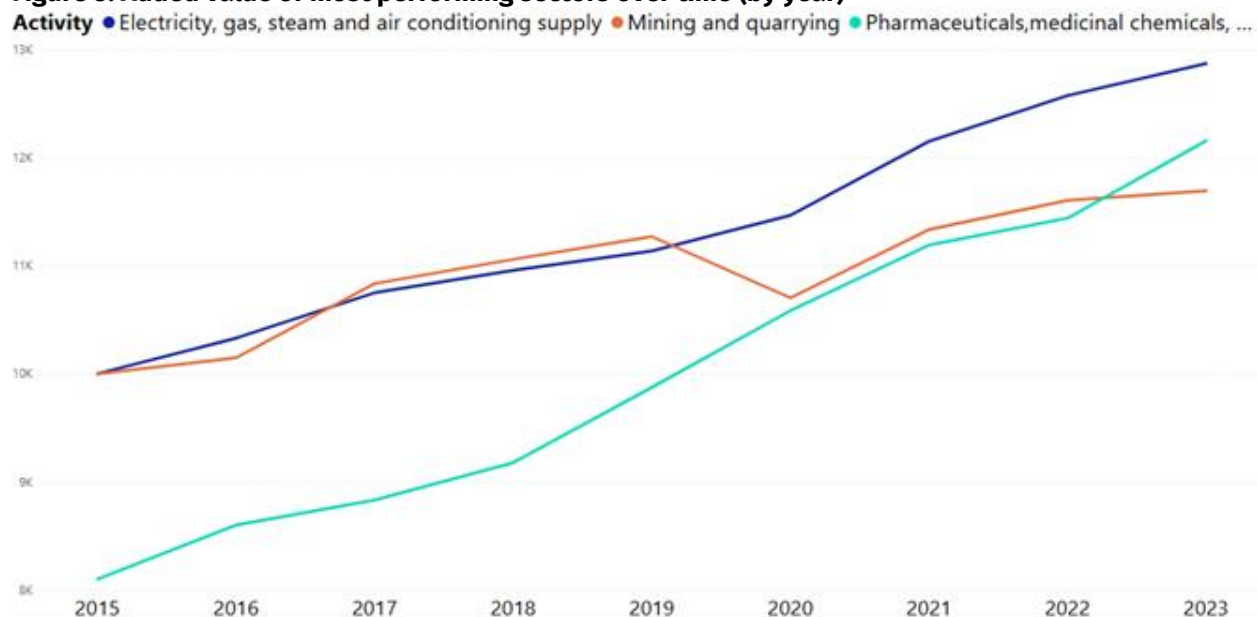
The focus of the exercise was:

- Global Quarterly Indices of Industrial Production (IIP) from UNIDO's Quarterly IIP Database¹⁹
- List of UNIDO Project Grants from SAP to determine their 'RBM priority'. This categorization reflects the detailed focus of the funded project or activity and could be compared to the six thematic areas identified in this report.

Manufacturing Production Trends (UNIDO Quarterly IIP Database)

The analysis of quarterly trends in world manufacturing production revealed an overall steady growth across all industrial sectors. In particular, the strong upward momentum in the **Electrical, Mining and Pharmaceutical Industry** highlights the need to closely monitor UNIDO's global positioning on ISID.

Figure 5: Added value of most performing sectors over time (by year)



Overview of UNIDO's Grant Funding (SAP List of Project Grants, 2015-2025)

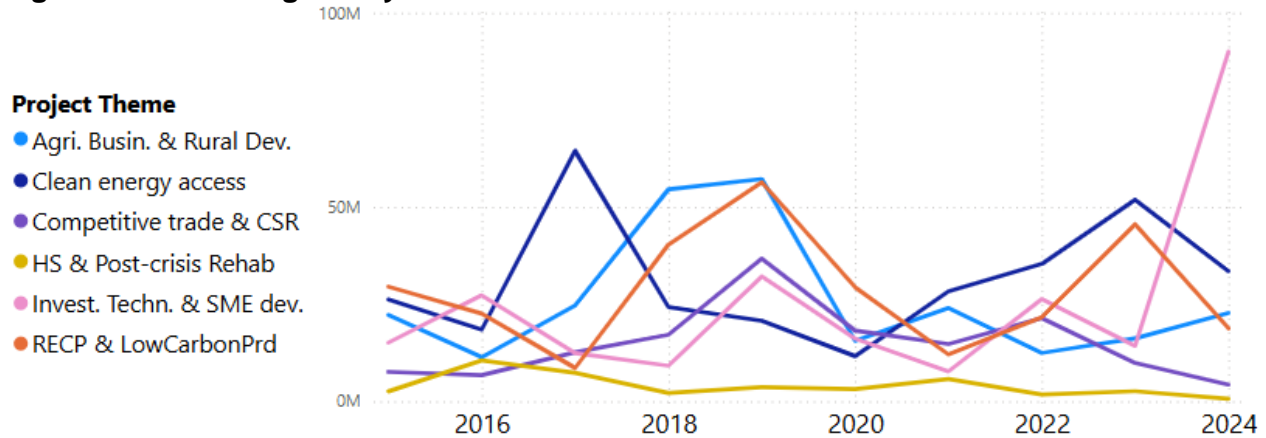
The analysis of UNIDO's project grants between 2015 and 2025, sourced from the SAP list, highlighted several critical components related to focus areas of funding:

- **Clean Energy Access:** approximately 21% of the allocated budget

- **Resource Efficient and Cleaner Production (RECP):** approximately 20% of the allocated budget
- **Agri-Business and Rural Development** and **Investment in Technology and SME Development:** approximately 18% of the allocated budget
- **Competitive Trade and Corporate Social Responsibility (CSR):**

Over time, the focus on certain areas remained quite consistent (**Agribusiness & Rural Development, Clean Energy Access, Competitive Trade & CSR**), whilst **Investment Technology & SME Development** has experienced a significant increase in grant allocations, peaking in 2024 as the most funded for that year.

Figure 6: Allocation of grants by RBM code over time



Annex 8: Comparison of UNIDO MTPFs: 2022–2025 vs. 2026–2029

Metric	2022–2025 MTPF	2026–2029 MTPF	Key Differences / Improvements
Strategic Direction	Focused on Inclusive and Sustainable Industrial Development (ISID) through four priorities: creating shared prosperity, advancing economic competitiveness, safeguarding the environment, and strengthening knowledge and institutions.	Reaffirms ISID but aligned more closely with SDG Summit 2023, Our Common Agenda, UN 2.0, and the Summit of the Future. Shifts from siloed to systems-thinking approaches.	2026–2029 introduces a more integrated, systems-based approach and alignment with latest UN reform efforts. Greater strategic integration with global UN policy agendas.
Thematic Priorities	Organized around ISID impact dimensions and focus areas like structural transformation, digital transformation, and climate-neutral industry.	Introduces five thematic priorities (climate, digitalization, sustainable energy, food systems, circular economy), framed through three systems lenses: people-centered transitions, resilience, and sustainable growth.	2026–2029 reframes priorities to reflect <i>systems logic</i> and global megatrends; clearer focus on cross-cutting global challenges and sustainability transitions.
Operationalization of Normative & Policy Functions	Less detailed guidance on implementation. Normative role acknowledged but not well integrated across programmes.	Significantly stronger emphasis on operationalizing normative functions — e.g., updating policy guidance, integrating normative tools (e.g., ISID Index, green diagnostics), connecting normative work to programming and partnerships.	Marked improvement in embedding normative/policy support into programming. Includes concrete mechanisms, frameworks, toolkits, and advisory services.
Partnerships and Stakeholder Engagement	Highlights the role of PCPs, South-South cooperation, and private sector.	Stronger emphasis on strategic partnerships, including through UN system coherence (UNSDCF, RC system), IFIs, private sector, regional bodies. More alignment with Quadrennial Comprehensive Policy Review (QCPR).	2026–2029 reflects a more proactive partnership strategy, UN system-wide collaboration, and normative alignment with multilateral partners. Shift from project partnerships to systemic multi-actor strategic alliances.
Cross-cutting Issues (Gender, Youth, Environment)	Gender and the environment are highlighted as cross-cutting concerns but lack operational clarity.	Cross-cutting enablers like gender, youth, and digital inclusion are mainstreamed with measurable targets. Greater emphasis on leaving no one behind (LNOB).	More action-oriented mainstreaming in 2026–2029, in line with UNCT-SWAP and youth engagement commitments.

Implementation, Results, Monitoring	Relies on IRPF and past reforms, uses evidence and RBM tools.	Integrates country typology and aims to strengthen monitoring of normative and operational performance together.	More coherent and evidence-based results management. M&E now supports both programmatic and normative ambitions.
Innovations / New Elements	Introduces PCP and programmatic approach. Focused more on technical assistance and capacity-building.	Strong focus on just transitions, digital public goods, AI governance, integrated diagnostics, and interagency cooperation (e.g. ILO, UNDP, FAO).	2026–2029 embraces innovation, especially in governance frameworks for emerging tech and inclusive transitions.

Compared to the 2022–2025 MTPF, the 2026–2029 Framework demonstrates a strategic shift toward systems-level transformation, emphasizing behavioral change, inclusive governance, and the operationalization of UN 2.0. A key improvement lies in the practical integration of the normative and policy function: while the previous framework acknowledged the catalytic role of policy and standards, the new MTPF embeds them more deeply into delivery through advisory services, global policy participation, standards-based tools, and cross-thematic implementation frameworks. These enhancements mark a clearer, more actionable approach to using policy and normative work to drive inclusive and sustainable industrial development.



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