Medium-term programme framework 2018-2021
Proposal on “Strengthening knowledge and institutions”

Note by the Secretariat

The present document was prepared in accordance with Industrial Development Board decision IDB.45/Dec.12, which refers to the medium-term programme framework (MTPF) 2018-2021 of UNIDO. Among other points, the decision “welcomes the proposal of developing “strengthening knowledge and institutions” as a new strategic priority and requests the Director General to provide further information to GC.17 on how this will relate to and enrich the existing strategic priorities.” In response to this request, the present document provides the relevant information.

I. Context

1. The medium-term programme framework (MTPF) 2018-2021, included in document IDB.45/8/Add.2, provides strategic guidance for the programmatic activities of UNIDO over the next four years to realize its mandate of supporting countries in achieving inclusive and sustainable industrial development (ISID). To this end, the MTPF integrates all levels of UNIDO’s organizational performance and development results, from the management of internal operations to the progress towards the Sustainable Development Goals (SDGs) (see figure 1).

2. The MTPF describes UNIDO’s four core functions: (i) technical cooperation; (ii) analytical, research and policy advisory services; (iii) the normative function and activities related to standards and quality; and (iv) the convening function and partnerships. In the MTPF 2018-2021, these functions are aligned along four strategic priorities at the results level: (i) creating shared prosperity; (ii) advancing economic competitiveness; (iii) safeguarding the environment; and (iv) strengthening knowledge and institutions. The MTPF reflects UNIDO’s mandate by placing the SDGs as the overall global development objective of the Organization. Efforts to
improve internal operations, such as resource mobilization, human resources management, and administrative efficiency, are also part of the framework, as they are critical for the successful delivery of this work.

3. Underlying the MTPF is a dual management objective of integration and scale-up. This means that over the next four years, UNIDO seeks further integration across its four core functions and strategic priorities, and to scale up its programmes and development impact. The MTPF also furthers UNIDO’s commitment to accountability and results-based management. It does so by establishing a direct link to each level of the Organization’s integrated results and performance framework (IRPF). The IRPF is a monitoring and reporting tool, which allows to quantitatively assess UNIDO’s development results at the global, regional and national level, as well as its organizational performance.

4. The MTPF 2018-2021 was presented to the Industrial Development Board at its forty-fifth session in June 2017. The Board took note of the MTPF and expressed appreciation for the objectives to scale up the development impact and to better integrate core functions and strategic priorities. The Board also welcomed the proposal of developing a new strategic priority of “strengthening knowledge and institutions”, and requested “the Director General to provide further information to the General Conference at its seventeenth session on how this will relate to and enrich the existing strategic priorities” (decision IDB.45/Dec.12). The present document is a response to this request.
II. New strategic priority: what does “strengthening knowledge and institutions” mean?

5. As mentioned above, the MTPF describes four strategic priorities for UNIDO’s work. Three of these remain unchanged from the preceding MTPF and represent the three dimensions of sustainable development (economic, social and environmental) as applied to UNIDO’s mandate of ISID: (i) creating shared prosperity; (ii) advancing economic competitiveness; and (iii) safeguarding the environment. In addition, the MTPF 2018-2021 introduces a new fourth strategic priority: (iv) strengthening knowledge and institutions. This fourth priority is different from the other three in that it refers to an outcome, rather than a thematic focus.

6. “Strengthening knowledge and institutions” is a prioritized outcome that is elevated over other high-level results, as it is considered instrumental to the
achievement of the MTPF’s management objective of “integration and scale-up”. It describes the Organization’s strategic direction towards complementing its existing work with a stronger focus on strengthening the knowledge base for ISID at the project, programme, country and international level, as well as the institutional capacity at the technical, policy and normative level. The new strategic priority thus enables greater integration across UNIDO’s functions and increased impact of its operations.

7. Unlike the other strategic priorities, “strengthening knowledge and institutions” does not refer to a “thematic” area of work. It largely captures activities that, to some degree, are already being undertaken by the Organization, be it within other strategic priorities, in identified cross-cutting areas or through UNIDO’s analytical and statistical work. However, by elevating these activities to a higher priority level, the MTPF 2018-2021 emphasizes UNIDO’s plan to increase its focus on these activities and the associated development results, to better support countries in their efforts towards achieving ISID and the SDGs. These activities include those in the appraisal phase of large projects or programmes, including the Programme for Country Partnerships (PCPs), which require country and sector specific ISID analysis, coordination work, institutional support, and, where necessary, capacity-building services. The new strategic priority also captures technical knowledge and policy components of UNIDO’s technical cooperation projects, which contain important information that can be extracted and distilled for shaping policy recommendations, or institutional capacity-building programmes at a larger, programmatic scale. All these activities would not take place in the required systematic manner without the introduction of the new strategic priority. In this sense, “strengthening knowledge and institutions” introduces an improvement in the way UNIDO’s projects and related activities are currently handled, with a view to achieving greater integration and scale-up.

8. In addition, “strengthening knowledge and institutions” also prioritizes a wide range of knowledge and institutional support activities that do not fall specifically within any of the other three strategic priorities of the MTPF, but are necessary and instrumental to the advancement of ISID and to respond to the Organization’s enhanced role in its new and dynamic development context. These activities range from technical cooperation projects to regional programmes, research activities, analytical work and interagency or multi-stakeholder coordination undertakings. These include new requirements of the Organization in light of the 2030 Agenda for Sustainable Development, such as statistics-related activities associated with UNIDO’s role as the custodian agency of six SDG targets; the Organization’s input into the SDG follow-up and review mechanisms; the increased institutional support to Member States required as they take greater ownership of their sustainable development strategies; and the analytical work required to address the complexity of the SDGs framework and the associated trade-offs and synergies for development cooperation activities, policies and investments.

9. The new strategic priority thus both strengthens and complements the existing “thematic” strategic priorities. It allows the Organization to achieve greater results from its operations and to better integrate its activities across its functions. More specifically, strengthening knowledge and institutions means, among others:

(a) Advancing the technical, policy and normative knowledge base for ISID, including by extracting relevant data, knowledge and policy recommendations from technical cooperation projects and programmes;

(b) Building the analytical, statistical and reporting capacity on ISID-related matters, also in the context of the follow-up and review architecture of the SDGs, at the global, regional and national level;

(c) Facilitating the policy dialogue on issues pertaining to the advancement of ISID, particularly, but not exclusively, in developing and middle-income countries;
(d) Strengthening the Organization’s efforts to perform the sector-specific technical and analytical work required in the appraisal phase of large-scale country programmes, including the PCPs;

(e) Strengthening the institutional capacity of Member States of UNIDO for ISID, facilitating the integration of all services delivered by UNIDO across functions and thematic areas for the provision of long-term development results.

III. Budget implications of the new strategic priority

10. While the full implementation of the MTPF 2018-2021 “will require the availability of sufficient resources, under the regular and the operational budgets, and through voluntary contributions” (IDB.45/8/Add.2), the implementation of the new strategic priority per se will not have implications on the approved regular budget. The resource allocation foreseen in the programme and budgets 2018-2019 (IDB.45/5) is the basis for the implementation of all four strategic priorities. This is because the new priority is considered an effective improvement to the way UNIDO works, rather than an expansion of the Organization’s thematic focus and work programme.

11. The implementation of the new strategic priority will be guided by adjustments in project design, programme coordination and the analytical work conducted by the Organization under the existing programme components, with no change in the agreed budget allocation. Additional financial requirements arising from unplanned activities under this strategic priority will be met by voluntary contributions and other resource streams, as are available at the time.

IV. Reporting implications of the new strategic priority

12. The introduction of this new strategic priority, along with other changes that the MTPF 2018-2021 introduces, will require the update of some elements of the IRPF. While the broad, four-level structure of the IRPF will remain the same, new indicators are being developed to reflect the changes. These new indicators are being elaborated by the IRPF Task Force through a dedicated project. The Secretariat will report on progress in the IRPF indicators in due course.

V. Action required of the Conference

13. The Conference may wish to take note of the information contained in the present document.