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Informal working group on the future, including programmes and resources, of UNIDO

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Final report of the Co-Chairs (H.E. Ms. A. T. Dengo Benavides, Costa Rica, and Mr. A. Groff, Switzerland)

The present report provides a brief synopsis of the work accomplished by the informal working group since its inception on 11 November 2011, thereby updating previous reports submitted (documents GC.14/14, IDB.40/10, IDB.40/17 and IDB.41/13). With this final report, the Co-Chairs are submitting the outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled "Strategic Guidance Document" to the Board for further action.

1. Following Board decision IDB.39/Dec.7, paragraph (h), an informal working group of interested Member States to provide guidance on the future, including programmes and resources, of UNIDO was established under the co-chairmanship of H.E. Ms. A. T. Dengo Benavides, Costa Rica, and Mr. A. Groff, Switzerland on 11 November 2011. Since then, the informal working group had 15 meetings and received 10 briefings on key themes identified. During the first stage of its work, the informal working group undertook an analysis of strengths, weaknesses, opportunities and threats (SWOT). A workshop on 31 January 2013, led by the Co-Chairs, embarked on a second stage by concentrating the information obtained through the SWOT analysis in operational draft recommendations which paved the way for a draft of a working document presented by the Co-Chairs. Several formal and informal meetings took place to finalize the outcome document of the informal working group on the future, including programmes and resource of UNIDO,

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entitled “Strategic Guidance Document”, which was adopted following a silence procedure ending on 7 June 2013.

2. During the finalization period of the document, Member States and regional groups contributed written and oral comments on the various versions of the working document. Member States’ constructive engagement and their flexibility shown helped to conclude the discussions successfully. With the present document, the Co-Chairs are submitting the outcome document to the forty-first session of the Board for its consideration. The Co-Chairs will present a draft decision on the outcome document to the Board.

Action required of the Board

3. The Board may wish to provide guidance on the outcome document of the informal working group on the future, including programmes and resource of UNIDO, entitled “Strategic Guidance Document”, as contained in the annex to the present document.

Annex

Outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled “Strategic Guidance Document”

Introduction

The Strategic Guidance Document serves as the primary instrument of guidance in the elaboration of programmatic and budgetary frameworks by the United Nations Industrial Development Organization (UNIDO). It clarifies the shared understanding of Member States of the mandate of UNIDO and provides the outline of programmatic activities within which this mandate will be exercised. It sets core principles to be followed by the Organization in managing for results, country-level and regional activities, efficiency, resources, and United Nations system-wide coherence.

This document supersedes all previous strategic plans, including the Business Plan on the Future Role and Functions of UNIDO,¹ the Strategic Guidelines “towards improved UNIDO programme delivery”,² and the strategic long-term vision statement.³

The genesis of this document lies in decision IDB.39/Dec.7 of the Industrial Development Board to establish an informal working group on the future, including programmes and resources, of UNIDO. The informal working group considered the mandate, activities, management principles and resources of UNIDO in light of the changing landscape for international development cooperation and the more constrained funding scenario. It undertook an assignment to identify strengths, weaknesses, opportunities and threats facing the Organization. Member States, regional and other groups, the UNIDO Secretariat, and external experts provided inputs for consideration by the informal working group. All of these constitute the building blocks of this document.

Sustainable industrial development in accordance with the mandate of UNIDO

1. The Constitution of the United Nations Industrial Development Organization, adopted on 8 April 1979, is the legal basis for the mandate of UNIDO. The Member States of UNIDO share the view that the core mandate described therein remains valid.
2. The present document aims at providing a better understanding of the mandate of UNIDO in order to leverage opportunities such as those emanating from the emerging post-2015 development agenda; to sharpen the profile of the Organization; and to increase its visibility. The mandate is as follows:

¹ IDB.17/Dec.2 and GC.7/Res.1.

² IDB.26/Dec.7.

³ GC.11/Res.4

3. *UNIDO is to promote sustainable industrial development and international industrial cooperation within its thematic priorities and in accordance with global, regional and national development goals.*

4. Industrialization and reindustrialization are among the main drivers of economic growth and poverty eradication. In the global development agenda, UNIDO is the specialized agency of the United Nations with the mandate to promote sustainable industrial development, including fostering equitable and sustainable patterns of industrial development. This mandate is relevant for addressing major challenges including: growth and jobs; resource and energy efficiency; pollution and climate change; poverty eradication; shifting demographics; knowledge creation and transfer; technological change and innovation; and reducing inequality.

5. The key elements of the mandate are:

- *Promotion*: UNIDO is mandated to act globally and to assist Member States in reaching common objectives on mutually agreed terms;
- *Sustainable industrial development and energy efficiency*: UNIDO activities must respond to the economic, social and environmental dimensions of sustainable development, according to the needs of Member States;
- *International industrial cooperation*: UNIDO is to facilitate North-South, South-South, and triangular industrial cooperation, including in technology transfer and knowledge networking; to coordinate industrial development issues within the United Nations system; and to promote business partnerships and public-private partnerships where appropriate;
- *Thematic priorities*: All UNIDO activities must be aligned to one or more of the three thematic priorities outlined in this document;
- *Global, regional and national development goals*: All UNIDO activities must be aligned with agreed development objectives, such as the emerging post-2015 framework, and should correspond with regional and national development strategies.

Functions of UNIDO

6. UNIDO is to carry out its mandate through the use of four complementary functions: technical cooperation; action-oriented research and policy advisory services; standards and compliance; and its convening and partnerships role. Each of these is subject to the principle of managing for results. Where statistical and research products or convening activities are concerned, emphasis is to be given to those that link to measurable development outcomes and connect to the Organization's technical cooperation and policy advisory services.

Thematic priorities

7. Subject to paragraph 11 ("managing for results"), all programmes and activities are to be aligned with one or more of the following thematic priorities, in which UNIDO has a distinct comparative advantage. While special attention should

continue to be given to the least developed countries (LDCs), particularly in Africa, due consideration is to be given to the provision of services to Member States with differentiated challenges and opportunities, across all regions and income levels, including in middle-income countries and countries with economies in transition.

8. Eradicating poverty, addressing industry-related environmental and energy challenges, and strengthening national capacity are to be seen as cross-cutting issues for all programmes and activities of UNIDO. Common United Nations development principles and approaches are also to be considered.

9. To avoid fragmentation of technical cooperation delivery, all programmes and activities are to be managed according to the principle of management for results provided in this document, thereby seeking development outcomes on the policy and/or institutional levels.

10. Within its mandate, UNIDO is to reduce poverty and address industry-related environmental challenges through the following three thematic priorities:

(A) Productive capacity-building

As the primary driver of economic growth and employment creation, productive activities play a central role in the eradication of poverty and the creation of shared prosperity. This priority concentrates on UNIDO's comparative advantage in building productive capacity and enabling value addition through greater industrial competitiveness, innovation and business linkages, particularly for small and medium-sized enterprises (SMEs). Bearing this in mind, UNIDO will also carry out activities on post-crisis rehabilitation to strengthen productive capacities and to promote sustainable production, in accordance with the concept of human security and within the mandate of UNIDO. Programmes include:

- (a) Business, entrepreneurship, investment and technology services for SMEs;
- (b) Agribusiness and rural entrepreneurship development;
- (c) Women and youth in productive activities;
- (d) Innovation, knowledge-sharing and technology transfer.

(B) Trade capacity-building

Accessing markets and engaging in meaningful trading relationships enable countries to make use of their competitive advantages by concentrating their resources into those productive activities that provide the highest economic and social returns. This priority concentrates on UNIDO's comparative advantage in building trade capacity, particularly through facilitating the compliance of SMEs in developing countries to international quality standards and product traceability, and through establishing quality and compliance infrastructure. Programmes include:

- (a) Meeting market standards;
- (b) Quality and compliance infrastructure;
- (c) Industrial export promotion and SME consortia;

- (d) Corporate social responsibility for market integration.
- (C) Sustainable production and industrial resource efficiency
- This area concentrates on UNIDO's comparative advantage as the specialized agency of the United Nations with expertise in industrial environmental management, industrial energy and resource use. It also acknowledges the Organization's advantage in the industry-related implementation of multilateral environmental agreements. Programmes include:*
- (a) Resource-efficient, sustainable and low-carbon industrial production;
 - (b) Clean and renewable energy access for productive use;
 - (c) Industrial energy efficiency;
 - (d) Capacity-building for the industry-related implementation of multilateral environmental agreements.

Management criteria

11. *Managing for results*

All UNIDO programmes and activities are to use clearly-defined:

- Planning;
- Outputs;
- Outcomes and impact, at institutional and/or policy levels;
- Key performance indicators; and
- Monitoring and evaluation for impact.

In addition to planning, monitoring and reporting requirements for individual projects, the Secretariat is to provide consolidated reports at regular intervals that demonstrate development impact across programmes, experiences in technical cooperation that could be replicated or adapted, and lessons learned from evaluation recommendations.

Recommendation: During the next revision of the medium-term programme framework, the Secretariat will develop a results framework based on result chains, including outcomes; outcome indicators; outputs; output indicators and corresponding baselines and targets taking into account experiences from other United Nations specialized agencies.

Recommendation: The Secretariat is to report to Member States by the end of the 2014-2015 biennium on how its thematic priorities and programmes listed above may further be aligned and prioritized, including in light of the emerging post-2015 development agenda.

Recommendation: The Secretariat will report to Member States in the biennium 2016-2017 on steps introduced to improve efficiency and effectiveness of technical cooperation. The report will include, inter alia,

information on the application of the results-based approach; alignment with the most relevant trends and principles of aid effectiveness; partnerships with the private sector; United Nations country-level coordination; linkages of technical cooperation with global forum activities; national and local implementation, including cooperation with civil society; simplified approval mechanisms; tracking and application of recommendations; and lessons learned from evaluations and outcomes of technical cooperation audits, whenever possible.

Recommendation: Following the publication of the evaluation of UNIDO's global forum activities, the Secretariat will devise a strategy for its convening and partnerships function. This strategy should be presented to Member States during the 2014-2015 biennium and should ensure that conferences and other convening activities are of the highest visibility and relevance; are results-oriented; are based on the thematic priorities of the Organization; and are closely linked to operational activities.

12. *Managing for countries and regions*

The Secretariat is to undertake a comprehensive review of its field office network and Bureau for Regional Programmes with a view to increasing the efficiency and effectiveness of its programmes and activities.

Recommendation: In consultation with Member States, the Secretariat will produce an action plan concerning its field policy and field network, to be presented during the 2014-2015 biennium. The action plan will encompass, inter alia, coordination; key functions of field offices; delegation of authority; representational and promotional functions; human resources, including capabilities and skills needed for field representatives; in-country capacity-building, including use of national and local implementation; and partnering and cost-sharing with other United Nations entities at the field level.

13. *Managing for efficiency*

UNIDO will continue with its efforts to raise efficiency on the basis of its Programme for Change and Organizational Renewal (PCOR) in a review that pursues measurable targets for the retention of institutional memory, knowledge and critical human resource mass, promoting inter-branch communication and cooperation, and generating savings.

Recommendation: The Secretariat is to report to Member States during the 2014-2015 biennium on measurable gains and efficiencies to be achieved. The report should, inter alia, address the feasibility of outsourcing some administrative activities, explore a possible reduction in non-staff expenditure items, and evaluate the effectiveness and efficiency of its travel expenses.

14. *Managing financial resources*

In light of constraints on the regular budget due to the withdrawal of Member States from the Organization and possible constraints on the operational budget in the future, UNIDO is to identify and optimize under-utilized resources and pursue innovative sources of financing, while seeking to further generate savings. UNIDO is also to negotiate for continued or increased

allocations under various multilateral environmental agreements, to seek additional contributions from traditional and emerging multilateral or bilateral sources, with particular attention to decentralized funding sources.

Recommendation: During the 2014-2015 biennium, the Secretariat will present a comprehensive report on potential new and innovative sources of finance, including domestic resource mobilization, to enable voluntary contributions, including from Member States, foundations, the private sector and individuals, to be allocated to the regular budget according to established criteria.

Recommendation: The Secretariat will present a progress report on its resource mobilization and resource efficiency measures to be submitted to Member States during the 2014-2015 biennium.

Recommendation: Member States are encouraged to pay their assessed contributions in a timely manner. Those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, are urged to do so. The Director General is requested to pursue his efforts in contacting Member States and former Member States to this effect.

Recommendation: The Secretariat is to make systematic efforts to encourage non-Member States to join or rejoin the Organization.

15. *Managing human resources*

UNIDO should continue its efforts to define a personnel policy that ensures institutional strengthening and preservation of knowledge, aims for balanced regional and gender representation, and encourages the performance and professional development of its staff.

Recommendation: During the biennium 2014-2015 UNIDO will adjust the number of senior management and general service staff positions relative to its statutory role, human resource needs, and programmatic priorities.

Recommendation: The Secretariat will regularly brief Member States on human resources issues, including upcoming vacancies, institutional knowledge, and geographic distribution and gender balance, particularly in management positions.

16. *Managing for partnerships*

UNIDO should engage in continued dialogue with Member States, non-Member States, the private sector, financial institutions, chambers of industry and commerce, civil society, academic institutions, foundations and other entities in order to enhance its visibility and to reinforce confidence in its capacity, capabilities and results.

Recommendation: The Secretariat is to develop and implement a revised strategy on advocacy and external relations, with an emphasis on forging stronger partnerships.

Recommendation: The Secretariat is to develop and implement a specific strategy on partnerships with and among developing countries, with an emphasis on tools to promote and strengthen South-South and triangular cooperation.

Recommendation: UNIDO is to develop and implement strategies on partnerships with relevant actors among the private sector, financial institutions, chambers of industry and commerce, civil society, academic institutions, foundations, the United Nations system and other entities.

17. *Managing for coherence*

UNIDO should continue to ensure that its programmes and activities are aligned to agreed United Nations system-wide frameworks such as the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR). In addition, the Organization and its Member States are encouraged to advocate for the inclusion of the core mandate of UNIDO in globally-agreed development goals.

Recommendation: UNIDO should continue to participate in relevant United Nations-wide processes, such as those related to the United Nations reform and to the formulation of the post-2015 development agenda and Sustainable Development Goals.

Recommendation: UNIDO and its Member States will regularly assess the status of the Organization's alignment to United Nations system-wide frameworks and activities.

Recommendation: The Secretariat should design a strategy for UNIDO to regain a central coordinating role in the field of industrial development, further improving its visibility within the United Nations system. This strategy should include coordination with other United Nations entities in order to efficiently achieve better results and avoid duplication.

18. *Managing for continuity*

UNIDO and Member States will regularly revisit the recommendations outlined in this document, assess achievements, discuss shortcomings and suggest the future course of action.

Recommendation: UNIDO and its Member States will institutionalize their discussions on the recommendations outlined in this document, inter alia, through revisiting the recommendations and assessing their implementation during each revision of the medium-term programme framework.