

Industrial Development Board**Forty-fifth session**

Vienna, 27-29 or 30 June 2017

Item 6 of the provisional agenda

Medium-term programme framework and medium-term investment plan**Programme and Budget Committee****Thirty-third session**

Vienna, 16-18 May 2017

Item 9 of the provisional agenda

Medium-term programme framework and medium-term investment plan**Updated medium-term programme framework for the period 2018-2021****Proposals by the Director General**

The present document provides the main features of the proposals for the updated medium-term programme framework (MTPF), in line with Board decision IDB.44/Dec.10. Based on the decision and previous mandates, the MTPF 2016-2019 (IDB.43/9) has been reviewed considering developments since its entering into force. In order to ensure that the MTPF remains a useful and flexible tool for the strategic planning of the Organization's programmes with a four-year horizon, the main features of the updated MTPF for the period 2018-2021 have been elaborated in the present document issued to the Committee. The comprehensive and more detailed proposals will be submitted to the Industrial Development Board for its consideration.

I. Background

1. The MTPF 2016-2019 was considered in 2015 as one of the main strategic planning tools to guide the Organization as it began its work on the Sustainable Development Goals (SDGs). The document was prepared at a time when the 2030 Agenda for Sustainable Development had not yet been adopted. The MTPF 2016-2019 was therefore based on a few assumptions regarding the specifics of the Agenda's implementation, follow-up and review. Since then, several new elements have been introduced by the United Nations community to clarify operational aspects of the Agenda and the role of the United Nations development system (UNDS) to support its implementation. At the same time, the increasing recognition of and expectations placed on inclusive and sustainable industrial development in the achievement of the SDGs continued in 2016 and early 2017, both within and outside the scope of United Nations processes.

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



2. The present document outlines the main features of the midterm review and provides an update of the current MTPF based on the aforementioned new elements, and in compliance with the guidance received by the Secretariat from Member States at the sessions of UNIDO's policymaking organs. Specifically, in paragraphs (b) and (e) of decision GC.14/Dec.18, the General Conference requested the Director General to align its planning cycle with the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR), and to continue submitting quadrennial midterm reviews of the MTPF to the Board in the second year of a biennium. In paragraphs (e) and (f) of decision GC.15/Dec.17, the Conference requested the Director General to submit from 2015 onwards, on a quadrennial basis, to the Board in the second year of the biennium, through the Committee, a draft MTPF for four years, taking into account the Lima Declaration, the recommendations of the latest QCPR, and the recommendations of the "Strategic Guidance Document".

3. In line with these decisions and with Board decision IDB.44/Dec.10 — which requested the Director General to submit to the Board at its forty-fifth session, through the Programme and Budget Committee, an updated MTPF for the period 2018-2021 — the MTPF 2016-2019 has been reviewed and the updated MTPF 2018-2021 has been elaborated in the light of recent developments.

4. A detailed proposal of the updated MTPF, including programmatic refinements following the adoption of General Assembly resolution 71/243 on the QCPR on 21 December 2016, will be submitted to the Board at its forty-fifth session. This proposal will include enhancements to the thematic programme framework and the management framework, two main components of the previous MTPF. The detailed MTPF proposal will also include the updated integrated results and performance framework (IRPF).

II. New developments

5. The present section will provide a brief overview of the new developments since the entering into force of the MTPF 2016-2019, and the adoption of the 2030 Agenda, as well as on UNIDO's role and responsibilities in that Agenda. This section will also feature other United Nations mandates and initiatives, which will have a bearing on the MTPF, 2018-2021.

A. 2030 Agenda for Sustainable Development

6. In paragraphs 72ff. of the 2030 Agenda for Sustainable Development,¹ Governments committed themselves to a systematic follow-up and review at the national, regional and global levels, and laid down guiding principles for this follow-up and review process. Among other things, the follow-up and review should "benefit from the active support of the United Nations system and other multilateral institutions". Furthermore, thematic reviews — including cross-cutting issues — taking place at the high-level political forum (HLPF) "should be supported by reviews by the ECOSOC functional commissions and other inter-governmental bodies and forums which should reflect the integrated nature of the goals as well as the interlinkages between them". Paragraph 90 of the 2030 Agenda requested the Secretary-General to prepare a report outlining critical milestones towards coherent, efficient and inclusive follow-up and review of the 2030 Agenda at the global level, also providing further clarity on institutional responsibilities.

¹ Transforming our world: the 2030 Agenda for Sustainable Development, [A/RES/70/1](#).

7. The subsequent report² described, inter alia, the role of intergovernmental bodies and forums for global thematic reviews of progress at the HLPF. In this context, UNIDO's Industrial Development Board was invited in 2016 to provide its input into the HLPF process on issues related to inclusive and sustainable industrialization. The subsequent report was among the thematic reviews provided by 48 functional commissions and other intergovernmental bodies and forums to the 2016 HLPF, along with 22 voluntary national reviews. The first HLPF after the 2015 adoption of the 2030 Agenda and the SDGs was held in July 2016, under the theme "Ensuring that no one is left behind" and adopted a ministerial declaration³ that stressed "the attention given by the 2030 Agenda to building resilient infrastructure and its particular connection with the promotion of inclusive and sustainable industrialization and the fostering of innovation".

8. The 2017 HLPF, under the theme "Eradicating poverty and promoting prosperity in a changing world", will be of particular relevance to UNIDO as it will feature the in-depth review of SDG 9 among six selected goals.

9. According to paragraph 74 of the 2030 Agenda, the follow-up and review process should be "rigorous and based on evidence, informed by country-led evaluations and data which is high-quality, accessible, timely, reliable and disaggregated by income, sex, age, race, ethnicity, migration status, disability and geographic location and other characteristics relevant in national contexts." It would "require enhanced capacity-building support for developing countries, including the strengthening of national data systems and evaluation programs, particularly in African countries, LDCs, SIDS and LLDCs and middle-income countries." Paragraph 75 stated further that "the Goals and targets will be followed-up and reviewed using a set of global indicators. These will be complemented by indicators at the regional and national levels" and tasked the United Nations Statistical Commission (UNSC) via the Inter-agency Expert Group on Sustainable Development Goals Indicators (IAEG-SDG) to develop the global indicator framework.

10. Consequently, the UNSC established the IAEG-SDG to develop a list of indicators for the global monitoring of the goals and targets of the 2030 Agenda, inviting UNIDO together with other international organizations as an observer. At its forty-seventh session in March 2016, the UNSC approved a list of indicators,⁴ recognizing UNIDO as a custodian agency for six industry-related indicators under SDG 9 (SDG indicators 9.2.1, 9.2.2, 9.3.1, 9.3.2, 9.4.1, and 9.b.1).

11. Also in March, the UNSC approved UNIDO's report on industrial statistics and called upon the Organization to increase capacity-building programmes on industrial statistics for developing countries in the context of the SDGs. The report noted that the need for monitoring progress towards the achievement of the SDGs reinforced the relevance of industrial statistics in the post-2015 era.

12. In addition to its coordination with UNSC, other partner agencies and national statistical offices (NSOs) in developing the SDG indicators, UNIDO has been working to address the challenge of reliable monitoring at the global level. Through its collaboration with the UNSC and other partners, UNIDO has supported NSOs in the implementation of SDG indicators within their statistical programmes, leading to enhanced cooperation with national and international stakeholders of SDG 9.

² Critical milestones towards coherent, efficient and inclusive follow-up and review at the global level, [A/70/684](#).

³ Ministerial declaration of the 2016 high-level political forum on sustainable development, convened under the auspices of the Economic and Social Council, on the theme "Ensuring that no one is left behind", [E/HLS/2016/1](#).

⁴ <http://unstats.un.org/sdgs/indicators/indicators-list/>.

13. UNIDO is a member of the Inter-agency Task Force (IATF) on Financing for Development (FfD), convened by the Secretary-General after the adoption of the Addis Ababa Action Agenda (AAAA). In March 2016, the IATF published its inaugural report that maps out the commitments and actions in the Agenda and presents their monitoring framework. During the year, IATF members prepared issue briefs on clusters of commitments and actions identified in the inaugural IATF report. UNIDO coordinated the cross-cutting cluster on “Promoting inclusive and sustainable industrialization”, with contributions from other United Nations bodies and organizations. UNIDO also provided inputs to four other clusters: “Generating full and productive employment for all”; “Addressing the diverse needs and challenges faced by countries in special situations”; “Gender equality”; and “Global partnership”.

14. Paragraph 70 of the 2030 Agenda launched a Technology Facilitation Mechanism (TFM), which had been established by the AAAA in order to support the SDGs. The TFM is based on a multi-stakeholder collaboration between Member States, civil society, the private sector, the scientific community, United Nations entities and other stakeholders. The 2030 Agenda defined the TFM’s composition as follows: a United Nations Interagency Task Team on Science, Technology and Innovation for the SDGs (IATT on STI), a collaborative Multi-stakeholder Forum on Science, Technology and Innovation (STI Forum) for the SDGs, and an online platform as a gateway for information on existing STI initiatives, mechanisms and programmes. The dissemination and acquisition of technology represents a key area of UNIDO support to Member States, and UNIDO is thus actively involved in the TFM. Inter alia, UNIDO helped organize the first annual STI Forum in New York. A detailed mapping by UNIDO of STI-related activities constitutes the basis for future work by the United Nations system in this field. A proposal prepared by UNIDO in its capacity as lead agency for identifying and implementing United Nations-wide capacity development activities in the STI field is currently under discussion for implementation in 2017-2018.

B. The Third Industrial Development Decade for Africa

15. The emphasis of the international community on the need to accelerate inclusive and sustainable industrialization, particularly in Africa, has continued since the adoption of the 2030 Agenda. On 25 July 2016, the United Nations General Assembly proclaimed the period 2016-2025 as the Third Industrial Development Decade for Africa, with resolution 70/293 that specifically calls upon UNIDO “to develop, operationalize and lead the implementation of its programme”, and invites UNIDO “to scale up its technical assistance to African countries in order to promote inclusive and sustainable industrial development”.

16. Noting that Africa remains “the poorest and the most vulnerable region in the world”, the General Assembly highlighted the need for the continent to take “urgent action to advance sustainable industrialization as a key element of furthering economic diversification and value addition, creating jobs and thus reducing poverty and contributing to the implementation of the 2030 Agenda for Sustainable Development”.

17. The General Assembly also encouraged UNIDO’s Director General to mobilize adequate resources for the implementation of the Third Industrial Development Decade. In addition, the resolution invites UNIDO to foster partnerships, as appropriate, with other relevant entities in the United Nations development system.

C. Quadrennial comprehensive policy review of operational activities for development of the United Nations system

18. Being part of the United Nations system, UNIDO's programmatic objectives and priorities are impacted by broader decisions and resolutions adopted at the system-wide level. One of the most relevant is the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR). Following the established quadrennial cycle, the latest QCPR resolution was adopted on 21 December 2016 (resolution 71/243). In essence, this QCPR resolution guides the UNDS in supporting the implementation of the 2030 Agenda, and continues the work of the 2012 QCPR resolution towards an effective, efficient and coherent UNDS.

19. The latest QCPR contains elements with important implications for UNIDO's programmatic activities. First, the UNIDO programmatic cycle itself will need to be adapted to the QCPR cycle by 2021. As already captured in the Secretary-General's report on the implementation of the QCPR,⁵ and as requested by UNIDO Member States in decision IDB.44/Dec.10, the MTPF 2016-2019 planning cycle will require an extension to the biennium 2020-2021, for the UNIDO cycle to be fully aligned with the one of the QCPR.

20. By June 2017, UNIDO will participate in the elaboration of a Secretary-General report outlining the current functions, as defined in their strategic plans, and existing capacities of all United Nations entities carrying out operational activities for development in support of the implementation of the 2030 Agenda, identifying gaps and overlaps in coverage and providing recommendations for addressing them. Subsequently, United Nations entities will have to develop and present a system-wide strategic document translating those recommendations into concrete actions by the end of 2017 for consideration by the operational activities for development segment of the 2018 session of the Economic and Social Council. It is expected that this strategic document will strengthen inter-agency coordination frameworks in the field including the exploration of innovative options for the alignment of funding modalities of the United Nations entities with the functions of the UNDS, which will need to be reflected in the respective strategic plans and programmes.

21. Other sensitive expectations yet to be fully defined include the work within the respective intergovernmental bodies towards aligning integrated budgets of the United Nations entities with the QCPR, as well as the required adjustments in the cost-sharing of the United Nations Resident Coordinator offices in the field.

22. As an organization with a relatively limited field presence, the new QCPR is expected to have implications on UNIDO's work, not least in light of the recent implementation of the Organization's field network reform. Enhanced coordination at the field level is to be envisaged among United Nations agencies, funds and programmes, which would imply higher levels of engagement by the UNIDO field offices.

III. New strategic partnerships

A. G20

23. UNIDO's increasingly relevant role in the global debate on international cooperation for development led to the widening of the Organization's strategic

⁵ Secretary-General's report on the "Implementation of General Assembly Resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system ([A/71/63-E/2016/8](#)).

partnerships in the policy and normative space, in addition to the traditional technical cooperation. One of the highlights of such enhanced policy activities is the Organization's engagement with the G20.

24. In September 2016, the eleventh G20 Summit in Hangzhou, China, adopted a new initiative by the group to support industrialization in Africa and least developed countries, based on a comprehensive report prepared by UNIDO. The report "Industrialization in Africa and Least Developed Countries. Boosting growth, creating jobs, promoting inclusiveness and sustainability" was prepared at the request of the G20 Development Working Group (DWG), which met throughout 2016.

25. The G20 DWG worked to achieve a wide consensus on issues, including promoting the implementation of the 2030 Agenda for Sustainable Development. It also carried out a comprehensive evaluation of G20 development commitments, strengthening the coordination between the DWG and other working groups; strengthening policy consistency; supporting the industrialization of African and least developed countries; and strengthening inclusive business cooperation.

26. In the same context, the G20 Action Plan for the implementation of the 2030 Agenda includes industrialization as one of the priority areas for G20 development cooperation activities. UNIDO also contributed to other work of the group, such as the implications of the so-called New Industrial Revolution for global production systems, particularly in developing countries. The 2017 G20 Presidency is building on UNIDO's input and continues to rely on the Organization's support services during its term.

27. The Organization's efforts to participate in the G20 and similar global governance forums will have implications on its programming frameworks, particularly in its policy function, and will require the updated MTPF to take account of a possible prioritization of associated programmes.

28. Similarly, UNIDO has been working with Brazil, Russia, India, China and South Africa (BRICS) with a view to supporting the group's development activities with regard to industrial development, including its digital applications, such as e-commerce structures.

B. Agreements with international finance institutions

29. At the end of 2016, UNIDO and the World Bank signed an agreement to facilitate the provision of UNIDO expertise to governments implementing World Bank-financed investment projects. The new standard agreement is intended to help the two organizations support client countries in achieving the SDGs. The agreement is expected to have important implications on UNIDO's ability to raise voluntary contributions towards the delivery of its services, and will greatly facilitate resource mobilization in support of Programmes for Country Partnership (PCPs) and the implementation of Third Industrial Development Decade for Africa. A similar agreement was signed with the African Development Bank and cooperation frameworks with other institutions are currently under examination.

30. These operational architecture developments will have implications for the programmatic approaches of UNIDO in the provision of its technical cooperation, policy advisory, normative and convening services.

IV. UNIDO's internal monitoring and guiding documents

31. The MTPF 2016-2019 introduced the IRPF intended to support the monitoring and reporting of corporate results. The MTPF elaborated the concept and structure of the IRPF and also contained a first set of proposed indicators. It also highlighted that the indicators would need to be developed in a continuous manner, that data availability could be an issue for some indicators, and that baselines would be set as per data availability. In light of this and in line with the resolution GC.16/Res.1, UNIDO worked during 2016 to test, improve, and enrich these originally proposed indicators, and to set baselines and targets.

32. The enhanced and robust set of indicators, including baselines and targets for most of them, were presented to the Board at its forty-fourth session and will be the basis for future corporate results monitoring. The Board was also presented with an Action Plan, outlining the steps necessary to close some remaining issues with regard to IRPF indicators. The *Annual Report 2016* includes, for the first time, a corporate scorecard based on the IRPF. UNIDO will report in the annual report yearly, and on the Open Data Platform quarterly. The IRPF is an evolving document and more indicators will be developed as new developments demand, new data become available and the Organization gains more experience.

33. In addition to the present document on the updated MTPF, UNIDO will submit to the Committee a conference room paper including updates to the IRPF indicators in line with the Action Plan.

V. Update of the medium-term programme framework

34. Incorporating the emerging elements presented above, and in compliance with decision IDB.44/Dec.10, the updated MTPF to be presented at the forty-fifth session of the Industrial Development Board will introduce an extension of the originally foreseen period of validity to cover the biennium 2020-2021. The extension will on one hand allow for the alignment of UNIDO's programming cycle with the QCPR cycle, as mentioned above. On the other, the time adjustment will provide the Organization and its Member States with a strategic planning document with a medium-term horizon that is fully updated against recent developments and will be used as the basis for programming and strategic decision-making for the next four years, while allowing for a further midterm review at the end of the next budget biennium.

35. The updated MTPF will also consider the programmatic implications of the growing role of the Organization as the provider of institutional support for the implementation of the 2030 Agenda, both at technical cooperation and at policy and standard-setting levels. In particular, the SDGs framework gives UNIDO a specific mandate to perform thematic policy analysis, monitoring and reporting functions vis-à-vis the SDGs at the global and regional level, and to support Member States with policy advisory services in the preparation of their voluntary national reviews of SDGs implementation for the HLPE.

36. At the same time, the significant gap in available and reliable industrial data, particularly in developing countries, has become all the more evident within the SDGs global indicator framework, which calls for further support services by UNIDO in capacity-building activities in the field of industrial statistics.

37. The updated MTPF will capture the programmatic implications of UNIDO's prominent role in connection with the science, technology and innovation work stream

at inter-agency level, particularly with regard to the establishment of a technology facilitation mechanism, as mandated by the Addis Ababa Action Agenda.

38. Finally, the updated MTPF will incorporate the new mandate of the Organization with regard to the implementation of the Third Industrial Development Decade for Africa. It will highlight the programmatic implications of an increased commitment to greater industrial development impact on the African continent, including mechanisms to raise the necessary voluntary contributions and to build new and expand existing partnership approaches to support Africa in achieving the SDGs, in particular SDG 9.

VI. Budgetary framework

39. The updated MTPF 2018-2021 will contain indicative financial requirements and a regular budget ceiling for the planning period at a level that is necessary to implement the programmes of work as mandated by Member States.⁶ The reinforced mandate of the Organization and the implementation of the thematic framework outlined above call for a stable financial basis and additional resources over the current level of the regular budget approved for the biennium 2016-2017.⁷

VII. Action required of the Committee

40. The Committee may wish to take note of the information provided in the present document.

⁶ General Conference decision GC.2/Dec.23, para. (b) (v) (d).

⁷ General Conference decision GC.16/Dec.15.