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INDUSTRIAL DEVELOPMENT ORGANIZATION

Speech by the Director General

at the

Briefing to Member States on the management priorities for 2018
and the new UNIDO Secretariat Structure

27 February 2018

Vienna, Austria

Excellencies,
Distinguished delegates,
Ladies and gentlemen,

Good morning.

I would like to express a warm welcome to all of you. As I am addressing you for the first time this year, I wish all of you a very successful 2018.

Allow me to use this opportunity to reiterate my gratitude to you for your support throughout the past year.

For today's meeting I would like to follow the practice of past years of an open and transparent management, and would like to inform you about the management priorities for 2018.

Before going into the plans for the year ahead of us, let me briefly touch upon some of the developments of the past year.

At this occasion one year ago, I informed you that I had asked my Directors and senior managers to make *2017 a year of action*.

And indeed, looking back at the past twelve months, I am pleased to note several achievements that speak of a year of action.

We held our first Global Manufacturing and Industrialization Summit (GMIS), the fifth Vienna Energy Forum, and the 17th Session of the General Conference.

We expanded the ITPO network by opening a new office in Bonn.

In November, we also signed agreements on expanding the piloting phase of the Programme for Country Partnership (PCP) to two additional regions: Cambodia for the Asia and Pacific region and the Kyrgyz Republic for Europe and Central Asia. The last pilot will be introduced in the Arab region in the course of this year.

We welcomed the new Secretary-General. We are in close engagement with him and his team, and have been actively extending our support to his vision of a reformed UN development system.

Looking at measurable indicators: figure of technical cooperation delivery: last year's implementation of technical assistance services reached \$205.5 million, and therefore a new all-time high, passing the \$200 million mark for the first time.

At the same time, funds mobilization efforts also yielded clear results, as net voluntary contributions continued the positive trend of the past six years and reached \$217.9 million in 2017.

Excellencies,

As I congratulated my staff for their hard work and achievement in implementing our programmes, both in terms of quality and quantity, I would like to use this opportunity to thank our Member States and the donor community for working with UNIDO as a trusted partner.

In a similar vein, I appreciate the approval of the regular budget for 2018-2019. This gives the Organization a good foundation to conduct our work in the course of this biennium.

In this context, I would also like to thank those of you who have renounced their share of unutilized balances of appropriations; and note with appreciation that the total amount of UBs renounced so far has reached a total of €5.6 million.

Please rest assured that my colleagues and I are fully aware that we have to continue working hard to earn and maintain the trust you place in us.

Resources do not lead directly to expected results. We are aware that smooth project implementation, results and impact orientation in all our operations, close relations with our partners, and the relentless readiness to be innovative, efficient and effective, are key elements that help create and maintain this trust.

For the year ahead of us, we will continue the path of “double Q”, that is quality and quantity, and “double E”, efficiency and effectiveness.

The guidance received by our Member States at the General Conferences will show us the way ahead, and we will variously address the requests to the Secretariat in the course of the year. To answer your call for closer and transparent dialogue on the PCPs, we held a briefing last Friday. In response to one of the requests on activities in energy and the environment, we have scheduled a briefing on circular economy for 6 March.

We are also working on the request for a strategic framework on inclusive and sustainable industrial development in middle-income countries.

And I have also taken note of the guidance given on gender equality and the empowerment of women, which I am devoted to advance as International Gender Champion.

Importantly, 2018 is the first year of implementation of the new Medium-term programme framework (MTPF). As you know, this will serve as UNIDO’s guiding strategy for the next four years.

You will certainly recall that the MTPF now has a complementary fourth priority, “Strengthening knowledge and institutions”. This pillar will enable the integration of our four core functions and support the scale-up of our programmes and results.

The MTPF defines the management objective for the next four years as “integration and scale-up”. As we stand at the first year of the MTPF implementation, this objective will also play a major role as a management priority for 2018.

The aim of this dual objective is to maximize impact, harness synergies across our core functions, move towards larger-scale projects and programmes, facilitate knowledge, investments and technology transfer, as well as partnerships.

Integration entails the clever combination of technical cooperation, policy advice, the normative and convening dimensions of our work. Due to the complementarity of our core functions, this will also lead to synergies and higher impact of our work.

For 2018, we have set three management priorities to optimize our operations and advance the contribution of inclusive and sustainable industrial development to the 2030 Agenda.

1. Integrating and scaling up in a global context
2. Improvements towards effective implementation and innovation
3. Strengthening partnerships

Management priority 1 is directly associated with the MTPF management objective of “integration and scale-up”.

Integrating our four core functions entails working innovatively to enhance UNIDO’s policy advisory, normative and convening functions, while embedding research and analysis into the technical implementation and convening functions. The overall aim is to ensure UNIDO leadership beyond the technical component and the relevance of the Organization beyond an implementing agency.

For that purpose, we need to effectively measure, monitor and report on our contribution to the advancement of the 2030 Agenda, in particular SDG 9 and industry-related goals and targets.

In this connection, we expect that our PCPs, the third industrial development decade for Africa, and potential programmes with IFIs, will help to scale up quantities and impact of UNIDO’s support to Member States.

We will also try to make best use of new opportunities. Several emerging issues — such as circular economy, Industry 4.0 and the future of work — lend themselves as areas where UNIDO can play a leading role. It is quite clear, opportunity means, catch it, the opportunity, if not, it is a loss, or a crisis, even worse.

Further, with the Secretary-General’s initiative to reposition the UN development system, UNIDO will assess and position itself to be ready for the UN development system reform.

Turning now to management priority 2, We understand that to achieve quantities and quality, to scale up impact and results, we must continuously strive for improvements of our processes and services, and for innovation and our internal management.

The ultimate goal of continuing our focus on effectiveness and efficiency is the valued trust place in us by our Member States, donors and partners.

We are working on improved results-reporting in all areas of work, and want to show very concrete and measurable results, the impact of our work, and the contribution of ISID to the 2030 Agenda. To do so, we are working to report on the whole results-chain leading from our activities all the way up to the SDGs supported by our Integrated Results Performance Framework (IRPF). Measurable results will help to lead to effective and incentive policies and management system.

For the scaling up of operations, we will be trying to provide our services in a more standardized approach. Our technical cooperation guidelines, PCP guidelines and handbooks, our project costing approach need to be fine-tuned and standardized.

As a means for scale-up, we will increasingly draw lessons from past experiences, so as to avoid repeating mistakes and so as to replicate best practices. I am convinced that UNIDO has a variety of very successful individual projects that can be replicated, clustered, scaled-up, and mainstreamed, while still maintaining the demand-driven qualities that characterize UNIDO's work.

Let me conclude my comments on the second management priority by thanking those of you who are currently deliberating the issue of unutilized balances of appropriations in the context of the working group on PBC-related matters. I look forward to your positive consideration of this matter.

Let me now turn to the third management priority: strengthening partnerships.

UNIDO Member States continue to be our most important partners, providing the financial and political foundation for all our operations. This will be fundamental.

However, when looking at our operational side, I believe we need to be more innovative.

The steady increases in delivery of our technical cooperation services over the past years clearly speak to efficiency gains and the hard work of UNIDO staff. At the same time, I am aware of the limits of what we can do on our own.

So, to achieve our ambitious goals, and particularly to scale up our development results and impact, we need to rely more strongly on partnerships.

UNIDO has been a partnership organization for decades and was among the first UN agencies to work in business partnerships. The introduction of the Programmes for Country Partnership brought the idea yet to another level, as the PCP model is entirely based on partnerships, SDG Goal 17.

It is clear: if we want to achieve higher impact, demanded by our Member States, required by the SDG agenda — whether in the form of the PCPs or our traditional TC activities — we need to work in partnership.

We also intend to step up efforts in the third year of implementation of the Third Industrial Development Decade for Africa. At the high-level side event last September, we agreed with our partners to move from political commitments to actions on the ground. Now is the time to put this promise to action.

The related General Assembly resolution calls on UNIDO to “develop, operationalize and lead the implementation of the programme for IDDA III”. It does not say we have to implement it alone. To the contrary, we need to rely on our partners such as the AU and AUC, UNECA, and OSAA, as well as the African Development Bank, the IMF, the World Bank and the private sector, to make IDDA III a success.

The management priority of strengthening partnerships is not limited to external partners. It can also mean to increase the involvement and contribution of UNIDO's own institutions, or entities that have an affiliation with UNIDO.

This brings me to the strengthening of partnerships in the field:

The UNIDO field network with our 47 regional and country offices around the world continues to play a central role in maintaining close contact to governments, local donor representations, and the local private sector.

In view of the Secretary-Generals reform, our offices in the field will have to play an even stronger role in UN Country Teams implementation and in advocating for UNIDO's mandate in the UN Development Assistance Frameworks (UNDAFs).

To have a good understanding of the three priorities, we had a Board of Directors Retreat in January 2018, during which every Department presented their work plan based on the three priorities. We will monitor, supervise the implementation of the plans and request a report from each Department.

Excellencies,

Let me now turn to the second point on the agenda today, the restructuring of the UNIDO Secretariat.

Strengthening partnerships also means building stronger synergies between Headquarters and the Field, improving internal coordination, and enhancing UNIDO's oversight and monitoring role. The implementation of a good plan, a well-designed strategy must be supported by a sound and supportive organizational structure.

To advance the management priority of "scale-up and integration" and ensure effective partnerships within the Organization, a fine-tuning and re-alignment of the internal structure has become necessary.

To bring about the desired changes as soon as possible, the revised structure of the Secretariat was published at the end of January.

In the *Directorate of Programme Development and Technical Cooperation* (PTC) a new *Department of Programmes, Partnerships and Field Integration* (PTC/PPF) has been created. It includes the former *Department of Regional Programmes and Field Representation* (EFR/RPF).

The new Department will be responsible for the overall coordination of UNIDO's PCP strategy, integrating the technical departments more closely with our regional and field operations. The integration of the field network linked to our technical cooperation work should also be seen in preparation of the ongoing UN reform.

The *Department of Policy Research and Statistics* (PPS/PRS) was moved to the *Directorate of External Relations and Policy Research*, while the *Advocacy and Media Relations Division* now forms part of the *Department of External Relations*.

In the course of a previous restructuring, the forces of the IT team were joined with the communications team as we implemented our new transparency initiatives, including through the

OpenData platform. Now that the system is up and running, placing the *Advocacy and Media Relations* team within External Relations is expected to help disseminate clearer messages to all our external stakeholders and partners.

Important changes have also taken place in the area of quality monitoring, results monitoring, and evaluation.

Given the increased role of results monitoring and reporting throughout the Organization and in particular at a corporate level through the IRPF, the Integrated Results and Performance Framework, the former *Results Monitoring Division* has been dissolved. The functions will persist and are distributed to other departments responsible for monitoring various results within their mandates. The SAP system helps greatly in terms of project implementation, reporting and evaluation.

The *Quality Monitoring Division* has been moved to the *Office of Strategic Planning, Coordination and Quality Monitoring* (SPQ) where it will help to further strengthen the notion of results-based monitoring at all levels.

The *Independent Evaluation Division* has been merged with the *Office of Internal Oversight*. Following the recommendations of the Audit Advisory Committee, the new department will be headed by a well-experienced Director. The position is currently under external recruitment.

The ethics-related functions have moved directly to the *Office of the Managing Director, Directorate of Corporate Management and Operations* (CMO).

Through CMO, the support services are now grouped together to enhance coherence. The *Department of Human Resources Management* is now located in the same Directorate as the *Department of Finance*, which I hope will bring staffing needs and financial resources closer together.

In addition to structural changes, a number of individual staff members have also been assigned to new positions or posts they had before.

Two main principles were taken into consideration: the reassignment either took into account the area of expertise, academic and professional background or personal profile; *or* the reassignment was intended to give staff members an opportunity to broaden their expertise and build capacities. Together with staff mobility, this should provide opportunities for career development in the future. We will continue this process moving ahead with challenges and opportunities.

Overall, both the organizational restructuring and the reassignments are expected to support the management objective of “integration and scale-up”.

Excellencies,

I would like to conclude by reassuring you that UNIDO will continue to evolve and improve under your guidance. I have made it a priority for myself to monitor the implementation of management priorities very closely.

Both the management priorities and organizational restructuring, are not an end in itself. Their purpose is simple and clear: to enable UNIDO to do the work that Member States ask us to do and to

support you, our Member States, to eliminate poverty, protect the environment and create shared prosperity.

To achieve the ambitious goals that we have set ourselves, and particularly the mandate given to us in the 2030 Agenda and IDDA III, and relevant resolutions and policies on LDCs and MICs, etc.

I hope to be able to count on the support of Member States.

My team and I are encouraged by the clear signs of recognition for the work of UNIDO over the past years, but the political supports of our Member States both in communication with your headquarters but also your voice in various forums is of crucial importance for the Organization.

Thank you.