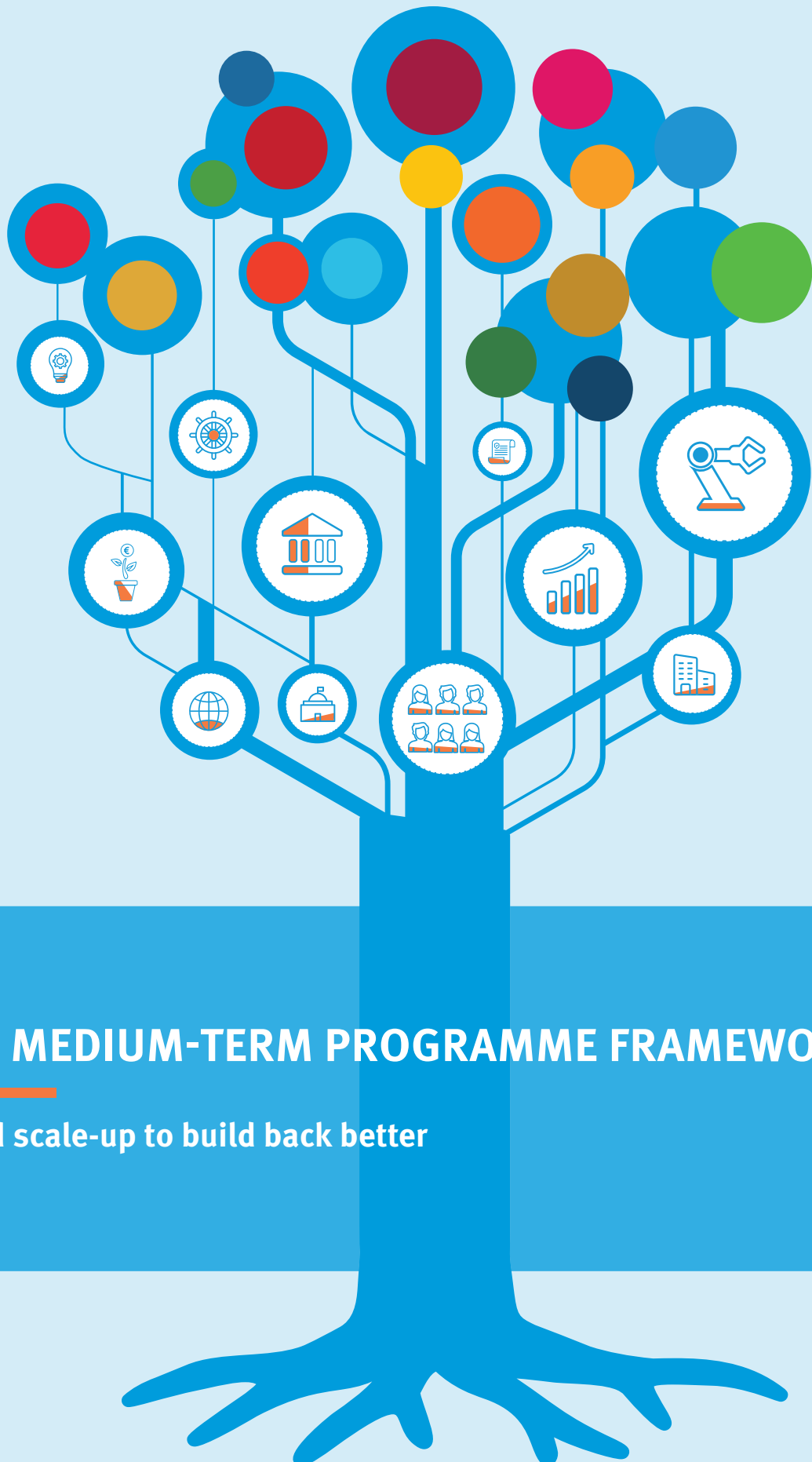




UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



2022-2025 MEDIUM-TERM PROGRAMME FRAMEWORK

Integration and scale-up to build back better

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UNIDO Medium-Term Programme Framework 2022-2025
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GLOBAL CHALLENGES AND OPPORTUNITIES FOR INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION

“The 2030 Agenda is our roadmap for the world we all want. The Global Goals are our best hope—for people, for planet, for prosperity, for peace and for partnerships.”

– Decade of Action –

In 2022–2025, the world continues to grapple with the COVID-19 pandemic and its adverse socioeconomic effects. The crisis shed further light on the poverty, inequality and human development challenges hindering sustainable development worldwide. SDG 9 indicators show that world manufacturing growth was already decelerating during the last decade, with persisting disparities between least developed countries and industrialized economies. In this context, the COVID-19 pandemic unveiled the vulnerabilities of productive sectors, but also their role in ensuring socioeconomic resilience and fostering an inclusive and sustainable recovery.

Today, development challenges and opportunities are highly interconnected. Poverty, unemployment and inequalities remain major challenges, with progress towards gender equality and the empowerment of women and girls still uneven and slow. The new industrial revolution is transforming not only production systems and value chains, but also the future of work. Climate change and natural resources depletion pose unprecedented threats to human security and development, urging countries to rethink their economies. Structural transformation without a climate-neutral, resilient and digitized

industry is no longer viable. At the same time, sustainable, circular pathways to economic development require innovation and must be inclusive and just.

Shaping a sustainable future requires holistic solutions, harnessing opportunities at the intersection of global trends. With less than 10 years remaining to deliver on the Decade of Action towards the 2030 Agenda, the international community is called to step up its action. Policymakers are increasingly turning to industrial policies to drive socioeconomic resilience and sustainable growth. Paired with growing climate and environmental ambitions in many countries, the world has an unprecedented opportunity to rethink productive systems towards inclusive and sustainable development.

The period 2022–2025 is the time for UNIDO to further build on its mandate to promote ISID, and work with Member States to “build back better”. With the support of UNIDO, countries can prioritize industrialization pathways that advance inclusive growth, reduce inequalities, foster digital and green transitions, boost resilience, and accelerate progress towards the Sustainable Development Goals.



UNIDO’S MEDIUM-TERM STRATEGY

“Achieving inclusive and sustainable industrialization is integral to the efforts to achieve the Sustainable Development Goals.”

– Resolution by the 75th UN General Assembly on industrial development cooperation –

UNIDO’s vision is to support Member States to accelerate their transformation towards inclusive and sustainable industrialization, bridging gaps and seizing industrial development opportunities to achieve the 2030 Agenda.

More than ever, inclusive and sustainable pathways to industrial development require systemic approaches as well as innovative, collaborative, transformational and flexible solutions. To step up and advance truly transformational results, UNIDO’s medium-term management objective is “integration and scale-up to build back better”.

UNIDO value addition is based on its needs-driven, tailored solutions. In cooperation with the United Nations development system at the global, regional and country levels, UNIDO prioritizes evidence-based programming, prominently in the context of the Programme for Country Partnerships. Thought leadership and convening of global partners remain vital

approaches to boost cooperation for ISID, with a special focus on expanding collaboration with the private sector as a key player to catalyse transformative solutions.

Tapping into its pool of specialists, the Organization offers its partners a wide range of co-created and co-owned solutions. UNIDO’s offer is guided by regional approaches, South-South and triangular cooperation opportunities, and by the strategic priorities of diversified groups of countries, including middle-income, least-developed, landlocked developing countries and small-island developing states.

Concerted efforts by public and private actors are needed to ensure that no one is left behind in the economic transformation process. UNIDO’s comprehensive approach promotes industrial development in which women, youth, marginalized and vulnerable groups in society equally lead, participate in, and benefit from economic transformation.

INTEGRATION AND SCALE UP TO BUILD BACK BETTER

In 2022-2025 UNIDO will focus on:

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

UNIDO’s contribution to ISID and the 2030 Agenda is supported by and demonstrated via the Organization’s Theory of Change and results-based management systems, which generate strong results evidence and data for decision-making.

CONTRIBUTING TO ISID AND THE SDGS: THEORY OF CHANGE OF UNIDO

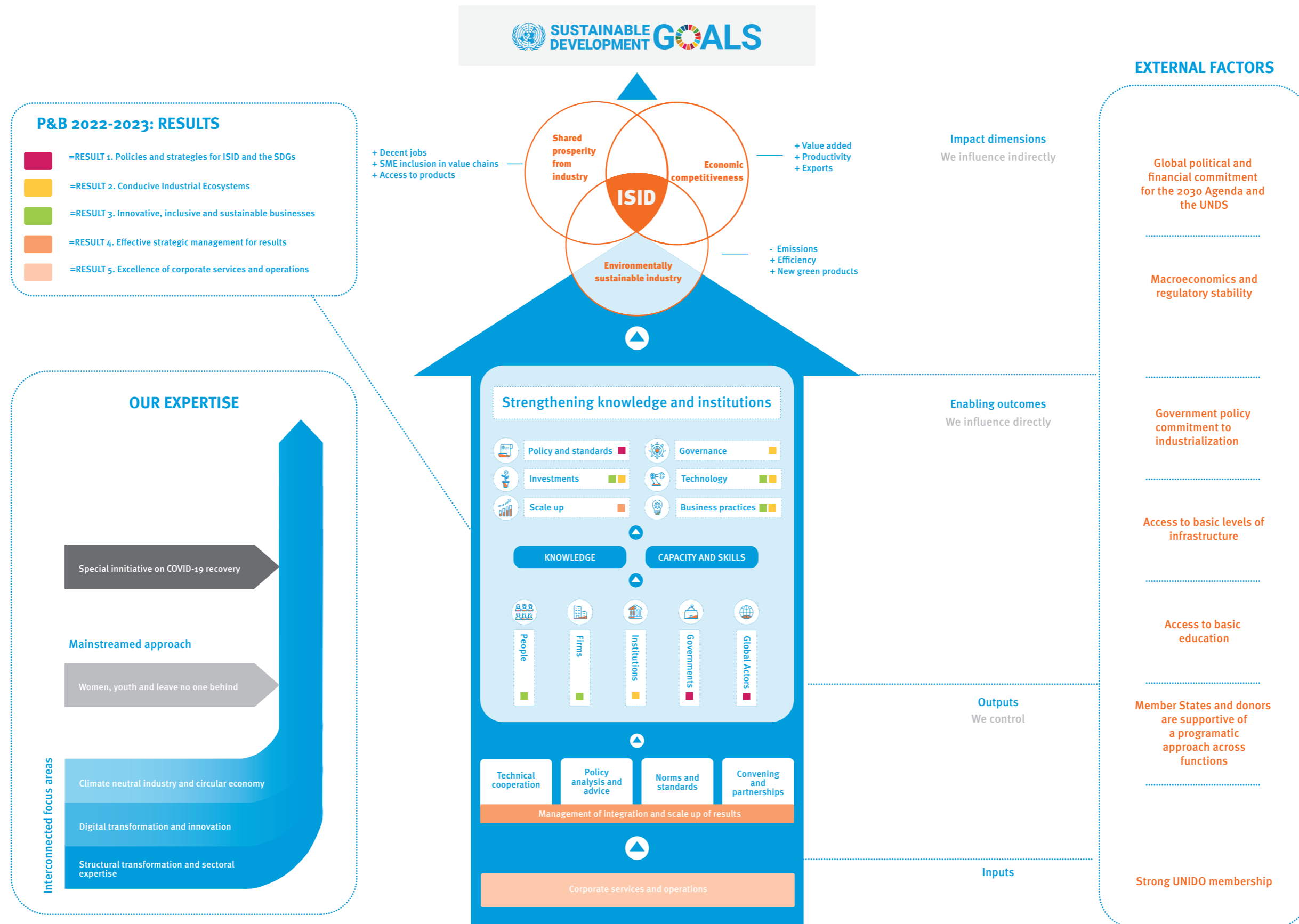
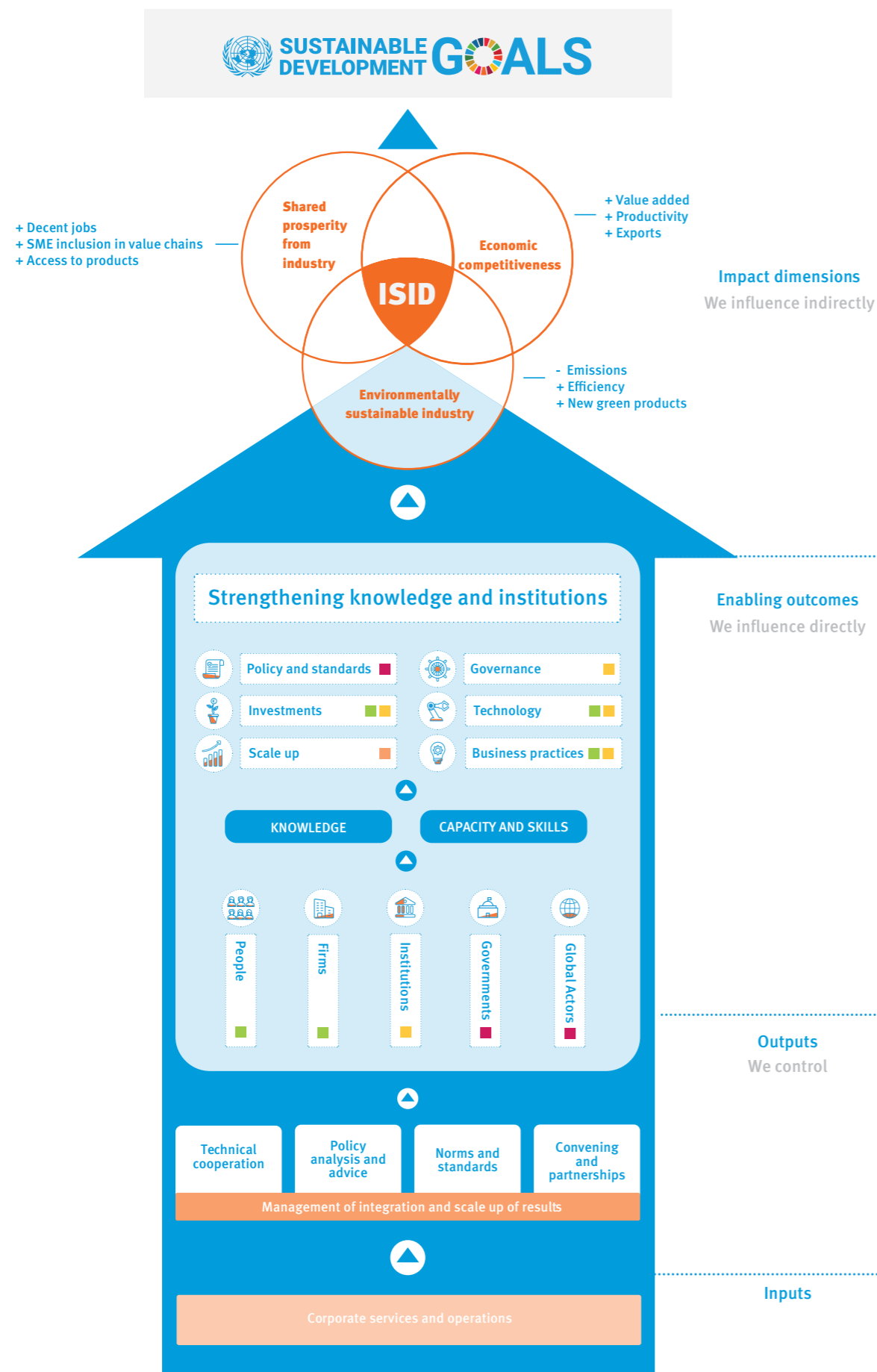


Figure 1. Theory of Change of UNIDO



UNIDO's results chain unpacked

Figure 2 shows UNIDO's progression of integrated results, linking internal management to country and global results. This results chain clarifies how the Organization advances its ISID mandate, its support to Member States, and its contribution to the SDGs. Unpacking the results chain from the bottom up:

- Management of organizational resources and operations strives for efficiency, effectiveness, continuous improvement and innovation, and enables delivery of results. A culture of quality, results, accountability and governance ensures that UNIDO remains a transformative and dependable partner.
- UNIDO programmes, services, and products are designed and managed with the objective of improving integration and scaling up development results. UNIDO's field network, as well, acts as a central player to ensure programmatic coherence and strategic alignment at the country and regional levels.
- The Organization delivers integrated services and outputs, combining technical cooperation, policy analysis and advice, norms and standards, and convening and partnerships.
- UNIDO works closely with the entire spectrum of actors that are involved in industrial development: from micro level (people, firms), to meso (intermediary institutions), to macro (government bodies, global actors).
- Working with UNIDO, actors gain knowledge, capacities and skills on a variety of matters that are relevant to ISID, across three main interconnected themes: structural transformation and sectoral expertise, digital transformation and innovation, climate-neutral industry and circular economy.
- ISID impact is enabled by the Organization's ability to trigger changes in key behaviours that are relevant to industrial development. Empowered with knowledge and skills, actors change their business practices, innovate and diffuse technologies, mobilize investments, strengthen governance systems, and introduce policies and standards for ISID. These behaviours are further upscaled by stakeholders, driving systemic transformation.
- With the support of UNIDO, countries shift to industrial development pathways that are inclusive and sustainable, advancing three ISID impact dimensions in a holistic manner: economic competitiveness, shared prosperity from industry, and environmentally sustainable industry.
- Inclusive and sustainable industrialization is a major driver of sustainable development. With wide-ranging impacts such as value addition, job creation and reduced emissions from industrial activities, it contributes to the achievement of SDG 9 and the entire 2030 Agenda for Sustainable Development.

Figure 2. UNIDO's integrated results chain



Figure 3. Contribution of inclusive and sustainable industrial development across SDGs

* A review of economic literature by the Overseas Development Institute (ODI) and UNIDO found a strong and positive connection between ISID and SDGs 1-15. ISID also contributes to SDG 16 (e.g. via stronger institutions and human security) and to SDG 17 (e.g. via partnerships, cooperation and investments).

NORMATIVE ROLE

UNIDO's normative role combines thought leadership, policy advice, and norms- and standard-setting activities. A strong emphasis on the normative role has a catalytic effect, able to upscale ISID impact and influence sustainable development agendas at the global, regional and country level. It also ensures closer coherence to United Nations system-wide priorities and guidelines in the implementation of the Decade of Action.

Interconnected areas of expertise

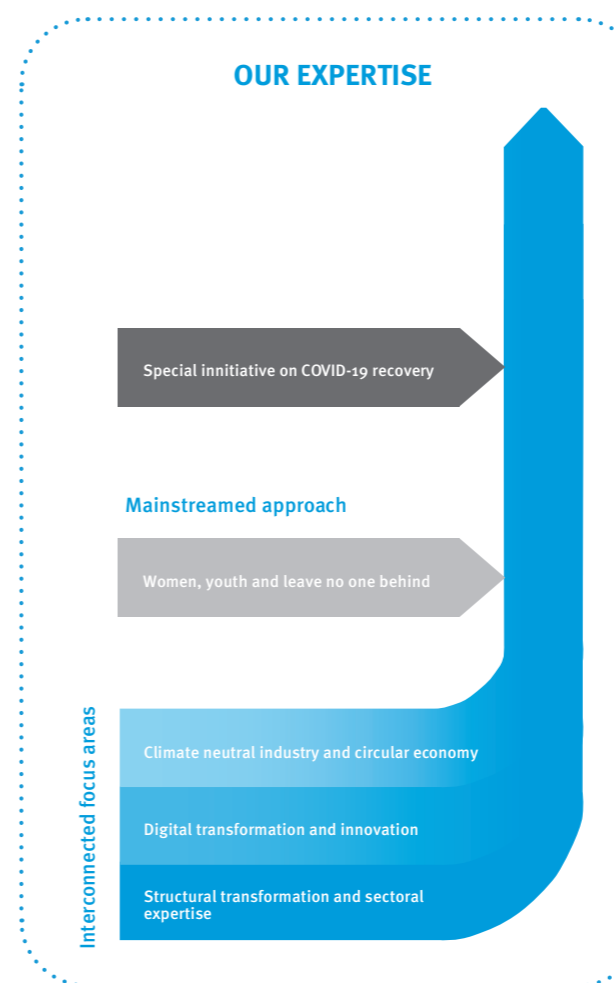


Figure 4. Interconnected areas of expertise and mainstreamed approaches of UNIDO

Through decades of collaboration with public and private sector partners, UNIDO has become repository of a wealth of knowledge on ISID matters. Based on its Theory of Change, UNIDO deploys best-available expertise through tailored and integrated solutions, to maximize synergies and impact. Three, deeply interconnected, focus areas uniquely position UNIDO in its support to countries along their transformative industrialization pathways.

Structural transformation and sectoral expertise

Structural transformation is the central pathway for economic development and poverty eradication. UNIDO's sectoral expertise is grounded on the Organization's hands-on support to governments and industries of all sizes, including MSMEs. It spans across sectors, from agro-food to textile, from automotive to creative, from heavy industry to construction material, from medical industry to clean energy, to name a few. UNIDO's industrial policy expertise and statistical analysis provide guidance to shape effective strategies for ISID, at different levels of industrial capacities as well as in rural, urban and peri-urban settings, while making the most of digital technologies and promoting climate-responsive and circular approaches.

PARTNERSHIPS FOR DEVELOPMENT

Impact-driven partnerships are vital to drive ISID at the scale needed to realize the 2030 Agenda. Convening multi-stakeholder partnerships for industrial development cooperation, impact investments, knowledge exchange, and transformative leadership remains central to UNIDO's value proposition.

UNIDO is uniquely positioned to partner with the private sector as a key agent of change for ISID. The Organization also harnesses on the ongoing United Nations development system reform to strengthen partnerships within the United Nations. The Programmes for Country Partnership is UNIDO's value-added approach to mobilize action and investments towards countries' industrial development priorities and strategies.

Working with UNIDO, countries upgrade their agro-industrial value chains, enhance competitiveness of micro-, small and medium-sized agribusinesses, and develop strategies at the nexus between agriculture, water, energy, and climate. They promote sustainable agro-food systems as means to eradicate poverty and hunger, but also to mitigate and adapt to climate change. They also generate job opportunities for rural communities, women and youth, and empower their industrial workforce with skills that match industry's evolving demand, including for green and digital competences.

Digital transformation and innovation

Technological change and innovation are crucial for successful industrialization. The new Industrial Revolution is transforming manufacturing and global value chains at an unprecedented pace, driven by rapid advances in digital technologies. Supported by UNIDO's expertise, member countries leverage advanced technologies in support of industrial modernization and MSMEs competitiveness, through smart production applications, technology promotion, innovative financing and quality infrastructure, while fostering entrepreneurship and industrial skills.

Cross-sectoral expertise accelerates digital solutions to multi-faceted development challenges, too: not only in smart manufacturing and agro-food, but also smart energy, industrial resilience and circular economy, while ensuring that women and youth can equally shape and benefit from the digital transformation.

Climate-neutral industry and circular economy

Industrial sectors are a powerhouse of innovative technologies, practices and business models that can boost climate and environmental solutions. Through long-established as well as cutting-edge expertise on sustainable industrialization matters, UNIDO supports countries to accelerate renewable energy and energy efficiency to decarbonize industrial activities of all sizes, but also to power low-carbon and resilient

industrialization. It also promotes the needed shift to circular economy models along global and domestic value chains, and assists countries with strategies to comply with multilateral environmental agreements and to climate-proof industrial systems.

In addition, UNIDO equips public and private stakeholders with insights of innovation ecosystems, to help catalyse entrepreneurship and new industries for low-carbon solutions. Working with UNIDO, countries explore how to tap into digital technologies to boost industrial sustainability, and develop approaches to ensure climate-positive and resilient approaches across sectors.

Mainstreamed and integrated approaches for transformative change

In 2022–2025, the world continues to grapple with the COVID-19 pandemic and its adverse effects. Concerted efforts are needed to ensure that no one is left behind in the inclusive and sustainable industrialization process.

Gender, Youth and Leave No One Behind

Gender equality and the empowerment of women lies at the heart of ISID. The MTPF 2022-2025 commits to address gender inequalities in industrial development, and to harness women's full potential as leaders and agents of change, thereby transforming economies and generating inclusive growth.

Young people, too, face specific vulnerabilities as they often lack the knowledge, skills and capital to fully participate in economic activities. UNIDO promotes youth empowerment across thematic areas, by mainstreaming youth across its portfolio and engaging in youth platforms as partners.

ISID is guided by the human rights-based approach to drive the leave no one behind agenda. This includes the economic empowerment of communities in areas emerging from crisis and conflict situations, via productive rehabilitation, reconstruction and sustainable livelihoods.

Finally, tailored ISID pathways generate solutions to the specific development priorities of vulnerable countries, including LDCs, LLDCs and SIDS. UNIDO's assistance in this context is guided by strategically focused approaches, in coordination with partners within and outside the United Nations development system.

Special Initiative on COVID-19 Recovery

The COVID-19 pandemic showed that manufacturing capabilities are crucial in respond to emergencies and ensuring resilience. The pandemic accelerated trends, such as the shift towards the digitalization of production, and the regionalization of value chains. In this context, the role of new innovative industrial policies cannot be overemphasized. Given the crucial role of ISID to "build back better", UNIDO's mandate aligns with global efforts to respond to and recover from the crisis. This Special Initiative focuses on socioeconomic recovery, building on ongoing work supporting the response to the pandemic, and further operationalizing the Organization's COVID-19 response and recovery framework.

Managing external factors

There is a wide range of factors and preconditions that influence the attainment of results at the country level. The effectiveness of development interventions and the transformative nature of results crucially depend on the understanding how these external factors influence the achievement of intended results.

Figure 4 shows a selection of risks and external factors at each level of UNIDO's theory of change. Achieving outcomes and impact not only depends on UNIDO's interventions, but also on the external environment including, for instance, political commitments to sustainable development, macroeconomic stability, governments' commitment to industrialization, access to infrastructure and education. UNIDO's ability to manage the risks associated with these external factors is

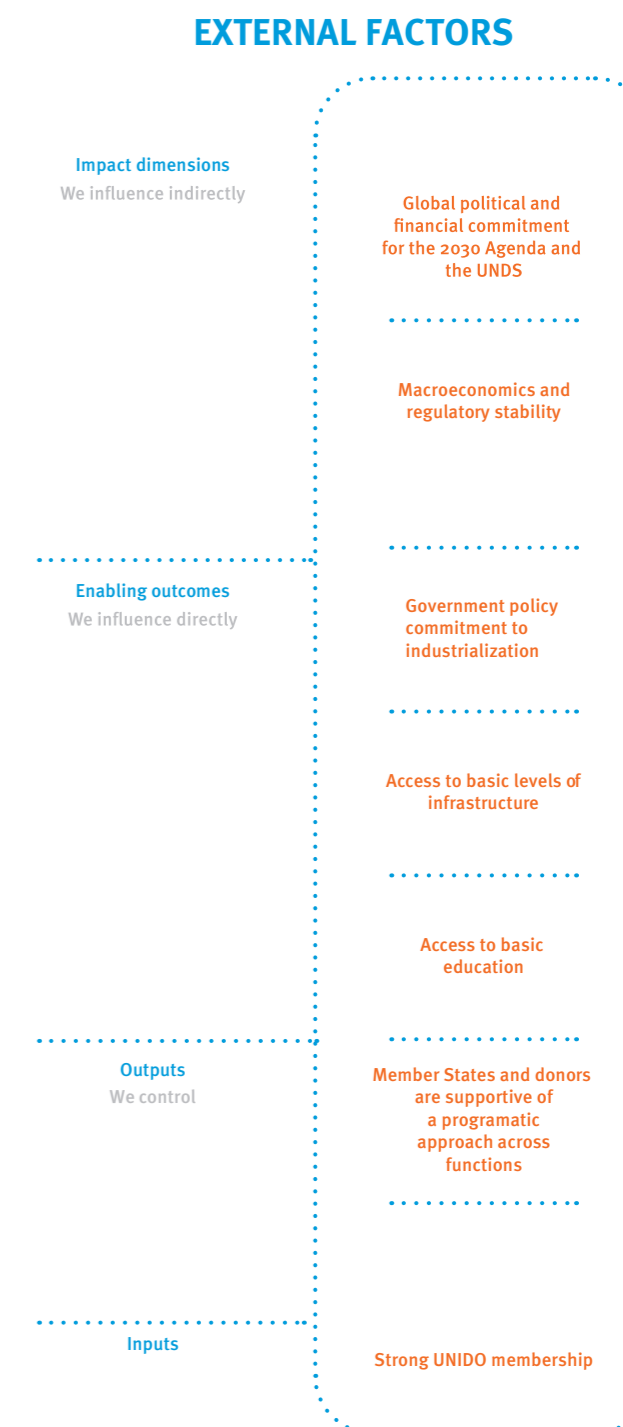


Figure 5. Managing risk: external factors influencing results

greater as we move from impact levels down the results chain. For high level areas, UNIDO can only avail itself of contingency plans. For risks associated to intermediate results, the Organization can adopt mitigating actions through its enterprise risk management policy. For the lower category of results and risks, UNIDO can adopt pro-active, pre-emptive measures, which, together with good communication with stakeholders, allow for a reliable management of risks.

AN EFFICIENT AND EFFECTIVE ORGANIZATION

Efficient and effective management of internal operations is instrumental to the successful delivery of services, and the achievement of development results at scale.

The Organization will consolidate and deepen its efforts to enhance results-orientation, drive a culture of quality, accountability and risk management, strengthen governance systems and systematic knowledge management, to ultimately maximise its impact. In doing so, UNIDO reinforces its position as a trusted partner to the UN development system and to Member States in their transformative path to inclusive and sustainable industrial development.

In 2022-2025, UNIDO continues on a trajectory of innovation and optimization of its operations, including financial services, procurement, human resources and information technology. Guided by the Gender Policy and Strategy, and the associated Gender Parity Action Plan, efforts are intensified to reach the objective of gender parity among UNIDO personnel. Efforts are also dedicated to further strengthening and integrating UNIDO's field network. Field Offices and Regional Hubs play a central role in promoting the role of ISID to achieve local sustainable development objectives, and in maintaining close cooperation with national and regional stakeholders, including within the UN development system.

ALIGNING STRATEGIC PLANNING DOCUMENTS

Fully committed to accountability, transparency and results-based management, UNIDO's Programme and Budgets 2022-2023 follows results-based principles, and is fully aligned with the MTPF 2022-2025. The Programme and Budgets is structured into five main results areas based on the UNIDO Theory of Change (Figure 1). The UNIDO Annual Reports, in turn, demonstrate yearly progress in the implementation of the MTPF and the Programme and Budgets, and towards the vision and results they outline for the Organization. The backbone for the alignment of all strategic planning documents is UNIDO's integrated results and performance framework (IRPF), the organizational model for results-based management.

The IRPF complements the organizational Theory of Change with an integrated set of results areas and indicators, linking efficient and effective management of internal operations, to management and delivery of programmatic activities and outputs, to development outcomes and impact results. It thereby demonstrates how UNIDO's performance and results contribute to advancing ISID and the SDG, generating a comprehensive and integrated set of results' evidence.



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