

MOPAN
2019 ASSESSMENTS

**United Nations Industrial
Development Organization
(UNIDO)**



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MOPAN Assessments

United Nations Industrial Development Organization (UNIDO)

2019 Performance Assessment



Preface

ABOUT MOPAN

The Multilateral Organisation Performance Assessment Network (MOPAN) comprises 19 countries¹ that share a common interest in assessing the effectiveness of the major multilateral organisations they fund. These include United Nations agencies, international financial institutions and global funds. The Network generates, collects, analyses and presents relevant and credible information on their organisational and development effectiveness. This knowledge base is intended to contribute to organisational learning within and among the organisations, their direct clients and partners, and other stakeholders. Network members use the reports for their own accountability needs and as a source of input for strategic decision-making.

MOPAN 3.0, first applied in 2015-16, is the latest operational and methodological iteration of how the Network assesses organisations. It builds on the former version, the *Common Approach*, which the Network implemented from 2009 through 2014. In 2019, MOPAN members agreed to a change in the rating scale, with the overall framework unchanged. To distinguish the new approach from the initial one, the methodology applied in 2019 is called MOPAN 3.0* (see Chapter 1, Introduction to this assessment).

In 2019, MOPAN assessed five organisations, including the United Nations Industrial Development Organization (UNIDO). The other four are:

- CGIAR
- Multilateral Fund for the Implementation of the Montreal Protocol (MLF)
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations Office for Drugs and Crime (UNODC).

Operating principles

MOPAN generates assessments that are credible, fair and accurate. Credibility is ensured through an impartial, systematic and rigorous approach. MOPAN seeks an appropriate balance between coverage and depth of information from a variety of sources and through multiple streams of evidence. The Network gives priority to quality of information over quantity and uses structured tools for enquiry and analysis. An audit trail of findings ensures transparency. MOPAN applies efficient measures of assessment practice through building layers of data, with a view to limiting the burden on organisations assessed. A focus on organisational learning aims to ensure utility of the findings by multiple stakeholders.

Objectives of the MOPAN methodology

MOPAN seeks to provide a diagnostic assessment, or snapshot, of an organisation. It tells the story of an organisation's current performance. MOPAN is guided by framing questions which serve to understand the relevance, efficiency and effectiveness of multilateral organisations, while also garnering a sense of the sustainability of their results. The empirical design of MOPAN is based on a theory of change.

The methodology's key elements include a set of five performance areas against which the assessment takes place. The first four cover strategic, operational, relationship and performance management. The fifth area englobes the organisation's contribution to development, humanitarian and normative results. These areas are captured in the

1. Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Arab Emirates, the United Kingdom and the United States.

MOPAN indicator framework against which performance is measured using three evidence streams – a document review, surveys, and interviews and consultations – brought together in a combined approach.

A MOPAN assessment is not an external audit of an organisation, nor is it an institutional evaluation. MOPAN does not comprehensively assess all operations or all processes of an organisation, nor can it provide a definitive picture of all the organisation's achievements and performance during the time period of the assessment. Neither does MOPAN offer comprehensive documentation or analysis of ongoing organisational reform processes.

Acknowledgements

The MOPAN assessment was finalised under the overall strategic guidance of Suzanne Steensen, Head of the MOPAN Secretariat. It was prepared under the responsibility of Jolanda Profos, Policy Advisor. We are very grateful to the MOPAN institutional leads, Jongyun Choi and Hyoin Park from the Republic of Korea, for championing this assessment of UNIDO on behalf of the MOPAN membership.

The assessment was conducted with support from IOD PARC, an independent consultancy specialised in assessing performance and managing change in the field of international development. Emma Henrion served as Team Lead for the assessment of UNIDO, with support from Patrick Tiefenbacher and Sonia Perez, under the overall leadership of Julian Gayfer. The report benefited from a peer review conducted by a senior independent advisor, Paul Balogun.

The external partner survey was administered by Cristina Serra Vallejo from the MOPAN Secretariat, who, together with Edward Hainsworth, also supported the finalisation of the report. Jill Gaston edited the report, and Andrew Esson provided layout and graphic design.

MOPAN is grateful to its Steering Committee representatives for supporting the assessment of UNIDO. Finally, MOPAN would like to convey appreciation to UNIDO management and staff for their input and comments at various stages, in particular those staff members who internally co-ordinated the process and provided substantive feedback on the final draft report.

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Acronyms and abbreviations

CSO	Civil society organisation	OHCHR	Office of the United Nations High Commissioner for Human Rights
DG	Director General	OIG	Office of the Inspector General
DGB	Director General Bulletin	P&B	Programme and Budget
EB	Executive Board	PCP	Programme for Country Partnership
ERP	Enterprise Resource Planning	PEE	Project Executing Entity
ESSPP	Environmental and Social Safeguards Policies and Procedures	PMS	Performance Management System
FAO	Food and Agriculture Organization	PTC	Programme Development and Technical Cooperation
GEF	Global Environment Facility	QAF	Quality Assurance Framework
GFPs	Gender Focal Points	RAG	Red Amber Green
HQ	Headquarters	RBM	Results-based management
HR	Human resources	RPTC	Regular Programme of Technical Cooperation
IATI	International Aid Transparency Initiative	SAVCCA	Special Account of Voluntary Contributions for Core Activities
IDB	Industrial Development Board	SDG	Sustainable Development Goal
IDDA3	Third Industrial Development Decade for Africa	SEAH	Sexual exploitation and abuse, and sexual harassment
IDR	Industrial Development Report	UCR	UNIDO Country Representative
IED	Independent Evaluation Division	UN	United Nations
IEO	Office for Evaluation and Internal Oversight	UNIDO	United Nations Industrial Development Organization
IFAD	International Fund for Agricultural Development	UNCT	United Nations Country Team
IFI	International finance institution	UNDAF	United Nations Development Assistance Framework
ILO	International Labour Organization	UNEG	United Nations Evaluation Group
IRPF	Integrated Results and Performance Framework	UNHCR	Office of the United Nations High Commissioner for Refugees
ISA	Individual Service Agreement	UN-SWAP	UN System-wide Action Plan
ISID	Inclusive and sustainable industrial development	UNSDCF	United Nations Sustainable Development Co-operation Framework
JIU	Joint Inspection Unit of the United Nations System	UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
KPI	Key performance indicator		
LIC	Low-income country		
M&E	Monitoring and evaluation		
MI	Micro-indicator		
MIC	Middle-income country		
MO	Multilateral organisation		
MTPF	Medium-Term Programme Framework		

Executive summary

In 2019, the Multilateral Organisation Performance Assessment Network (MOPAN) assessed the performance of the United Nations Industrial Development Organization (UNIDO). The assessment looked at UNIDO's organisational effectiveness (strategic, operational, relationship and performance aspects) and the results it achieved against its objectives. This is the first MOPAN assessment of UNIDO.

CONTEXT

UNIDO was established over 50 years ago as the lead United Nations (UN) agency for industrialisation. The Lima Declaration 2013 mandated UNIDO to promote and accelerate inclusive and sustainable industrial development. This strategic direction was further strengthened when UNIDO became the custodian agency for Sustainable Development Goal 9 targets for the 2030 Agenda. In the past two decades, UNIDO has experienced a significant loss of members and of their associated assessed contributions, critically affecting its funding situation. In response to these changes, UNIDO has focused on raising voluntary contributions for its activities, with some success. While assessed contributions have decreased, extra-budgetary support for project activities has increased. This has led UNIDO to gradually depend on extra-budgetary earmarked project funding and thus to focus more on projects that require technical co-operation. Increased dependency on earmarked funding has also weakened UNIDO's capacity to undertake activities that would achieve strategic impact.

By giving greater priority to working in partnerships, UNIDO can play a more strategic role in industrialisation at country level. However, the organisation's highly centralised structure and relatively low field presence may limit its country level engagement.

KEY FINDINGS

UNIDO's 2018-21 organisational theory of change provides a clear vision and direction for the organisation. It states the overall aim to contribute to inclusive and sustainable industrial development (ISID) and to Sustainable Development Goal impacts. However, a lack of clear articulation of UNIDO's normative role, and of its results for ISID reduces the organisation's scope for contributing to ISID.

UNIDO's core strengths, including its technical expertise, networks and knowledge functions, as well as its high levels of staff commitment, are highly valued assets on which the organisation can build. However, it has been slow to improve management and operational processes. Its centralised operational model prevents it from engaging fully with country and regional systems. Financial and personnel resources are greatly constrained, further limiting the speed of change. The organisation is aware of the changes it needs to make to improve operational effectiveness and efficiency as well as partnership working and has begun to implement them.

UNIDO has a stated commitment to results-based management, although, for the moment, governance documents, audits and evaluations point to limited implementation. UNIDO's results framework currently shows a weak linkage between results, resources, global and country level work, and strategic objectives. The organisation aims to improve this; in 2019, it revised the organisational theory of change and associated results framework to provide a clearer results chain designed to both support results-based management and align results at different levels with the organisational strategy. The organisation notes that implementing these changes and seeing their full effect will take time, and it has put in place steps to support them.

The assessment finds that many of the organisation's strengths and weaknesses described in the 2017 Joint Inspection Unit report are still pertinent in today's context.

The assessment identifies six **strengths** of UNIDO:

1. UNIDO's vision of ISID enjoys solid support among member states in line with its mandate for industrialisation.

The Lima Declaration is a strong endorsement of UNIDO's role. It sets out core functions for UNIDO which are complementary to each other (technical co-operation; research and policy advice; standards and compliance; and a convening role) and leaves UNIDO to shape and adapt its pursuit of results in line with available resources.

2. UNIDO has strong technical expertise, relevant experience and pertinent knowledge. Stakeholders appreciate UNIDO's technical expertise, particularly in areas that are fundamental to the development of low-income and least developed countries. These include agricultural business, off-grid renewable energy and environmentally-friendly production technologies. Such expertise is one of UNIDO's key comparative advantages.

3. UNIDO's leadership has displayed openness to improvement. UNIDO has continuously introduced improvements, such as the increased use of technology to make its processes more efficient, the 2018 update of the evaluation policy and handbook, and the 2019 revisions to the Integrated Results and Performance Framework (IRPF), the organisational theory of change, and the new Quality Assessment Framework. UNIDO used the run-up phase to the MOPAN assessment as an occasion to push forward with such reforms, which had lost steam. These changes are a positive signal that the organisation is eager to improve.

4. UNIDO has successfully collaborated with a large range of stakeholders to build engagement. UNIDO's operational model is based on collaboration, which the organisation does effectively. Partners value both UNIDO's experience in accessing bilateral and private sector finance and its positive engagement with other multilateral organisations on joint programmes. UNIDO also excels at providing tailored advice and niche solutions. This is praised by its members and has allowed the organisation to generate deep and long-standing relationships with its partners. In particular, **UNIDO effectively co-ordinates its country work with other UN partners to increase its leverage and impact, despite limited country and regional resources.**

5. UNIDO's development of the Programme for Country Partnership (PCP) model is a positive step towards strategic partnerships. The flagship PCP model provides a potentially effective way to promote coherence and sustainable change at country level so that UNIDO can work at scale. The PCP will require adequate staffing and resourcing as well as sufficient time to deliver its full offering.

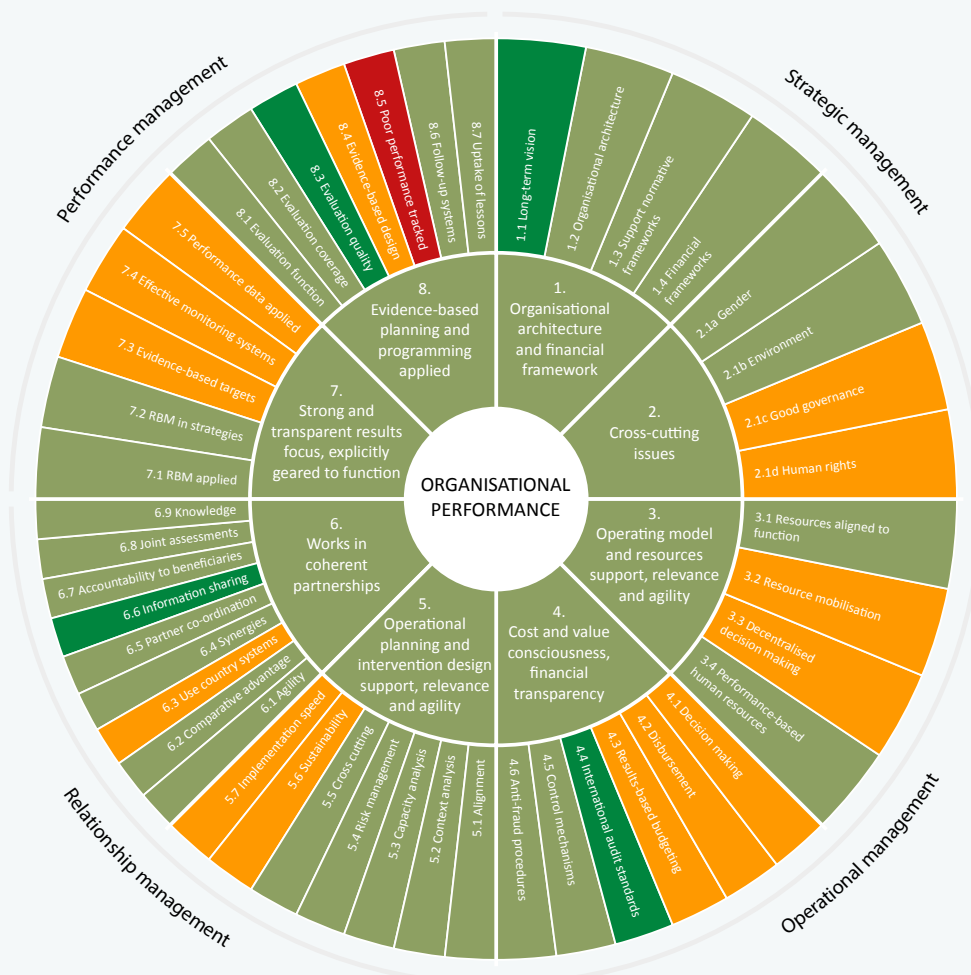
6. Finally, evaluation quality is strong. Evaluations present evidence, findings and conclusions in a balanced way and draw appropriate conclusions. The introduction of the revised evaluation manual and policy in 2018 will help to further strengthen evaluation quality and to place the evaluation function more clearly and centrally within the organisation.

The assessment also finds several major **areas for improvement**:

1. UNIDO would benefit from clarifying its normative role and objectives. The Lima Declaration and the 2030 Agenda offer ample opportunities for UNIDO to develop a strong normative role. Norms and standards feature among the organisation's four core functions, and the UNIDO Medium-Term Programme Framework 2018-21 makes several references to normative work indeed, including the new strategic objective on knowledge strengthening, introduced in 2018. The organisation's role in relation to promoting global norms, and its objectives in doing so are, however, not yet clearly prioritised or articulated. One of the main reasons has been its focus on project work.

2. **The continued reduction in the regular budget and increased dependency on earmarked funding pose a challenge to UNIDO's maintaining both its normative and project implementation roles.** Currently UNIDO is committed both to its technical co-operation/project implementation function and to its normative and knowledge function. Earmarked project funding is available primarily for technical co-operation, but only rarely for normative functions. With a reduced regular budget, this limits UNIDO's normative capacity, and key normative, knowledge-strengthening and policy analysis functions are relatively under-resourced. UNIDO's strong focus on winning and managing individual projects diminishes the extent to which it prioritises strategic normative objectives.
3. **UNIDO has stated its commitment to results-based management (RBM), yet more effort will be needed to close the gap between ambition and practice.** UNIDO has yet to fully internalise RBM as an overall orientation for all its activities and resources. For the time being, governance documents, audits and evaluations point to limited implementation. This partly stems from the fact that the IRPF is not yet well-developed, and a results chain from field to headquarters (HQ) is yet to be established. A move to RBM is heralded by the 2019 revised IRPF, boding for a clearer and more consistent results reporting in the future. The most recent Programme and Budget 2020-21 also sets out the intent to align resources to results. Until RBM is fully internalised, the extent to which resources and activities are clearly prioritised to meet the organisation's objectives will remain limited.
4. **The high level of HQ centralisation of decisions affects UNIDO's efficiency, effectiveness and relevance at country and regional levels.** Decision-making is largely centralised at HQ and relies heavily on the "Executive Board". While centralised management offers the chance of reaping economies of scale and scope, it limits the agility, relevance and responsiveness of UNIDO in the field. Unclear accountability and a certain lack of transparency remain practical challenges to clear delegation of authority and prompt decision-making at different levels. The contribution of country offices, which represent a significant investment, is not systematically structured to deliver strategic results. Centralised decision-making also led to **important delays in implementing projects**, which partners have widely cited as a challenge. Delays have negatively affected project quality and effectiveness, while also posing a risk to the organisation's reputation.
5. **UNIDO does not have the necessary risk management processes in place.** A standard approach or documentation for risk analysis, mitigation and reporting has yet to be defined, and the organisation has yet to clarify how much appetite it has for risk, and define risk mitigation approaches. Weak risk identification and assessment exposes UNIDO to reputational, organisational and political risks. Since 2017, UNIDO has taken steps to develop organisational risk management, but progress has been slow.
6. **Challenges remain in articulating and addressing cross-cutting priorities such as governance and human rights.** While the organisation has made progress in integrating gender equality and environmental sustainability into its operations, the intended alignment of UNIDO's work with good governance and human rights (as understood by UNIDO) is not clearly articulated. This is reflected in the absence of policies, in weaknesses in project design and implementation, in results frameworks and in the lack of demonstrable achievements in these areas. The new IRPF introduces a revised framework for assessing ISID which may enable a clearer approach in future.

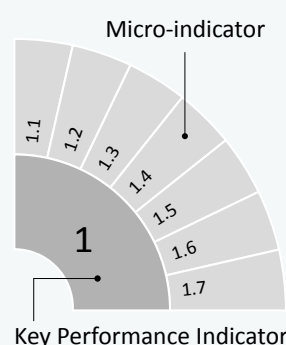
PERFORMANCE RATING SUMMARY FOR UNIDO (MOPAN 3.0 – old rating scale system)



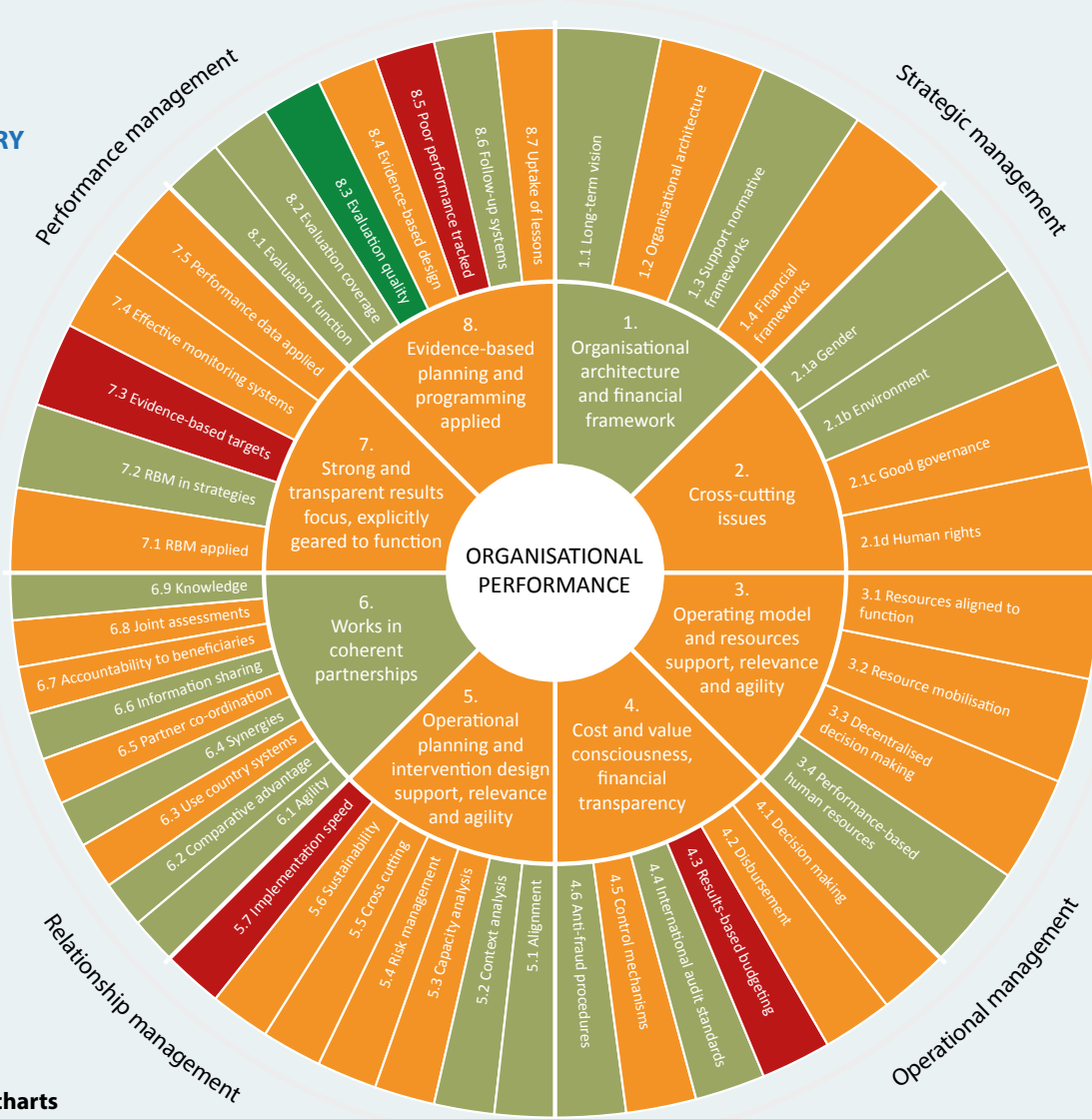
Changes to MOPAN rating system (MOPAN 3.0* scales)

The 2019 Assessment Cycle under MOPAN 3.0* includes a notable change on how ratings (and their corresponding colours) are applied based on the scores at MI and KPI level. Compared to previous cycles, the threshold for a rating has been raised to reflect the increasing demands for organisational performance in the multilateral system. The underlying scores and approach to scoring are unaffected. Further information can be found in Chapter 1, Section 1.3 Methodology changes in the 2019 Cycle.

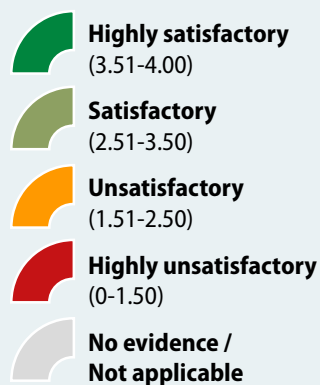
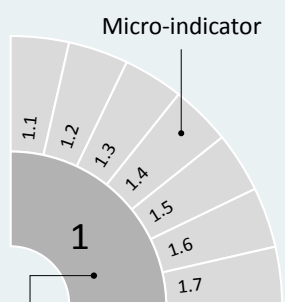
How to read these charts



**PERFORMANCE
RATING SUMMARY
FOR UNIDO
(MOPAN 3.0* –
new rating scale
system)**



How to read these charts



METHODS OF ANALYSIS

The MOPAN 3.0* methodology entails a framework of 12 key performance indicators and associated micro-indicators. It comprises standards that characterise an effective multilateral organisation. The methodology, including recent updates and any adaptations for this particular assessment, is further explained in Section 1.3 of this report.

This assessment covers UNIDO's headquarters and regional and country field presence. As mentioned above, it addresses organisational systems, practices and behaviours, as well as results achieved during the period 2017 to mid-2019. It relies on three lines of evidence: a review of 90 documents, interviews with 66 staff members at UNIDO's headquarters in Vienna in May 2019 and 14 telephone interviews, and 181 responses to the online survey carried out among external partners in 10 countries between late May and early July 2019.

MOPAN conducted the assessment with support from IOD PARC, a consulting company located in the United Kingdom that specialises in results-based performance assessment in international development. The Republic of Korea acted as the institutional lead country, representing MOPAN members in this assessment process.



1. INTRODUCTION

Chapter 1. Introduction

1.1. STRUCTURE OF THE REPORT

This report has three chapters and three annexes. Chapter 1 introduces the United Nations Industrial Development Organization (UNIDO) and the assessment process. Chapter 2 presents the main findings of the assessment in relation to each performance area. Chapter 3 provides the conclusions of the assessment. Annex 1 summarises the evidence gathered against each indicator with the detailed scores. Annex 2 lists the documents used for the analysis. Finally, Annex 3 provides an overview of the results of MOPAN's partner survey. As this is the first MOPAN assessment of UNIDO, the comparator is the Joint Inspection Unit (JIU) Report 2017. The JIU methodology is different to that of MOPAN but considers similar issues of organisational effectiveness and efficiency.

1.2. UNIDO AT A GLANCE

Mission and mandate: UNIDO is the specialised agency of the United Nations (UN) that promotes industrial development for poverty reduction, inclusive globalisation and environmental sustainability. The mission of UNIDO is to promote and accelerate inclusive and sustainable industrial development (ISID) in member states. UNIDO's stated comparative advantage is being the only international organisation mandated to support countries in pursuing inclusive and sustainable industrial development.

Governance: UNIDO has two policy-making organs: the UN General Conference and the Industrial Development Board. The General Conference, which consists of all 168 member states of UNIDO, determines the guiding principles and policies of the organisation, approves the budget and work programme, and appoints the Director General. The Industrial Development Board's 53 members (elected by the General Conference) review the implementation of the work programme and the regular and operational budgets and make recommendations to the Conference on policy matters. The Board meets once a year. The Programme and Budget Committee, consisting of 27 members, is a subsidiary organ of the Industrial Development Board and provides assistance in preparing and examining the work programme, the budget and other financial matters.

Organisational structure: The UNIDO Secretariat is based in Vienna and has liaison offices in Brussels, Geneva and New York. It covers 5 regions, and its field network comprises 5 regional hubs, 4 regional offices and 39 country offices. The field network covers 101 countries in total.

UNIDO has three main directorates (Programme Development and Technical Cooperation, External Relations and Policy Research, and Corporate Management and Operations). Programme Development and Technical Cooperation, which includes the field network, is by far the largest in terms of staff numbers. The organisation employed 666 permanent staff on 31 December 2018, as well as 1 462 experts and consultants (predominantly project focused) under Individual Service Agreements. Executive leadership is provided by the Director General and by the three managing directors who constitute an "Executive Board".

Strategy: UNIDO's strategy as set out in the 2018-21 Medium-Term Programme Framework (MTPF) is based on four overarching priorities:

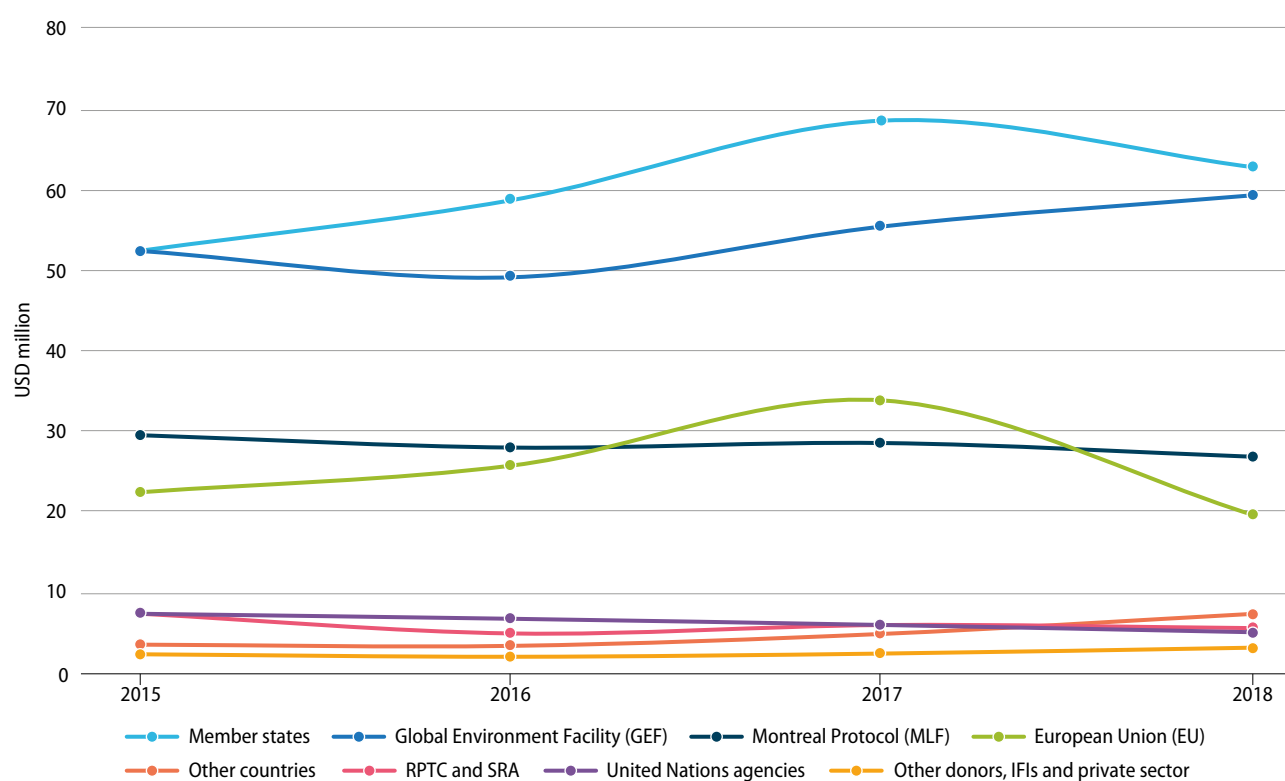
- advancing economic competitiveness
- creating shared prosperity
- safeguarding the environment
- strengthening knowledge and institutions.

The organisation implements its four strategic priorities using four “enabling functions”: (i) technical co-operation; (ii) analytical and research functions and policy advisory services; (iii) normative functions and standards and quality-related activities; and (iv) convening and partnerships for knowledge transfer, networking and industrial co-operation. The fourth priority was added in 2018.

Finances: For the biennium 2018-19, the total net budget requirements (including regular and extra-budgetary funds) were estimated at EUR 516.8 million. Of this, the net regular budget was estimated at EUR 136.7 million, extra-budgetary funds at the level of EUR 344.3 million as direct input for technical co-operation services, and EUR 35.8 million for technical co-operation support activities (operational budget). Almost all of the funds for technical co-operation are earmarked.

One-third of UNIDO’s technical co-operation funding comes from its member states, and two-thirds from other partners. The Global Environmental Facility (GEF), the Montreal Protocol and the European Union are the largest external contributors. In 2018, 31% (USD 59.1 million) of UNIDO’s technical co-operation expenditure came from GEF, and 14% (USD 26.7 million) from the Montreal Protocol. Figure 1.1 shows annual expenditure on technical co-operation activities by funding source in 2015-18. Recent financial developments include an agreement signed in 2016 with the World Bank to help provide UNIDO expertise to governments implementing World Bank-financed investment projects. A similar agreement was signed with the African Development Bank. In 2018, UNIDO signed a readiness framework agreement with the Green Climate Fund.

Figure 1.1. UNIDO technical co-operation activities expenditure by funding source, 2015-18



Source: UNIDO Annual Report 2018, Appendix A, Table 1 A, Expenditure 2015-18.

UNIDO also provides building management services for the Vienna International Centre on behalf of the different UN agencies located there. This is effectively cost neutral since the agencies share the costs and reimburse UNIDO for its work.

The financial situation of UNIDO has been a concern for some years, and 11 member states have withdrawn support since 1996. Other member states are in arrears with their payments. UNIDO reports that project funding increased in the budget for 2018-19, but also that core funding is not adequate to meet identified needs. Assessed contributions decreased from EUR 76 million in 2013 to EUR 68 million in 2018, a reduction of 12%.

Organisational change initiatives: Several reforms are in progress or have recently been completed. These include restructuring the Secretariat to better align its internal structure and its external interface in 2018; restructuring field presence; revising the results framework and associated theory of change; developing the partnership strategy and aligning to the UN Reform agenda.

UNIDO has also taken measures to protect its staff from exposure to sexual harassment and other forms of misconduct. It is also raising awareness of issues around sexual exploitation and abuse; see Box 1.1 for details.

Box 1.1. Preventing sexual exploitation and abuse, and sexual harassment²

UNIDO, according to its own statements, takes sexual harassment seriously. A Director General's Bulletin (DGB/2016/13) issued in 2016 stipulates, "UNIDO has a duty to ensure that appropriate measures are taken to protect its personnel from exposure to harassment and other forms of prohibited conduct, through preventive measures and the provision of effective recourse when prevention has failed". The bulletin covers all personnel, including interns, consultants and staff members. UNIDO prohibits behaviour constituting sexual harassment in line with their Standards of Conduct for the International Civil Service (2001) and the Code of Ethical Conduct of UNIDO (2010).

Mandatory training on sexual harassment is being rolled out throughout UNIDO. The Director General has circulated a video to all staff indicating he has "no tolerance" for sexual harassment. Over 30 training sessions have been conducted via face-to-face training with an external trainer brought to headquarters (HQ). Webinars have been held for field and other remote offices. Staff feedback has been very positive, stating that training has enabled a better understanding of harassment, perceived harassment, boundaries and cultural differences as well as how to report harassment.

The organisation has been proactive in raising awareness of issues of sexual exploitation and abuse and of the need for reporting. It offers clear guidance on how cases should be reported and followed up. To date though, no cases have been formally reported.

No specific policy on sexual exploitation and abuse was shared with the assessment team. As part of the Chief Executives Board of the UN, UNIDO has been encouraged by the UN Secretary-General to implement ClearCheck, a system-wide screening database for personnel.

2. The 2019 MOPAN assessment does not assess the organisations' performance with regard to preventing and responding to sexual exploitation and abuse, and sexual harassment (SEAH). However, this topic will become an area of assessment in MOPAN starting 2020; indicators are under development at the time of writing. In the meantime, the assessment team simply collected key facts related to SEAH safeguards for information, based on documentation provided by the organisation. The assessments team did not verify the actual implementation of the instruments outlined therein or analyse their effectiveness. Insights were gathered from the following sources: key informant interviews and consultations with UNIDO staff at HQ level, and DGB 2016/13 'Prohibition, prevention and resolution of harassment including sexual harassment, discrimination and abuse of authority'.

1.3. THE ASSESSMENT PROCESS

Assessment framework

This MOPAN assessment covers the period from 2017 to mid-2019. It addresses organisational systems, practices and behaviours, as well as results achieved. It focuses on the five performance areas presented in Box 1.2. The first four relate to organisational effectiveness, and each has two key performance indicators (KPIs). The fifth performance area relates to effectiveness of development, humanitarian and normative work, and comprises four KPIs. The assessment was conducted in line with the MOPAN 3.0* methodology, which can be found on MOPAN's website.³

Box 1.2. Performance areas and key performance indicators⁴

Aspect	Performance area	Key performance indicator (KPI)
Organisational effectiveness	Strategic management	KPI 1: The organisational architecture and the financial framework enable mandate implementation and achievement of expected results
		KPI 2: Structures and mechanisms support the implementation of global frameworks for cross-cutting issues at all levels
	Operational management	KPI 3: The operating model and human and financial resources support relevance and agility
		KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability
	Relationship management	KPI 5: Operational planning and intervention design tools support relevance and agility within partnerships
		KPI 6: Partnership working is coherent and directed at leveraging and/or ensuring relevance and the catalytic use of resources
	Performance management	KPI 7: The focus on results is strong, transparent and explicitly geared towards function
		KPI 8: The organisation applies evidence-based planning and programming
Development/humanitarian effectiveness	Results	KPI 9: Development and humanitarian objectives are achieved, and results contribute to normative and cross-cutting goals
		KPI 10: Interventions are relevant to the needs and priorities of partner countries and beneficiaries, and the organisation works towards results in areas within its mandate
		KPI 11: Results are delivered efficiently
		KPI 12: Results are sustainable

Methodology changes in the 2019 Cycle

As part of MOPAN's efforts to ensure its assessments remain relevant to stakeholders and aligned to international best practice, the MOPAN methodology is always evolving. Lessons from each assessment cycle inform the next, and work is always being undertaken to explore how best to cover salient issues. In addition to relatively minor lessons learned

3. MOPAN 3.0* Methodology Manual, 2019 Assessment Cycle, www.mopanonline.org/ourwork/2019assessmentcycle/

4. The MOPAN indicator framework was developed by MOPAN's Technical Working Group and draws on international standards and reference points, as described in Annex A of the Methodology Manual.

from the 2017-18 Cycle conducted under the MOPAN 3.0 methodology, the MOPAN 3.0* methodology applied for the 2019 Assessment Cycle includes two notable changes.

The first is on how ratings (and their corresponding colours) are applied based on the scores at micro-indicator (MI) and KPI levels. Compared to previous cycles, the threshold for a rating has been raised to reflect the increasing demands for organisational performance in the multilateral system.⁵ The underlying scores and approach to scoring are unaffected.

The second is that organisations had greater flexibility in selecting relevant partners and countries for the survey line of evidence. This approach allows for a more relevant sampling of organisations' external partners and geographic coverage.⁶

Applying the MOPAN methodology to UNIDO

The assessment of performance covers the UNIDO organisation (headquarters, regional offices and field presence). The MOPAN 3.0* methodology was applied with some minor adjustments in indicator application or interpretation to reflect the realities of UNIDO's mandate and operating systems (see also Annex 1):

- **Micro-indicator (MI) 2.1c Good governance:** This micro-indicator is interpreted to mean governance as related to UNIDO's interventions and their scope for supporting good governance at country level, with any associated compliance frameworks and relevant policies. UNIDO indirectly contributes to good governance, and ISID builds on an assumption of governance. However, the issue of governance is not mentioned in the MTPF or its mid-term review, and neither UNIDO's planned activities nor project design contain criteria intended to promote or ensure good governance; therefore no results information is collected for good governance, and there is no evidence on **MI 9.6: Interventions assessed as having helped improve good governance**. This indicator has therefore been marked as no evidence ("N/E").
- **MI 2.1d Human rights:** UNIDO does not have an explicit human rights policy statement or strategy. The micro-indicator is interpreted to refer to how UNIDO supports human rights through some of its projects, ethics statements, due diligence and compliance frameworks, relevant policies, and organisational resourcing. Since the concept of human rights is not explicitly mentioned in the MTPF, its mid-term review or annual reporting, no data is collected for human rights related to ISID, and therefore there is no evidence to assess UNIDO against **MI 9.7: Interventions assessed as having helped improve human rights**. This indicator has therefore been marked as no evidence ("N/E").
- **MI 4.1 Transparent decision-making for resource allocation, consistent with strategic priorities:** This micro-indicator is interpreted and applied in relation to UNIDO's project-based funding model i.e. through the allocation of non-earmarked funds and UNIDO's engagement with donors on the use of earmarked funding.
- **MI 4.2 Allocated resources disbursed as planned:** As with MI 4.1, this micro-indicator is interpreted and applied in relation to UNIDO's project-based funding model.

5. For example, previously if all elements for a MI were scored as a 2 and only one was scored a 3 (averaging above 2.01 at the MI level), this would have been rated Satisfactory. Now, more than half of the elements need to score 3, averaging above 2.51, to achieve the same rating. More details on scoring and rating scales can be found in Annex 1.

6. This increased flexibility was enabled by a streamlined data collection process for the partner survey, which was carried out directly by the MOPAN Secretariat, rather than an external service provider, for the first time in the 2019 Cycle.

Lines of evidence

This assessment relies on three lines of evidence: a document review, a partner survey, and staff interviews and consultations. The assessment team collected and reviewed a significant body of evidence:

- **A document review.** This comprised publicly-available documents published between 1 January 2017 and 30 June 2019 as well as guidelines and policies that are “current and in force”. They were limited to those in final form (not draft versions), recognised by management, and available in English. The 90 documents reviewed included 8 evaluations and 2 evaluation syntheses, along with the following:
 - policy documents
 - guidance and guidelines
 - strategy documents
 - budgets
 - result frameworks
 - internal and external audit reports
 - evaluation management responses
 - annual reports.

The assessment team requested a number of documents which UNIDO stated it did not have or could not provide. UNIDO staff observed that it can function with fewer standard policy and process guidelines than other multilateral organisations due to its small size, the lack of staff resources to compile and update documents, and the centralised nature of UNIDO. The assessment team therefore believes that it has accessed the large majority of relevant organisational documents and is highly confident in the evidence. The team recognises that the lack of documentation is a significant indication in itself of a lack of clarity on certain organisational management processes.

- **An online survey.** Partners surveyed at country level fall into the following categories:
 - national parliament or legislature
 - central government – sectoral (line) ministry – ministries of industry and the environment
 - central government – ministries with responsibility for finance, planning, economics, statistics and development assistance
 - UN agency
 - international/regional financial institution
 - international non-governmental organisation
 - other non-governmental organisation (NGO) or civil society organisation (e.g. local NGO)
 - academic institution
 - research for development organisation/think tank
 - private sector company/business association.

A total of 181 partners responded to the survey, a 36% response rate. The survey was conducted late May-early July 2019 (for more details, see Annex 3). Four countries included in the survey were taken from the core list of those surveyed for the MOPAN 2019 Cycle (Ghana, Egypt, Lebanon and Mexico) and six were selected to reflect UNIDO’s work and countries of operation (Bangladesh, Cambodia, Ethiopia, Mozambique, Senegal and Uruguay). These six were chosen using criteria such as regional distribution, the country’s income and fragility status, the number of UNIDO projects it hosts, UNIDO’s country presence, the nature of its portfolio there, and the Sustainable Development Goals (SDGs) targeted by UNIDO.


- **Interviews and consultations.** These were undertaken in late May-early June 2019 as follows:
 - headquarter interviews with 38 senior managers, and 5 consultations with staff groups
 - country/regional level and Liaison Office interviews (held remotely by Skype) with 14 mid- to senior-level staff.

Discussions were held with the institutional lead of the UNIDO assessment as part of the analytical process. These served to gather insights on current priorities for the organisation from the perspective of MOPAN member countries.

General information about the sequence and details related to these evidence lines, the overall analysis, and scoring and rating process as applied to UNIDO can be found in the MOPAN 3.0* methodology.

Limitations

- UNIDO has relatively few country level evaluations. As a consequence, some detailed country level findings in this assessment report rely on few evaluations. They are corroborated by findings from the two syntheses of evaluations undertaken by UNIDO.
- UNIDO's Integrated Results and Performance Framework (IRPF) is relatively recent. The first UNIDO IRPF was introduced in 2016 for the 2016-19 MTPF; an updated IRPF was developed for the 2018-21 MTPF. UNIDO still considers the IRPF to be in progress, and a revised version introduced in May 2019 was being rolled out at this writing. As a consequence, results and trends data are not strongly evidenced.
- Key strategic documents, such as the MTPF, the IRPF and the Programme and Budget, contain significant inconsistencies in how objectives and results are conceived and portrayed. For instance, the Thematic programme framework towards inclusive and sustainable industrial development in the Programme and budget 2018/19 lists three thematic priorities to achieve, while the mid-term reviews of the MTPF and IRPF refer to four strategic priorities supported by four core functions. These differences mean that UNIDO's results data are not consistent. The inconsistencies in organisational concepts of UNIDO's results framework weaken the assessment of results in this report.
- The MOPAN partner survey data is presented in summary figures in Annex 3 for information. The assessment team notes that this is a perception survey. As such, it sheds some light on partners' understanding of UNIDO, but the assessment team considers it to be a less robust form of evidence than documents and interviews.



2. DETAILED ASSESSMENT OF UNIDO'S PERFORMANCE

Chapter 2. Detailed assessment of UNIDO's performance

The performance is assessed on four dimensions of organisational effectiveness – strategic, operational, relationship and performance management – and on the results achieved by the organisation. These findings are constructed against the organisation's own strategic plan and performance indicators.

In this way, organisational effectiveness relates to a blended assessment of intent, effort and response. Organisational intent is expressed through commitments, strategies, policies and plans. The organisational effort is that which the organisation puts behind a particular agenda for performance and improvement including guidance issued. The organisational response is its reaction to the effects of this effort in relation to changing organisational direction, practice and behaviour.

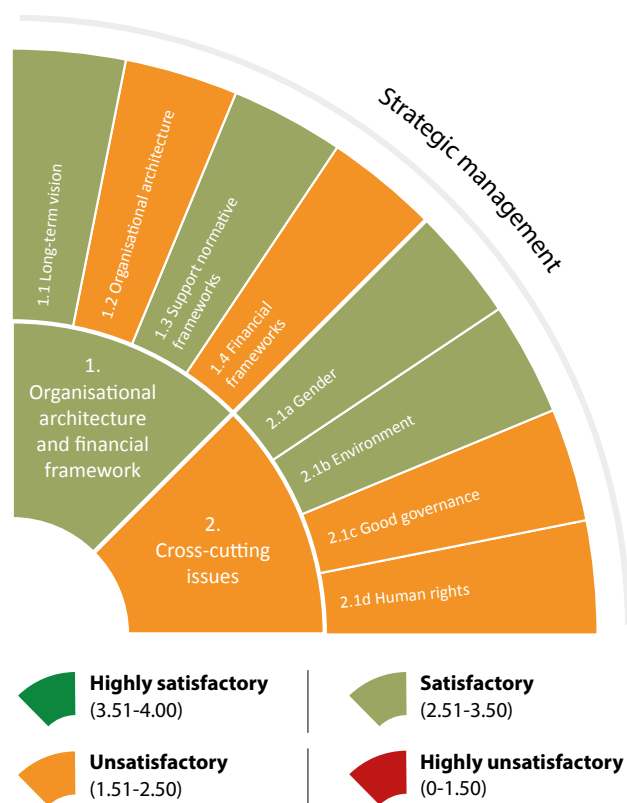
Organisational effectiveness is juxtaposed alongside development effectiveness. The latter refers to the extent to which the organisation is making a difference in ways that reflect its strategic objectives and mandate.

2.1. ORGANISATIONAL EFFECTIVENESS

PERFORMANCE AREA: STRATEGIC MANAGEMENT

Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities.

UNIDO has set out a clear vision for inclusive and sustainable industrial development (ISID) and is now putting in place a new results framework. This is based on a revised organisational theory of change to support management and reporting of its work. Currently, however, the results chain from activities to strategic outcomes for the IRPF is not evident, and responsibilities are not clearly allocated within the organisation. Revisions to the IRPF introduced in 2019 may help address these issues. UNIDO is piloting a new approach to partnership and is strengthening its partnership work. UNIDO recognises the need to rebalance its focus but does not yet have a clear strategy for how it will achieve this; the balance between normative and technical co-operation work is unclear, and the normative role is not well defined. UNIDO focuses strongly on the Sustainable Development Goals (SDGs) but does not yet align its work with all relevant normative frameworks.



UNIDO's ability to deliver a strategic vision is limited as its regular resources from assessed contributions are shrinking while donor-driven project funding increasingly dominates. Arrears in assessed contributions and late payments are a continuing problem for UNIDO. The organisation has recently taken a more pro-active approach to preventing and following up late payments to tackle these problems.

When it comes to the four cross-cutting issues this assessment looks at – gender mainstreaming, environmental sustainability and climate change, good governance and human rights – UNIDO's approaches and performance

vary. Gender equality is now stated as a central priority for the organisation; tools have been put in place to support this. Environmental sustainability is strongly supported and draws on the organisation's technical expertise. The organisation does not, however, have well developed processes and policies for addressing the issues of human rights and governance, which are also core to inclusive working for sustainable industrial development. The extent to which ISID can be fully delivered is hampered by UNIDO's lack of a well-articulated approach to inclusivity and governance.

KPI 1: The organisational architecture and the financial framework enable mandate implementation and achievement of expected results.

This KPI focuses on the extent to which UNIDO has articulated a coherent and strategic vision of how and for what purpose it has organised its human activity and capital assets to deliver both long- and short-term results.

UNIDO's strategic plan sets out a long-term vision for inclusive and sustainable industrial development (ISID), and the organisation is revising its results framework to clarify its contribution to ISID and the 2030 Agenda. UNIDO's 2018-21 Medium-Term Programme Framework (MTPF) provides a long-term vision. The vision is to contribute to "the eradication of poverty through inclusive and sustainable industrial development" as per the 2013 Lima Declaration. The results framework supports this vision through enabling SDG 9 "build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". Linked to the MTPF is UNIDO's Integrated Results and Performance Framework, which sets out the intended results of the MTPF and the organisational theory of change. UNIDO's Integrated Results and Performance Framework is relatively recent. The first UNIDO IRPF was introduced in 2016 for the 2016-19 MTPF; it was updated for the 2018-21 MTPF. A revised version was introduced in 2019, and it is still being developed further.

A new IRPF will be implemented in 2019-21 which will link results more clearly to interventions. Prior to that version, linkages between tiers and organisational levels of results were not evident. The IRPF 2016-19 lacked a clear results chain between activities, outcomes and strategic objectives, and ownership for results was not clearly specified. Recognising this, a revised IRPF and organisational theory of change was introduced in May 2019 to strengthen the organisation's approach to results. This version was due to be rolled out in late 2019 with an intent to implement fully over two years.

The revised 2019 IRPF includes output and outcome indicators that relate more clearly to UNIDO's enabling functions to strengthen knowledge and institutions, such as the introduction and implementation of policies and standards. It should facilitate improved results-based management by linking outcomes more measurably to UNIDO interventions. The actor-based, behavioural change model used for the new IRPF is intended to allow UNIDO to tell a meaningful and credible story of its contribution to the SDGs, which at present is difficult to assess. This will be important in terms of UNIDO's positioning within the development landscape as they evolve, and will enable UNIDO to take a more strategic approach to the way it enables industrial policy and development.

There are two slightly divergent interpretations within UNIDO as to the main purpose of ISID, which undermines clarity on strategic direction. For some staff members, the purpose of ISID is an end in itself and a development intervention. For others, its purpose is to build wealth and tax take so that countries become self-sustaining. The two interpretations do not contradict each other, but they indicate different understandings of UNIDO's strategic intent. The co-existence of two different interpretations indicates a level of organisational confusion on future direction and priorities, which could potentially weaken UNIDO's capacity to deliver a coherent and effective programme.

UNIDO has recently developed a specific partnerships policy and is piloting a new approach to partnership in a limited number of countries. This is in line with the importance placed on partnerships in the MTPF 2018-21. UNIDO's Country Programmes are primarily summary reports of UNIDO projects taking place and statements of

joint intent with the relevant ministries but have no associated funding to support identified priorities. The flagship Programme for Country Partnership (PCP) model, currently operating in six countries, introduces a stronger approach to partnership working. It is intended as a vehicle for building higher level partnerships with government and other development partners to create interventions with more impact and potential for sustainability.

The PCP model has the explicit intent to scale up resources and impacts to deliver ISID at country level. A core aim of the PCP is to improve partner co-ordination to reduce fragmentation and increase effective use of resources, in order to enable a more strategic engagement with countries and donors to shape investments to ISID priorities. PCPs receive a small amount of development funding to fund a dedicated programme manager, unlike Country Programmes. However, it is relatively early in the PCP development, and a review of PCP plans shows that they are still highly focused on co-ordinating UNIDO project activities. A mid-term PCP evaluation in 2017 found that they had not yet leveraged significant additional resources, indicating that more time is required to assess the pilots.

How the organisation will reform to deliver on partnerships and the new policy is not yet clear, and UNIDO recognises that it will require significant changes in its strategic and operational approaches. UNIDO believes there is potential for spreading the PCP model to other countries and recognises that this will require a change in its strategic and operational approaches. Using learning from the PCP pilots, the organisation is now developing different partnership modalities which can be used more systematically. These relate to the types of partners and projects and to the country operating context, for example middle- and low-income countries. UNIDO is also reviewing staff capacity to support the PCP style approach. In 2019, the Director General promulgated a policy on Partnerships for Industrial Development to clarify UNIDO's approach and high commitment to partnerships. This is largely a consolidation document bringing together relevant existing policies. There is not yet a clear partnership strategy or change management plan to address all countries where UNIDO has engagement.

UNIDO recognises it needs to strike the right balance between operating as a normative organisation and as a development organisation but has not clearly articulated how it does so. The normative role includes reporting on SDG 9 but is not well defined within UNIDO. This role appears to include both global work to develop and promote new norms as well as support to countries' industrial policies. Operational processes and organisational culture are still weighted towards technical co-operation, although there is a stated intent within organisational documents to strengthen UNIDO's strategic and normative roles. Capacity in HQ to deliver currently reflects where voluntary funding is available rather than where the strategic objectives suggest it should be. UNIDO's strong focus on winning and managing individual projects diminishes the extent to which it is able to be strategic and raise its sights to delivering ISID, thereby weakening its strategic effectiveness.

UNIDO has strong focus on the SDGs, but does not have a clear alignment with all relevant normative frameworks. The vision of the MTPF is centred on the 2030 Agenda for Sustainable Development which recognises the importance of ISID as a major driver for achieving SDG 9, among others. The results framework at Tier 1 (global results) includes SDG 9 indicators and presents ISID in a global normative context. The 2030 Agenda's call to "Leave No One Behind" matches up well with UNIDO's commitment to inclusivity. Corporate documentation shows an explicit commitment to align with the Addis Ababa Action Agenda and with United Nations (UN) system-wide coherence mechanisms, including the UN Resident Coordinator system.

While norms and standards feature among UNIDO's four core functions, its role in relation to promoting global norms is not well articulated. UNIDO identifies its four interrelated core functions as (i) technical co-operation; (ii) analytical and research functions and policy advisory services; (iii) normative functions and standards and quality-related activities; and (iv) convening and partnerships for knowledge transfer, networking and industrial co-operation. As UNIDO is a UN Specialised Agency, it is surprising that references to critical sector-specific normative frameworks and human rights instruments relevant to ISID have been either completely missing from, or are only cursorily

mentioned in corporate strategies. These include the International Labour Organization's (ILO) core labour standards and environmental conventions (e.g. Convention on Biological Diversity, Minamata Convention on Mercury and Stockholm Convention on Persistent Organic Pollutants). Since early 2019, some of these instruments have been included in the assessment of new projects. The lack of clarity on UNIDO's role in relation to global norms reduces its effectiveness and profile as a normative agency.

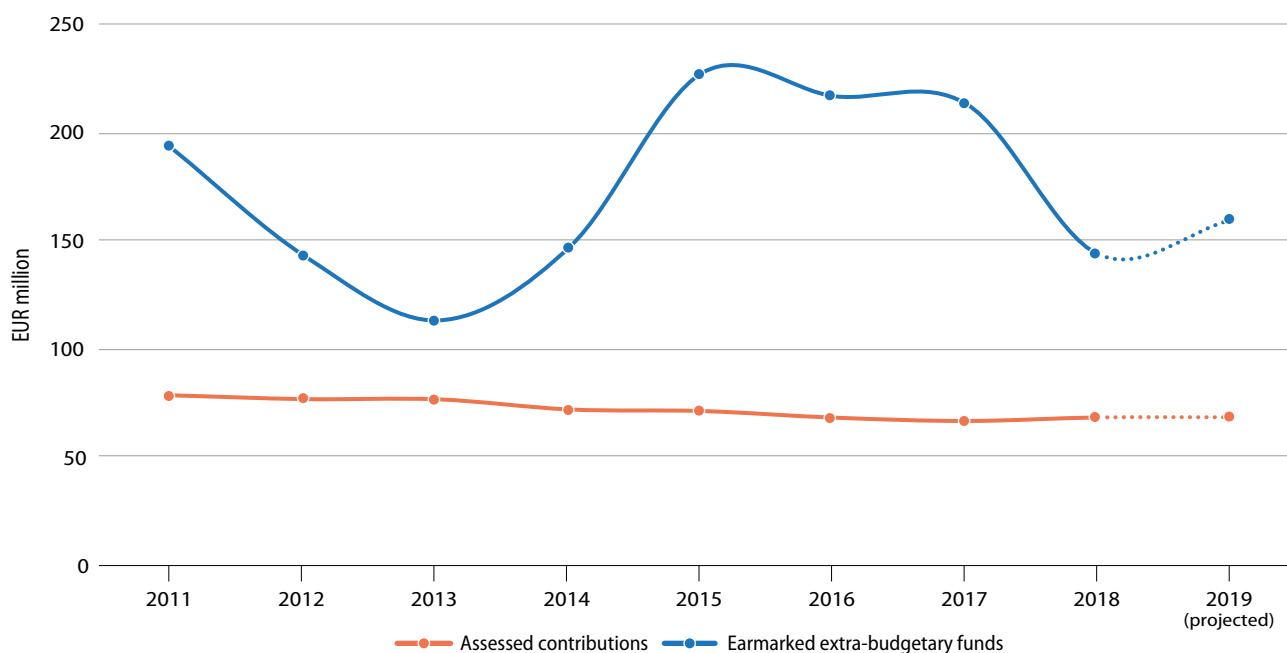
The UN Development System (UNDS) reforms will have impact on the organisation's resources and deployment at field level, but their full implications are not yet clear. The UNDS reform increases UN focus on the SDGs, which UNIDO welcomes since it sees its work as strongly aligned with SDG 9. The initial indications in early 2019 for the increase in UNIDO funding contributions may be a financial challenge for the organisation. The reforms are also recognised by UNIDO as being likely to require a change in the nature of UNIDO field representation, although these are not yet confirmed.

Decision-making is significantly centralised within the four-person "Executive Board". UNIDO has a highly centralised structure, which is typical for small normative organisations. UNIDO's "Executive Board", consisting of the Director General and three managing directors, perform many day-to-day management functions that in other multilateral organisations tend to be delegated to quality assurance or line management functions. The "Executive Board" is responsible for many decisions within UNIDO which could be taken elsewhere if accountabilities and criteria for allocating resources were clearer. The concentration of control in the "Executive Board" also erases any meaningful difference between regular decision-making and exception management. A particular challenge is that some members of the "Executive Board" have dual roles, so that they approve activities and expenditure which they have themselves agreed in their departmental roles, risking conflicts of interest. The concentration of control has also contributed to the lack of certain policies to guide decisions (e.g. for the allocation of regular programme resources; see also KPI 4) since such issues are treated as discretionary and decisions are often rooted in conversations. In addition, this way of working excludes staff who are outside HQ – for instance in the field – from full engagement. The highly centralised structure facilitates internal control and efficiencies of scale and scope at the expense of transparent decision-making and responsiveness to local country contexts.

UNIDO's ability to deliver a strategic vision is limited as its regular resources from assessed contributions are shrinking while donor-driven project funding increasingly dominates. UNIDO's assessed contributions have shrunk, in particular due to the departure of 11 member states (9 since 2012).⁷ UNIDO has lost much of its independence to chart its own course to deliver its strategic vision. Apart from creating financial difficulties, this raises questions on UNIDO's global position. UNIDO manages its available funding to resource planned activities. Technical co-operation expenditure – based on voluntary contributions – increased from USD 177 million in 2015 to USD 190 million in 2018, according to UNIDO's Annual Report 2018. The overwhelming majority of UNIDO's total budget (83%) is now allocated to technical co-operation. Conversely, during 2013-19, its assessed contributions shrank from EUR 76 million to EUR 68 million. Relying heavily on earmarked voluntary contributions, UNIDO is pulled by donor priorities and has a volatile funding situation (see Figure 2.1). The reduction in regular resources is experienced as a major constraint on non-project-related organisational functions and management capacity.

UNIDO has introduced new financial mechanisms to secure resources for core activities. In 2016, UNIDO set up two special accounts: the Special Account of Voluntary Contributions for Core Activities (SAVCCA), to facilitate the receipt, management and usage of voluntary contributions for core activities, and the Major Capital Investment Fund, as a funding mechanism to secure funding for major capital investments or replacements. These are relatively small funds; for example, SAVCCA was allocated EUR 197 000 for approval in the 2020-21 Programme and Budget.

7. Former member states are Australia, Belgium, Canada, Denmark, France, Greece, Lithuania, New Zealand, Portugal, the United Kingdom and the United States. Canada and the United States withdrew between 1993 and 1997; the other nine left between 2012 and 2016.

Figure 2.1. UNIDO income from assessed contributions and extra-budgetary funds, 2011-19

Source: Data provided by UNIDO, 15 October 2019.

UNIDO has also agreed to dedicate regular budget funds to two initiatives. The first is a Regular Programme of Technical Cooperation (with EUR 8.2 million) in line with the UNIDO Constitution's aim to improve the effectiveness of the Organisation's programme of work in the field of industrial development. The second, Special Resources for Africa (with EUR 1 million for 2020-21), is deployed to ensure there is dedicated core funding available to support activities in Africa, consistent with UNIDO's strategic commitments to the Third Industrial Development Decade for Africa and to prioritising support to Africa. These mechanisms demonstrate UNIDO's strong financial management to optimise limited available resources for priority areas of expenditure.

Arrears in assessed contributions and late payments are a continuing problem for UNIDO. Financial constraints are exacerbated by the amount of arrears in assessed contributions and by late payments. In December 2018, EUR 86.9 million were due in outstanding contributions, out of which EUR 69.1 million was due from a former member state, the United States. Under the terms of UNIDO's rules, payments of contributions that arrive too late cannot be used within the biennium. UNIDO is now discussing rule changes that will enable payments to be fully used even if received late. The organisation has also taken a more active approach to following up late payments. In order to avoid overspending, UNIDO in practice spends only about 90% of its planned budget each biennium, although increasing vigilance on late payments and arrears is enabling a higher proportion to be spent. Some member states agree that their unutilised balances can be allocated to specified trust funds, thereby ensuring that UNIDO can use the full value of their assessed contribution, which provides a workaround of the existing rules. Others, however, reclaim unutilised balances at the end of the biennium.

KPI 2: Structures and mechanisms support the implementation of global frameworks for cross-cutting issues at all levels.

This KPI looks at the articulation and positioning within the UNIDO's structures and mechanisms of the cross-cutting priorities to which the organisation is committed, in pursuit of its strategic objectives.

Inclusive and sustainable industrial development (ISID) is the overarching strategic objective for UNIDO; however, organisational approaches to inclusivity are not well developed. Inclusivity requires a strong

organisational commitment, implemented through policy and practice, to ensuring that disadvantaged, excluded and vulnerable population groups are considered in intervention design, implementation, governance and benefits. UNIDO has developed a more systematic approach to the inclusion of gender equality issues since 2015, with the introduction of the UNIDO Policy on Gender Equality. The organisation does not have well-developed processes for analysing and addressing the issues of human rights and governance, which are core to inclusive working and would have therefore been expected to be at the heart of its work. UNIDO addresses human rights in practice through work to improve economic wellbeing and work with excluded groups, but this contribution is not clearly and consistently identified as such (see below). The extent to which ISID can be delivered is therefore hampered by UNIDO's lack of a well-articulated approach to inclusivity.

Gender equality is now stated as a central priority for UNIDO. The MTPF 2018-21 states “the need to push for gender equality and the economic empowerment of women, which will continue to be a central priority of UNIDO's strategic framework for the 2018-2021 period”. It also notes that this is an area for improvement. UNIDO established a senior level mechanism in 2015 to ensure accountability for gender equality through the Gender Mainstreaming Steering Board, chaired by the Director General and comprising the three managing directors. A network of Gender Focal Points has also been established with representatives from all departments and from field offices. Working alongside a Gender Coordinator and rotational gender officer, these personnel increase the capacity and human resourcing for gender within UNIDO. The 2018 and 2019 UN-SWAP assessments found that UNIDO is making good progress on strengthening capacity for mainstreaming gender equality. It is now a mandatory part of the project approval and compliance process with a Gender Equality Screening Checklist used for all new projects. The quality of gender mainstreaming in project design between 2015 and 2018 increased according to the Annual Report 2018. The Mid-Term Review of the 2015 Gender Equality Policy and Strategy (2016-19) on Gender Equality and the Empowerment of Women (2018) found mainstreaming gender-related responsibilities and ensuring accountability for gender equality across the organisation to have made relatively slow progress. Gender equality continues to be mainstreamed into guidelines and ways of working.

Promoting environmental sustainability is core to UNIDO's activities and project designs, but there is no organisational environmental policy. “Safeguarding the environment” is one of the strategic pillars of UNIDO's MTPF 2018-21. The MTPF states that this will be achieved through advancing environmentally sustainable growth, building institutional capacities for greening industries (through cleaner production technologies and resource efficiency methodologies) and creating green industries (including in fields of waste management and recycling). UNIDO promotes these approaches through its different projects, including those not badged as related to the environment.

The IRPF includes relevant targets and indicators for the environment. Under level 1 (“global development results”) there are indicators for CO₂ emissions and energy intensity, and level 2 (“country results with UNIDO ISID support”) has indicators for multilateral environmental agreements. Until 2019, there was no requirement for projects (other than for the Global Environmental Facility [GEF] which has its own tools) to be assessed for compliance with environmental safeguards.

In 2019, this requirement was extended to all new projects. According to staff interviewed, UNIDO aspires to “Green Procurement” and is seeking to achieve a climate-neutral travel policy and to increase virtual meetings. There is no organisational policy or performance indicator related to environmental sustainability. The recent introduction of the requirement for compliance with environmental safeguards, and stated aspirations to Green Procurement indicate that the organisation is beginning to strengthen its approach to environmental sustainability, although this approach is not yet systematic or explicit.

UNIDO's developed approach to the environment draws on its technical co-operation activities. It has a Department of Energy and a Department of Environment, which lead on climate change and environmental sustainability projects. UNIDO's capacity in the area of the environment partly reflects the high proportion of technical co-operation

funding received from GEF (31.5% of portfolio by value in 2018), from the Multilateral Fund for the Montreal Protocol (14.1%) and from projects funded by other donors which build on UNIDO's environment expertise. The organisation's technical expertise in climate change and environmental sustainability is seen as a key strength by partners.

UNIDO's contribution to promoting and protecting human rights is not fully understood in the organisation.

UNIDO has no explicit mandate in the area of human rights but, as any UN organisation, is expected to integrate and mainstream human rights in its work. Despite not having an articulated approach to human rights, UNIDO does in practice contribute to human rights through its work to alleviate poverty, increase access to employment, and promote projects in post crisis countries with affected populations as well as its activities to improve labour rights and the environment. Even though human rights are dealt with implicitly, they are actually core to UNIDO's concept of integration and sustainability as part of ISID. The Office of Evaluation and Internal Oversight states that UNIDO ensures that human rights issues are duly considered in the conduct of evaluation and in evaluation reports, consistent with United Nations Evaluation Group (UNEG) guidelines. At country level, UNIDO follows the guidance by the UN Sustainable Development Group, including the human-rights based approach to programming as part of the United Nations Sustainable Development Co-operation Framework, but it is not clear how this influences projects planned in HQ. The MTPF does not mention human rights, beyond the commitments to inclusivity made under the impact area of "creating shared prosperity". In interviews, staff expressed divided views on whether UNIDO in fact addresses human rights. This may be explained by the lack of a clear policy statement on how UNIDO supports human rights and by the prevalence within the organisation of an understanding of human rights as primarily meaning political and civil rights, somewhat at the expense of social and economic rights.

There are several sets of UNIDO guidelines and standards that variously refer to human rights. Technical co-operation project guidance states that UNIDO seeks to support governments to adhere to their human rights obligations and empower individuals and groups, particularly the most marginalised, to realise their rights and interests, although how this is undertaken is not evident. The Environmental and Social Safeguards Policies and Procedures, introduced in 2019, requires consistency with the UN Declaration on the Rights of Indigenous Peoples and ILO labour standards. This recent innovation may help to ensure that projects meet human rights requirements in the future but does not substitute for the lack of an organisational policy and approach integrated into the MTPF.

UNIDO does not have a policy on how it contributes to good governance, nor does it clearly address this area in its work.

While the MTPF states the importance of inclusive industrial development, income equality and social cohesion, both in developed and developing countries, governance is not explicitly addressed. The organisation has no clear definition of good governance for inclusivity, equity and accountability, or of its potential contribution to governance at global, regional and country levels. Interviewees indicated that the term is not understood in a consistent manner across the organisation, although it is seen as implicitly part of industrial transformation. Governance in relation to partners' conduct is assessed by due diligence processes which require that screening on governance standards and conduct should be conducted on prospective partners of UNIDO. UNIDO also scrutinises project budget use to prevent risks of incorrect or corrupt allocation. The IRPF, as updated in 2019, will include "indicators of improved development, adoption, implementation and compliance by relevant actors of policies, standards and guidelines consistent with ISID approaches". This offers a potential approach to framing UNIDO's approach to supporting good governance in the future. The lack of a clear approach to governance limits the organisation's approach to supporting ISID.

PERFORMANCE AREA: OPERATIONAL MANAGEMENT

Assets and capacities organised behind strategic direction and intended results, to ensure relevance, agility and accountability.

One of the strengths of UNIDO's operational management is its comprehensive policies and procedures that are in place to prevent, detect, investigate and sanction fraud and corruption; another is its well-functioning external and internal audit processes. The organisation manages financial control appropriately. Systems could be strengthened by clarifying accountabilities and reporting lines, and through a robust risk management methodology.

UNIDO undertook a restructuring exercise in 2018 to build stronger links between HQ and field offices and improve internal co-ordination, which has not yet been fully effective. Duplicate and unclear lines of accountability remain a practical challenge to the clear delegation of authority for agile and prompt decision-making at different levels. Budget constraints have restricted recruitment in recent years, which negatively affects staff capacity. UNIDO employs a high number of short-term consultants, which provides flexibility and capacity to meet project needs but introduces risks to organisational relationships and efficiency. The makeup of the workforce is severely imbalanced in terms of gender and geography. These issues make it difficult for UNIDO to maximise the value of its human capital.

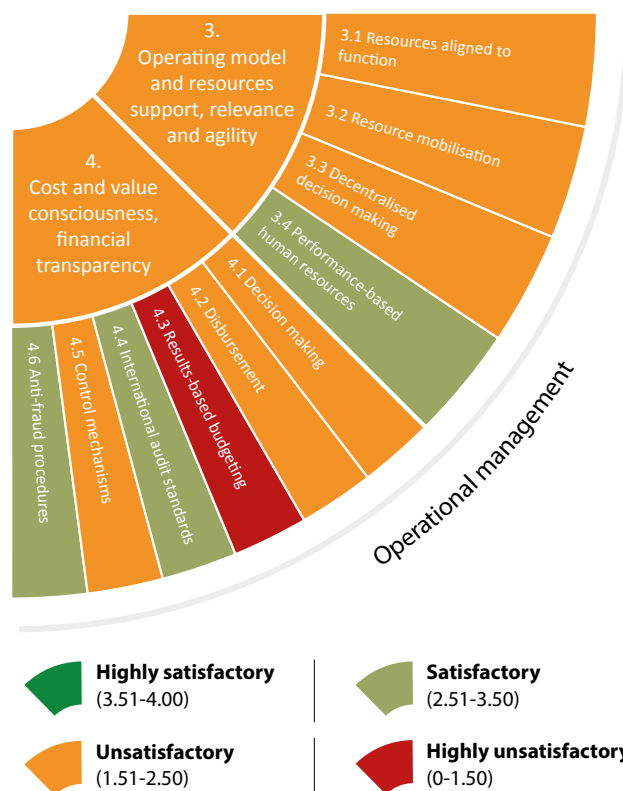
With regard to resources, the organisation is diversifying its funding base which relies on three major donors for over half its extra-budgetary funding. How resource mobilisation is to contribute to outcomes and impacts for strategic priorities is, however, not yet clearly identified. This limits the extent to which it contributes explicitly to strategic direction.

UNIDO makes a strong stated commitment to results-based budgeting but does not yet have a sufficiently developed results framework to achieve it. Recent developments indicate that results-based budgeting will be introduced in 2022-23. There are delays in project payments related to delays in implementation, with no system-wide targets for managing payments; UNIDO is exploring solutions to these delays.

KPI 3: The operating model and human and financial resources support relevance and agility.

This KPI focuses on how key operational functions (e.g. human resources, resource generation and programming) are continuously geared to support strategic direction and deliver results.

UNIDO undertook a restructuring exercise in 2018 to build stronger links between HQ and field offices and improve internal coordination, which is still work in progress. The restructuring was in part a response to the 2017 report by the Joint Inspection Unit (JIU), and to the increased focus of the organisation on partnerships, integration and scale-up from the MTPF 2018-21. It was also intended to make UNIDO use its limited resources more effectively. The new structure moved the field offices into a new Department of Programmes, Partnerships and Field Integration (PPF) to improve integration of field office activities and technical co-operation activities, and to deliver the new PCP strategy. Changes to enable the new structure to be fully effective are still in progress.



Improvements have been made in collaboration and communication between HQ-based project managers and field staff, but further action is needed. Field staff report being both much better informed on what projects are planned and more involved in them. There are still examples cited of project managers talking to national counterparts without first informing field staff, potentially jeopardising field office relationships with national institutions and affecting the success of new projects (see also KPI 5). Much internal co-ordination in UNIDO is based on one-to-one conversations and personal communication. This is quick and effective but can exclude people who are not in HQ, or not part of the conversation, and is not systematic or transparent. Improvements in organisational communication are necessary to enable UNIDO to respond promptly to local contexts.

Field office responsibilities have been clarified, but their strategic purpose in relation to UNIDO's organisational mandate remains unclear. The 2018 restructuring defined the role of field offices as follows: identify national funding priorities, be a point of contact for local stakeholders, and monitor, report on and co-ordinate UNIDO activities (projects). Field staff's role is primarily concerned with facilitating and reporting on projects and ensuring that projects are aligned with country priorities, although they do not themselves usually initiate or manage projects. Staff responsible for managing projects in country sit at HQ in Vienna. Field staff have no explicit normative role, for instance through advocacy to national partners. The criteria for identifying which countries should have field offices are not explicit, nor are the criteria for deciding whether to employ a UNIDO Representative (international staff) or UNIDO Country Representative (national staff). There is no typology in place which provides a rationale for organisational decisions on the levels and types of country presence, and their function is not transparent.

Accountability is not clear within UNIDO for field staff, leading to duplication of processes and reduced agility. There is no evident mapping of accountabilities for staff, a point also noted by the JIU 2017 report and the Report of the External Auditor 2018. Reporting lines are blurry, and in the case of field functions often either duplicated or inconsistent. For instance, UNIDO Representatives (again, international staff) and Regional Chiefs at HQ are accountable to the Director PTC/PPF as first reporting officer and to the Managing Director PTC as second reporting officer. However, nationally-recruited UNIDO Country Representatives have the relevant regional hub director as their first reporting officer (who in turn reports to the Regional Chief at HQ). The Regional Chiefs and HQ predominantly cover political functions, while technical co-operation functions are covered by various units in PTC. If there is a need for a rapid financial adjustment or decision related to a project, the relevant project manager(s) or their directors also have to be involved, since the project purse strings are held by the technical co-operation department. Field representatives thus appear to report to up to three people, with little clarity on whom they are accountable to, for what, and who will decide on what. This was noted as a concern by staff in the JIU 2017 report's staff survey, and presents a practical challenge to the clear delegation of authority, and to agile and prompt decision-making at different levels.

Communications between HQ and field staff have improved. Virtual co-ordination meetings between field staff and HQ since the last 12 months to address practical aspects of accountability and communications have increased. This is generally reported as an improvement. Some still voice concerns that the meetings could be more top-down communication processes, rather than an opportunity for field staff to discuss their live issues with HQs.

Due to budget constraints, recruitment has been restricted in recent years, which negatively affects what staff can realistically do. The overall headcount of UNIDO employees has decreased significantly over recent years and is reported to have almost halved since 1996. Many staff both in HQ and the field commented on the lack of staff in their teams as a limitation on what they can do, restricting their capacity to undertake improvements they see are needed. Limitations on employing new staff also mean that staff are redeployed to new posts. On occasion, this results in people undertaking roles for which they lack the required experience and skills.

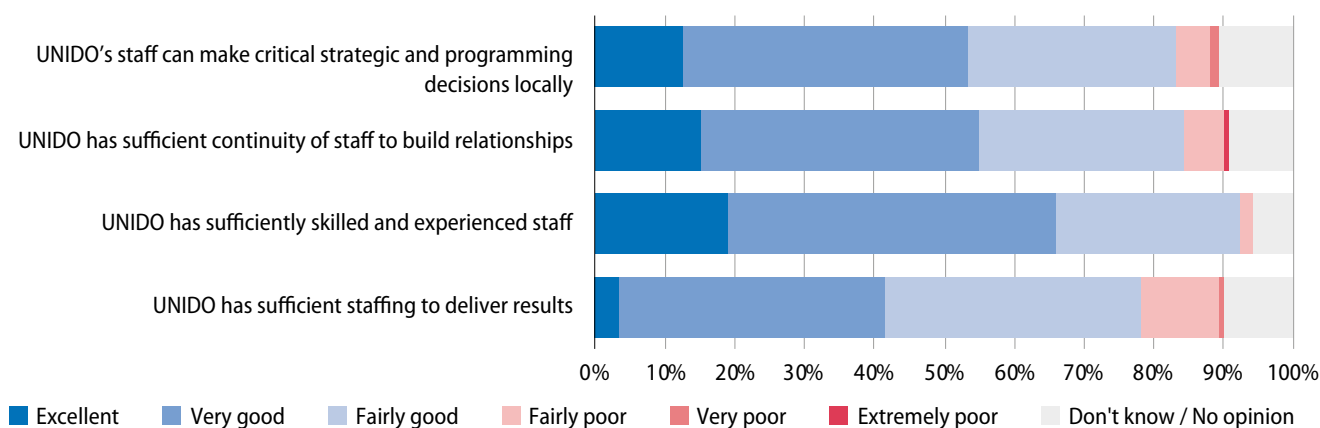
UNIDO relies on a high proportion of short-term consultants. While this provides flexibility and capacity to meet project needs, it also introduces risks to the continuity of relationships, and contributes to project delays. A general challenge observed by most HQ departments and the field network, supported by partner views, is around lack of staffing capacity at field level. Field offices are minimally staffed, usually with only one representative, an assistant, and a driver. The number of staff members stood at 666 on 31 December 2018.

There are more than twice as many experts and consultants employed on projects under Individual Service Agreements (ISAs): at 31 December 2018, 1 462 employees, of whom 83% were employed in the field and 17% in HQ. Many on ISA contracts in practice are repeatedly employed by UNIDO on the same or similar projects. Of ISA holders, 30% are recruited internationally, against 70% recruited locally. Some ISA holders based in HQ carry out essentially core functions, which raises significant questions on internal control. Consultants with the right skills are often not available when needed, delaying project implementation. Use of short-term consultants in the field also weakens UNIDO's ability to build lasting local relationships and staff continuity. Partners observe that lack of staff continuity at country level is a concern. Longer-serving UNIDO staff described how the structure of the organisation has completely changed in the last 20 years, with significantly fewer professional staff in post and more consultants.

A Performance Management System for personnel is in place but not systematically used. Their performance is appraised according to results achieved over a calendar year using a three-stage cycle – start, end and mid-term review. Compliance with the system is variable; in 2018 the completion rate was 65%, and this was confirmed by staff who indicated that the system is not systematically used by all managers. Since few international positions become available and promotion is not based on documentation, staff and managers have little incentive to comply. Staff performance assessment is used for recognising and rewarding performance through merit awards of monetary or non-monetary form and other types of awards. Individual performance objectives are cascaded down from the Director General's annual priorities so that performance could be aligned with these. As these do not directly align with the IRPF, there is no clear relationship between them and staff's contribution to corporate results. The performance management system used is not consistently enough to be a strong management tool.

UNIDO needs to reposition itself as an influencer and advocate rather than as primarily a technical specialist, but it does not yet have the necessary critical mass of skills in policy and partnerships to make it fit for the future. Currently, the skill sets of many staff are not adequate to meet changing needs to work as policy advocates. UNIDO is known and valued for the high technical expertise of its personnel (see Figure 2.2). As it adopts a more strategic way of working directed to partnership, scale-up of its projects, impact and sustainability, staff will require new skills. UNIDO acknowledges that while some field staff have excellent skills in advocacy, influencing and resource mobilisation, not

Figure 2.2. Staffing



Source: Based on responses to the 2019 MOPAN External Partner Survey: UNIDO, May-July 2019.

all do. Training has been undertaken, and more is planned, for field personnel to enhance their advocacy and capacity building skills. Field personnel will also need new skills to meet the requirements of UN Reform as well as training to undertake the leadership and influencing work required for the PCP model, a finding of the mid-term evaluation of the PCP. Training alone may not suffice; recruiting people with the right experience will be important, too. There is little turnover among existing staff members and a reluctance to lose staff since they are unlikely to be replaced under current budget constraints. As a result, existing staff are sometimes redeployed into new posts for which they do not necessarily have the right skill sets and experience. Instances were cited in evaluations where individuals' skills were unfit to meet changing strategic aims, such as scale-up, partnership working and external requirements.

UNIDO's operational funding practice and resource mobilisation are heavily premised on obtaining funding for individual projects and not yet clearly targeted to strategic priorities. Resource mobilisation is critical to UNIDO given its financial position. Resource mobilisation is currently guided by the MTPF and is designed to ensure that project funding is available for planned activities. In 2017, the General Conference asked the organisation to develop a resource mobilisation strategy. To date, none have been published, and resource targets or resource mobilisation methods have not been specified. UNIDO's intent to diversify its funding sources is explicit within the MTPF, and the organisation is committed to influencing donors to move away from earmarked funding. However, no policies exist to ensure earmarked funds are targeted at priority areas. Liaison offices in Geneva, New York and Brussels engage directly with donors and member states and encourage them to support more strategic and larger projects. At country and regional levels, regional chiefs and UNIDO Representatives engage with donors and development partners to pursue local funding opportunities.

This approach reflects UNIDO's operational and funding practice to date, oriented towards fundraising for individual projects, rather than towards mobilising resources in line with strategic priorities. Hence, the contribution of resource mobilisation to outcomes and impacts is not clearly identified. This pragmatic and project-focused approach hampers the extent to which the organisation can direct its funding to deliver strategic results.

UNIDO recognises the need to diversify its funding base and is making efforts to do so. UNIDO is currently highly reliant on the GEF (31.5% of total technical co-operation funding in 2018), the Montreal Protocol (14.1%) and the European Union (10.4%). This level of organisational reliance on three funding sources, combined with UNIDO's high reliance on project funding, exposes the organisation to risk in case any one of these agencies reduces its use of UNIDO as an implementing partner. In 2016, UNIDO and the World Bank signed an agreement to facilitate the provision of UNIDO's expertise to governments implementing World Bank-financed investment projects; UNIDO has since also engaged with other international financial institutions (IFIs) as partners. UNIDO has set up a number of trust funds for extra-budgetary funding which enable donors to contribute non-earmarked funding to thematic areas; these have grown in number and value. In addition, there are four Partnership Trust Funds to support initiatives including the PCPs. Private sector resources are sought but are often in-kind resources devoted to a specific project or partnership. However, the relatively narrow range of funding sources could put UNIDO at financial risk if there is significant reduction in funding from its relatively few major donors.

UNIDO is adapting its funding strategy to the changing donor and UN landscape but still faces challenges in increasing the size of projects. UNIDO's stated intent is to secure larger projects. It seeks to reduce the number of small-value projects, consistent with its strategic intent to scale up impact, as well as to reduce the total number of projects managed (over 850 in 2019) to increase efficiency. New and emerging donors are raising their contributions to the financial portfolio. Obtaining funding for middle-income countries (MICs) is a challenge, as many donors are less interested in supporting these countries. Another difficulty is that emerging donors sometimes prefer to finance relatively small projects. Nevertheless, the organisation sees the value of engagement with the new donors as high, in terms of gaining their wider involvement in the ISID agenda and global governance. Staff reported instances where a small amount of UNIDO investment has opened doors to larger funding from other partners, although this has

not been quantified. The absence of a clear resource mobilisation strategy with targets limits the extent to which adaptation can be demonstrated to be intentional and actively managed by the organisation.

UNIDO expects partner countries to work in partnership and contribute resources to projects and country programmes to ensure they take ownership of them. GEF requires countries to co-finance projects at a variable rate. An important outcome of UNIDO activities is the leveraging of investments or co-financing. The Annual Report 2018 states that the co-financing target for 2018 was exceeded. Co-financing may be under-reported, according to a recent synthesis of evaluations. Clearer tools to ensure and monitor co-financing are required to enable the organisation to report accurately this important contribution to funding and country engagement.

Processes to reallocate funding are largely centralised, which weakens responsiveness to local contexts, although steps are in place to strengthen the role of field staff in projects. In UNIDO, project funds and implementation are managed by project managers in HQ. There are standard processes which allow them to make changes to allocations within projects, within specified parameters. UNIDO Representatives, who have good local knowledge of context, may have little involvement with projects and are not accountable for them, so that changes can be made without their inputs. This can lead to (and in the past has led to) project changes either not relating well to local contexts and/or being poorly communicated to national stakeholders. In either case, the project affects UNIDO's reputation and project value. Project and national steering committees, which include line ministries, are not consistently involved in discussions on changes, which further weakens alignment with local contexts. The 2018 restructuring has a stated intent to integrate the field staff more fully in the technical co-operation cycle to ensure greater use of local knowledge and understanding of context. This will enable a stronger engagement from field staff.

The project-based funding model prevents UNIDO from re-allocating funds to other activities when a project performs poorly or when its scope has become less relevant. The high reliance on project-linked funding limits UNIDO's ability to reallocate funds to more effective interventions aligned with UNIDO's strategic intentions where this would be appropriate.

KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability.

This KPI examines how UNIDO uses its external and internal control mechanisms to meet the standards it sets on financial management and transparency.

UNIDO does not have organisational criteria for allocating or selecting projects and funding, which makes it difficult to track to what extent the use of resources is consistent with strategic priorities. The use of resources for technical co-operation is presented in the Programme and Budget against the headings of UNIDO's four strategic priorities. There is no rationale given for the proportion of expenditure allocated to each heading. Nor are there documented criteria for deciding which UNIDO project funds for technical co-operation to prioritise for development and implementation. Recently, UNIDO has shifted its approach to allocating funding to align better with ISID priorities and impact, though with no underlying methodology.

From interviews and evidence reviewed, it appears that no funding proposals are turned down on the grounds that they are not aligned with strategic objectives. In addition to the technical co-operation programme largely funded by voluntary contributions, 6% of the regular budget (approximately EUR 4 million) is kept available for project activities for technical co-operation or ad hoc requirements. The Director General and senior management team (together comprising the "Executive Board") have discretion on how this amount is used. Proposals for use are brought to the "Executive Board" above a threshold of EUR 30 000; for new submissions up to a threshold of USD 200 000, the "Executive Board" can delegate approval to two Managing Directors. Without a written methodology or rationale used for allocating funds, there is a lack of transparency on how well they are aligned with strategic priorities.

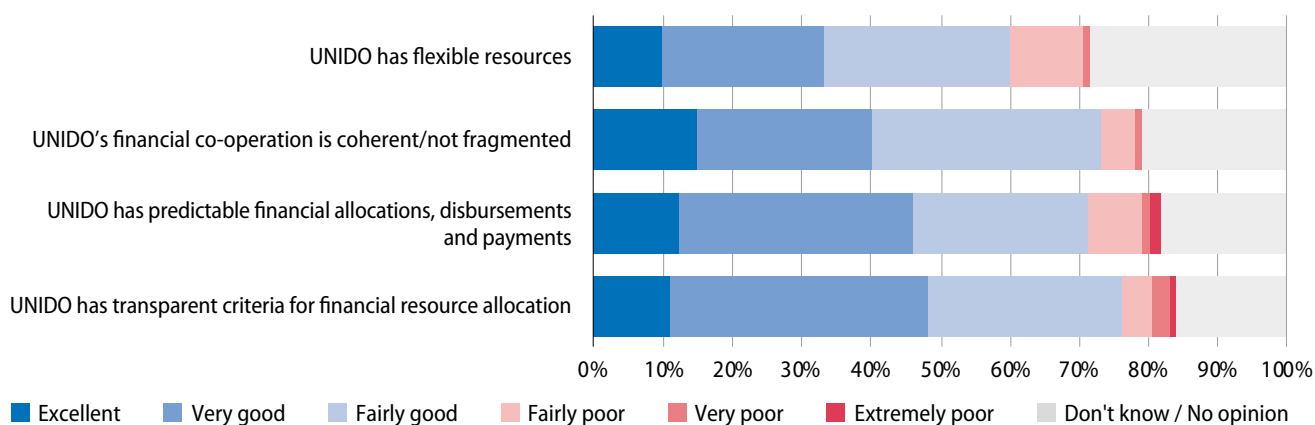
The introduction of a new results framework may assist with the transparency of the rationale for resource allocations. The Programme and Budget 2020-21 is described by UNIDO as a budget “in transition” to be aligned gradually to the new MTPF/IRPF. The new IRPF and associated theory of change uses an actor-based, behavioural change model framework, which moves UNIDO’s results framework from a volume-based model to one maximising its developmental impact. The move to a more explicit results-based funding approach should help increase evidence on how intervention resources deliver impact. This has the potential to enable a more strategic and transparent prioritisation of resources to achieve impact.

There are delays in project payments related to delays in implementation, with no standard targets for managing payments. Expenditure profiles on the Open Data portal show that many projects are slow to implement. UNIDO does not use standardised periods or benchmarks for managing project payments. Instead, project payment stages are tailored and adjusted to the needs of the individual project and controlled by the project manager (allotment holder). A highly flexible model is in place, which enables responsive management, and appears to be viewed by partners as sufficiently predictable (Figure 2.3). However, the model makes variances in payments from budget difficult to identify, since there are no standards across projects. The Finance Department tracks expenditure and activity rates to inform project managers of expenditure against budget, as well as to report to donors on expenditure against budget and progress. UNIDO tracks the financial implementation of projects at a high level on the Enterprise Resource Planning but not against any standard targets, and it does not use any benchmarking (see Figure 2.3). Standardised targets for payments are proposed in the 2019 revised IRPF results framework.

To date, however, there is no organisation-wide system for managing and reviewing the timeliness of payments, which restricts analysing the extent of delays and the reasons for variance. The absence of an overview weakens UNIDO’s ability to manage the total portfolio effectively and strategically. It also limits performance accountability to UNIDO’s governing bodies and member states as well as organisation-wide analysis to understand delays. Such an analysis could be used to improve performance and accountability and to reduce risk of delays.

UNIDO is exploring solutions to delays in project implementation using country capacity. However, such approaches will require significant change in practice by project managers. There are some projects which permit officials in line ministries to approve transactions, but these are made using UNIDO systems. Interviewees reported that some project managers have been reluctant to adopt this model, which removes their control. Project managers currently delegate execution responsibility in a way that remains accountable and traceable; partners use UNIDO systems and commit expenditure on UNIDO’s behalf.

Figure 2.3. Financial resources



Source: Based on responses to the 2019 MOPAN External Partner Survey: UNIDO, May-July 2019.

A new approach is now being piloted in China, with Project Executing Entities (PEE) responsible for carrying out GEF projects on UNIDO's behalf. In this model, rather than UNIDO disbursing funds, the PEE has direct access to UNIDO systems and can authorise payments, within the parameters of the budget and levels of delegated authority. Implementation authority is delegated to PEEs in this model, and UNIDO provides an oversight role only. Given the large number of projects undertaken by UNIDO, this delegated model is seen as a potential way forward for some projects to help address UNIDO's capacity and resource constraints. This is a different role for UNIDO and will require a culture change for project managers accustomed to managing implementation.

UNIDO strongly states its commitment to results-based budgeting but does not use it yet. Attempts to link costs to goals are emerging, but a consistent link between the Programme and Budget on the one hand, and results in the IRPF on the other, is yet to be established. Although the Programme and Budget 2020-21 intends to align resources to results, there is still a gap between ambition and practice. The 2020-21 budget is described as a transitional budget, with an intent to use results-based budgeting in 2022-23. In the Programme and Budget 2020-21, costings for Major Programme C (Thematic Programme Framework towards ISID) are broken down into the high level ISID goals, but not related to specific results from the IRPF. It identifies the outcomes for each element of Programme C, and the results anticipated from each, but does not link these to resources. The Report of the External Auditor 2018 observed, "[W]e determined that while the Programme and Budget's [...] programmes and sub-programmes identified the objectives and expected results, these were neither from the MTPF nor the IRPF. The Programme and Budget (P&B) was only linked with the IRPF through the indicators in both documents but not on the objectives and expected results in the P&B". UNIDO's results framework is not yet sufficiently developed and coherent to fulfil its strong commitment to results-based budgeting (see also KPI 7).

One of the objectives of the Taskforce on Full Cost Recovery is to trace and record costs spent per result to enhance budget processes for regular budget as well as technical co-operation activities. Results indicators will be aligned with the IRPF. This development is intended to facilitate results-based budgeting and management, since this will provide a clearer link between expenditure and results.

A pilot on Full Cost Recovery is in place, with a view to claiming full technical support costs (operational costs) for all new projects from 2020 onwards. Operational costs are claimed from project funding. They are an important element in the organisation's budget since they also cover part of core staff's activities and therefore subsidise the regular budget. At present, UNIDO sets a variety of rates for claiming operational costs from projects. The level of fees currently charged are not adequate to cover UNIDO's expenditure on operational overheads, and the organisation is seeking a standardised and more equitable approach. A Taskforce on Full Cost Recovery was established in 2018, and UNIDO anticipates introducing Full Cost Recovery in 2020. A pilot on Full Cost Recovery is in progress with the European Union.

UNIDO's internal control framework is not effectively used. While the organisation manages financial control appropriately, the system is weakened by lack of clear accountabilities and reporting lines and of a robust risk management methodology. This is particularly the case for field personnel. Staff reported that lack of clarity on accountabilities leads to variations in interpretation of control processes. This can lead both to inadequate controls and to excessive control processes which contribute to delayed implementation. The Report of the External Auditor 2018 recommends an update and review of the internal control framework, as well as increased clarity of accountabilities on internal control management; UNIDO has accepted the first part of the recommendation.

External audits of UNIDO's accounts are conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. The Reports of the External Auditor 2017 and 2018 confirm compliance in accordance with the ISAs as well as with the International Public Sector Accounting Standards and Article X of the Financial Regulations of UNIDO for the latter. They indicate that UNIDO has "used

appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and management's best estimates". The internal audit function of UNIDO has achieved the highest possible rating; it "generally conforms" with the International Standards for the Professional Practice of Internal Auditing and with the principles of the Institute of Internal Auditors' Code of Ethics, namely integrity, objectivity, confidentiality and competency, as a result of the external assessment recently conducted by the Institute of Internal Auditors Austria. The introduction of an Audit Advisory Committee, which currently covers audit and is also intended to include evaluation and investigation in the future, was perceived by the External Auditor as a very positive step. It is planned that the revised Charter of the Office of Evaluation and Internal Oversight will also be directly approved by the Industrial Development Board (IDB).

Certain recommendations from internal and external audits are outstanding due to resource constraints. The Report of the External Auditor 2018 noted that out of 51 recommendations from the prior year, 21 were resolved or closed, 4 were not implemented and 26 were still in implementation. Two of the ten recommendations from the JIU 2017 report have not yet been implemented. The Evaluation and Internal Oversight Office reports yearly to the IDB on progress on internal audit recommendations. Internal audit reports contain Management Action Plans which indicate the person or office responsible for ensuring that specific actions are taken to address issues identified through audit and timelines for action. There are currently many outstanding internal audit recommendations. These include some that are over two years old, for example regarding IT and cyber security, which are a source of risk. Resource constraints are cited by UNIDO as the reason for non-implementation/failure to meet timelines of both internal and external audits. As a result of non-implementation, there remain outstanding organisational risks and weaknesses.

Internal audit reports are made available to member states. There is direct reporting to the IDB and the Director General on the outcome of internal audits as well as to relevant managers. Permanent Missions are notified of new reports issued, for example through Information Notes, and member states also have access to internal audit reports. There is no public webpage for internal audit reports.

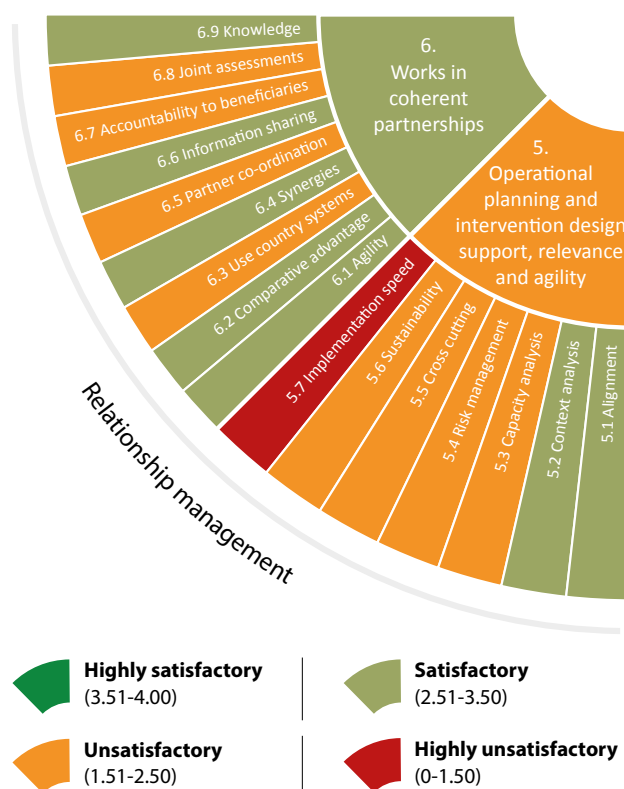
Organisational policies and responsibilities for preventing, detecting, and responding to fraud and corruption are clear. UNIDO states a zero-tolerance policy on fraud in all its manifestations and has clear guidelines for reporting issues identified. Responsibility for meeting the organisation's commitment to the proper use of funds and prevention of fraud rests with all staff members. Managers at all levels have the additional overall responsibility for monitoring and assessing internal controls and preventing fraud. The Policy on Fraud Awareness and Prevention states that any managers who fail to take appropriate action or who directly or indirectly tolerate or condone improper behaviour shall themselves be held accountable.

Staff are aware of fraud risks and fraud prevention and reporting processes. Staff at HQ reported that fraud awareness courses are mandatory in UNIDO and also mentioned a fraud awareness week as well as various information technology campaigns on handling fraudulent emails. An internal Information Circular summarising the findings and recommendations of investigations completed during the reporting period is issued annually. Whistle-blowers are protected against retaliation, and UNIDO hosts a dedicated web-based reporting tool for allegations as well as a dedicated email address and telephone/fax number. Staff at HQ stated that they know how to use such channels and would do so if necessary.

PERFORMANCE AREA: RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, to leverage effective solutions and to maximise results (in line with Busan Partnerships commitments).

UNIDO's unique technical expertise in industrial development makes it a recognised, valued and sought-after partner. There are some good examples of UNIDO using low-cost interventions – such as its convening power, co-ordination capacity or provision of expertise in policy dialogue – to maximise its value and impact in partnerships. UNIDO seeks to work synergistically with partners to increase its effectiveness. This is work in progress, yet some fragmentation remains. UNIDO Country Programmes are developed with country partners and agreed by them but do not necessarily use country systems. They are relatively underdeveloped and under-resourced vehicles for promoting UNIDO's strategic priorities in partnerships. Instances of HQ introducing projects without prior consultation and engagement have become less frequent but continue jeopardise UNIDO's alignment and relevance to national objectives.



Results frameworks and reporting for country level activities do not yet demonstrate UNIDO's contribution and programme outcomes well. The pilot Programme for Country Partnership (PCP) is well regarded as a way of strengthening coherence. PCPs will require greater country level investment than UNIDO usually offers in country programmes, with implications for resourcing levels and staff skills if they are rolled out. UNIDO co-ordinates its country work with other UN partners to increase its leverage and impact, despite limited country and regional resources. UNIDO leadership supports UNDS reform efforts, albeit with some concerns about the implications for costs and field presence.

UNIDO addresses environment and gender equality relatively well in project designs, while governance, human rights and sustainability are not clearly articulated or addressed in project design. UNIDO has a strong commitment to sustainability and scale-up but does not yet clearly define either. Beneficiaries of UNIDO projects to date have not been well or consistently defined, partly reflecting the lack of a clear theory of change, although the most recent theory of change now defines beneficiaries. UNIDO has been introducing systematic and consistent risk analysis and mitigation procedures, but progress has been slow. Delays in implementation affect project quality and impact, as well as partner perceptions of UNIDO.

KPI 5: Operational planning and intervention design tools support relevance and agility within partnerships.

This KPI focuses on the scope and robustness of the UNIDO's processes and practice to support timely, flexible and responsive planning and intervention design for partnerships.

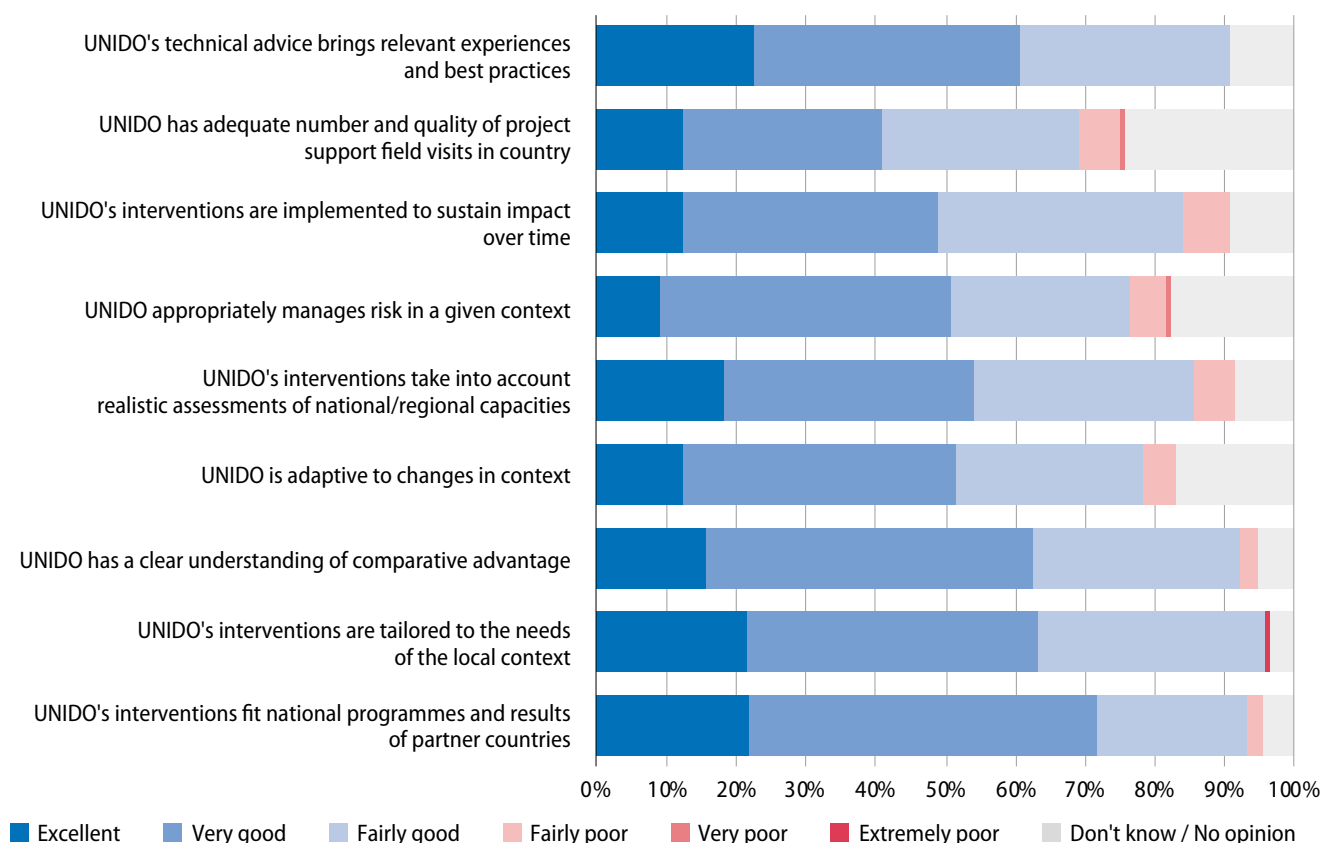
UNIDO seeks to ensure alignment of activities with country priorities and objectives, but in practice they sometimes diverge. UNIDO's country programmes and projects are in principle developed and agreed with national line ministries. UNIDO Representatives work closely with country line ministries to ensure alignment with country priorities and objectives, as required by UNIDO guidelines. UNIDO sees country ownership as critical to its engagement and encourages countries to commit resources, at least in kind, to PCPs and to country programmes where these

are in place. Programme and project documents are usually developed in consultation with national, UN and donor partners and jointly signed off with national counterparts. As noted in KPI 3, UNIDO develops and manages country projects centrally in HQ, so there is not necessarily close involvement at country level to ensure strong alignment to country priorities. The 2018 restructuring to improve integration between field and HQ is enabling UNIDO Representatives and national institutions to become involved in project development earlier. There are still instances of projects diverging from country and country programme priorities. Such instances tend to be project-driven by donors/funding availability, rather than by government requests.

Cases where projects were promoted by HQ without adequate consultation with countries or field offices have diminished. This is a positive development towards stronger country ownership. UNIDO's highly centralised model, combined with multiple layers of accountability and a lack of delegated authority to the UNIDO Representative is a continuing obstacle to HQ engagement with field staff, despite recent organisational and management changes to improve this. Countries both with and without a country programme have known examples of HQ-based project managers promoting projects which were not well aligned with country objectives and systems, without prior dialogue with country field offices and government. In these cases, there have often been delays and difficulties with implementation. Instances of HQ introducing projects without prior consultation and engagement are reported to have decreased over time, reflecting the shift to more strategic working and the restructuring to a more integrated field and technical co-operation network but remain a risk (see Figure 2.4).

Country programmes provide a vehicle for dialogue on industrialisation but lack resources. Country programmes are limited to countries whose governments request them. UNIDO does not fund the programmes, and they are only developed if there are already several UNIDO projects taking place in the country. They provide a

Figure 2.4. Design and implementation of interventions



Source: Based on responses to the 2019 MOPAN External Partner Survey: UNIDO, May-July 2019.

framework that the UNIDO Representative can use with national institutions to identify priority sectors for UNIDO interventions which can be presented to donors to mobilise funding. National steering committees of line ministries, as well as other institutional and development partners, have the role of reviewing progress, receiving monitoring reports and identifying changes needed. A weakness of country programmes is that they are essentially high level statements of intent and are not necessarily used to select the projects undertaken or available funding, which are often shaped by donor priorities. The level of UNIDO country resources depends on the extent to which there are UNIDO projects taking place in the country. UNIDO regional chiefs and representatives have few resources and no staff to support country programmes. UNIDO is exploring how lessons learned from the PCP model can be transferred to the country programmes to strengthen them, although the lack of field level resources limits how this can be achieved. As currently set up, the country programmes are not central to enabling delivery of country or UNIDO priorities and are relatively weak vehicles for promoting UNIDO's strategic priorities.

The flagship PCP model is intended to create a more strategic and coherent approach to partnership; it will require greater investment from UNIDO. PCPs must be requested by the national government to ensure high level ownership and high level political leadership for industry. PCP steering committees include all ministries with a role in industrial development, as well as national and international agencies, so that the approach to the industrialisation strategy can be well co-ordinated. This contrasts with UNIDO's country programme and project steering committees, which include only line ministries. Unlike country programmes, PCPs have a developed and funded inception phase and a dedicated UNIDO PCP programme manager based in country, which enables better contextual analysis and partner engagement. PCPs are seen to have helped PCP countries to develop a stronger vision of industrial development and to bring partners to the table to increase available funding. They have also assisted UNIDO with internal co-ordination in countries. A 2017 mid-term evaluation of PCPs found that progress on resource mobilisation and on moving from planning to implementation was slower than expected. The evaluation also stated that UNIDO and partners will need to invest more time and resources to develop PCPs and to achieve significant impact. The same evaluation found that a stronger leadership role from UNIDO at country level is required, with seniority and convening authority. These findings indicate that success in the PCPs requires a greater and different kind of country level investment than UNIDO has offered in country programmes, with implications for resourcing levels and staff skills.

Under-resourced inception budgets and a lack of systematic processes for inception entail risks to the quality of project design and country partner consultation. Project guidelines require contextual analysis to ensure their relevance and effectiveness. Analyses can draw on previous knowledge where there are already existing projects and research data. For example, not all projects have inception budgets; UNIDO has a small fund for preparatory assessments, but these are insufficient for all needs, and UNIDO recognises that the lack of adequate resources for context analysis is a risk to projects. Early partner engagement is reported by staff to have improved in recent years. Yet as long as there is no standard UNIDO inception process, engagement with a wider range of partners beyond governments will remain unsystematic. In addition, there are instances of limited partner engagement and participation during the project formulation and implementation phases. "Inadequate review of the country context tended to result in unexpected costs, slow implementation and other challenges [that] led to lower effectiveness than expected", according to the synthesis of UNIDO evaluations 2015-18.

Concept notes are developed by project managers in HQ, which often limits the extent to which local partners are engaged. A simplified country diagnostic template was introduced in 2019 to allow the field office to analyse the context in future, with guidance and training provided by the Research and Statistics Department. Whether this planned development strengthens project inception and increases the relevance of projects to the country context will have to be assessed at a later time.

There is currently no consistent approach to analysing capacity needs. In practice much, of UNIDO's work is directed to building capacity in different ways through policy support, technology transfer, and institutional or system

strengthening. It is a response to government priorities as part of the ISID offer and is implicit. Country programmes and project documents often include capacity building interventions such as knowledge transfer, statistical systems strengthening, and institutional strengthening for trade, quality and regulation. There is, however, no systematic approach to assessing capacity or to assessing the impact of any capacity building undertaken. GEF projects are the exception, since GEF methodology requires a capacity analysis.

At present, the HQ-based project managers are responsible for capacity assessment in relation to projects and for engaging the UNIDO Representative and programme manager for PCP countries in the process, although they do not always do so. Interviewees noted that UNIDO now needs to undertake a more detailed analysis of country capacities for industrialisation, particularly for the PCPs. New tools are planned to enable UNIDO Representatives to assess country capacity. Following a thematic review of knowledge and institutional strengthening in 2019, which identified the links to capacity building, capacity building is now more explicitly addressed. The 2019 revised IRPF introduces clearer outcome indicators for capacity building activities, indicating that in future capacity building by UNIDO may become more explicit and better defined.

UNIDO's way of working has sometimes impeded capacity building. Country partners and country evaluations note that UNIDO's strong role in project management and implementation, can mean that opportunities for building local capacity through using local organisations are missed. The partner survey shows partners are less positive about whether UNIDO has taken steps to build capacity in country systems. UNIDO's strong ownership of projects is also found to sometimes stand in the way of country ownership, contributing to weak ownership at the institutional level. Organisational behaviours and structures can be obstacles to achieving strategic or project objectives.

Project and programme guidelines require that environmental considerations and increasingly also gender equality shape the intervention designs for all activities. A process was added in 2016 that demands project clearance by environmental and gender equality specialists. The environment is more consistently addressed, possibly reflecting the fact that many of UNIDO's projects are specifically connected with the environment and climate change and due to the organisation's familiarity with the issues. Many projects either explicitly address environmental or climate change issues or identify how they will be implemented in a way that reduces energy use, carbon emissions, waste and environmental damage.

The 2018 Annual Report also describes an increase in projects with gender-informed design as captured by the UNIDO gender marker since the 2015 baseline. Gender Focal Points assist colleagues in integrating gender equality and women's empowerment aspects into UNIDO's programmes and projects.

In contrast, governance is not explicitly assessed in project design or reporting, despite the fact that governance issues are often integral to projects. As noted in KPI 2, human rights are not articulated other than through elements of the Environmental and Social Safeguards Policies and Procedures (ESSPP), although many projects are intended to reduce poverty and increase access to employment for vulnerable or excluded groups. The new Quality Assurance Framework 2019 proposes a more uniform approach to assessing projects for gender mainstreaming and environmental and social safeguards in terms of quality, recognising that all of these cross-cutting issues should be more consistently and better addressed in future.

UNIDO has a strong commitment to sustainability, in line with its commitment to ISID and has recently articulated its definition of sustainability. UNIDO interventions are framed by a commitment to sustainability as set out in its two primary reference points: SDG 9 and ISID. The programme/project formulation and approval process requires all projects to be assessed for institutional sustainability but does not identify approaches necessary to sustain impacts or the underlying assumptions. UNIDO GEF projects define benefits and sustainable outcomes more explicitly from the design stage, as required by GEF guidelines. For other UNIDO projects, sustainability is reviewed at concept note stage in the UNIDO Representative's submission and focuses on the institutional sustainability of the

initiative. The Quality Assurance Framework (2019) introduced a definition of sustainability as “[t]he probability of continued long-term benefits, the resilience to risk of the net benefit flows over time,” which will be used in future. At the time of the assessment, there was no detailed guidance on how to apply this definition.

Sustainability is to some extent defined implicitly in project design in the context analysis and outline of assumptions. For instance, development of public private partnerships is considered at risk if the relevant government does not prepare an adequate legal framework for it. Scale-up is often a stated commitment, but what is being scaled up and how, whether it is of behaviours, funding or skills, are variably interpreted.⁸ Within evaluations and projects assessed, monitoring systems often do not encourage work oriented beyond the activities and products and are focused on the operational dimension. Sustainability outcomes are often not specified at the outset. Designs do not consistently specify how scale-up will be ensured. These factors weaken the extent to which sustainability can be clearly addressed at design stage and subsequently evaluated. The strong organisational focus on delivering individual projects which distracts from a strategic approach to scale-up.

Results frameworks and reporting for country level activities do not demonstrate clearly UNIDO's contribution and country programme outcomes. Country programmes and PCPs link their results frameworks to the national objectives; however, the level of detail and approach taken is variable. Often the country reporting template is very high level, and it is not clear how interventions' contributions to results will be assessed. Country programmes, while well aligned as documents, do not necessarily guide the selection of projects, therefore projects results frameworks may be less well aligned with priorities. A further challenge is that projects vary greatly and that each project has its own results framework, not necessarily linked either to UNIDO's results framework or the country programme results framework, so that aggregating these to country level would not necessarily give meaningful information. With the introduction of the 2019 IRPF framework and UNIDO's stated intent to transition to a results-based approach, country level reporting may become clearer and more consistent in future. The relatively new country programmes for India (2018-22) and Nigeria have both introduced results frameworks which align UNIDO contributions and country objectives, indicating adoption of a more coherent approach.

Systematic and consistent risk analysis and mitigation procedures are being introduced to UNIDO, but progress is slow, and adequate procedures are yet not in place. Concerns on risk management were identified by the JIU Report 2017 and External Auditors' Reports 2017 and 2018. There is no standard approach or documentation for risk analysis, mitigation or reporting, and the links between project and organisation are not yet made. Levels of risk appetite and risk mitigation approaches are not defined. Although the internal control framework includes a requirement for risk analysis, it uses no standard risk assessment and identification model to ensure a coherent and comprehensive approach. For instance, country programme risk analyses generally identify various types of high-level risks and do not use any weighting for probability or impact. Interviewees reported that in practice major risks are taken to steering committees and smaller risks managed on a day-to-day basis by the project manager. There is no specific risk assessment protocol for PCPs.

Since 2017, UNIDO has taken steps to develop organisational risk management by establishing a risk management committee and workplan. The ESSPP provide a method for risk assessment for environmental and social issues, which may also indirectly affect reputational, operational and political risk. The ESSPP apply to all projects from 2019. For projects undertaken in partnership with other organisations, there is a due diligence process for assessing potential partners which would address reputational, operational and political risks. The move to a more rigorous approach to risk is seen by staff as a culture shift for UNIDO; training to support the shift is being undertaken.

8. The lack of a clear definition of scale-up has also been noted by the “Thematic review of knowledge and institutional strengthening”, published in 2019, so this issue may potentially be addressed by UNIDO in future.

Projects are often not implemented in a timely way, but processes are being introduced to track delays.

Delays to implementation are widely cited as a challenge. The 2015-18 evaluation synthesis found that delays were experienced in 65% of the evaluated projects, and 34% of these projects faced delays greater than two years. UNIDO's highly centralised model, combined with multiple layers of accountability and a lack of delegated authority to the country representative (see also KPI 3), is a continuing obstacle to timely decision-making at the field level. Evaluations have reported delays as being due to the management of most projects from HQ. Delays principally occurred during late design and early implementation stages and were related to the appointment of staff, tendering processes and identification of target beneficiaries. Poor design and lack of government and stakeholder engagement were also identified as delay factors. Some delays are attributed to procurement processes, especially at country level. Lack of capacity is a continuing challenge for the procurement team, although recent improvements have been introduced, including the e-portal for tenders and use of global banking systems. Although in most cases the project objectives were still achieved, the delays required extensions, combinations or reductions of project activities, and in many cases they led to budget issues. External factors such as late payments from countries, national staff turnover, environmental factors and political change are also major contributors to delay. Delays with project partners releasing funds promptly also cause delays.

At present, UNIDO does not use any standard benchmarking to track and manage project progress (see KPI 4). It has no standard guidance on project implementation timeframes, which are largely handled by the project manager on a case-by-case basis. During 2018, UNIDO introduced tracking for all projects to provide a Red Amber Green (RAG) rating on progress. The organisation intends to have a RAG dashboard for all projects and to introduce standard timeframes for project stages. Delays in implementation affect project quality and impact, as well as budgets and partner perceptions.

KPI 6: Partnership working is coherent and directed at ensuring relevance and the catalytic use of resources.

This KPI looks at how UNIDO engages in partnerships to maximise the effect of its investment resources and its wider engagement.

UNIDO has a set of comparative advantages which are valued by partners. The MPTF 2018-21 states the importance of UNIDO's convening power in relation to partnerships. The organisation convenes multi-stakeholder partnerships, leverages finance and shares knowledge, based on its technical and sector expertise to help realise ISID. UNIDO is recognised, valued and sought after because of its technical expertise in industrial development that other entities do not have. Its convening function to bring together private and public sectors is seen as an important offer. The organisation's knowledge of implementing projects in different contexts, combined with its specialised mandate and expertise are seen to constitute its comparative advantage in the country by partners. Its network of Investment and Technology Promotion Offices promoting investment and technology transfer are seen as effective catalysts for industry in the countries where they are based. UNIDO's comparative advantages in knowledge and expertise in industry form a strong base for the organisation and have enabled it to build good relationships with a range of stakeholders.

UNIDO's provision of technical expertise and its convening role are effective ways to use limited resources. Since UNIDO's resources are constrained, it has focused its interventions on maximising value with low-cost interventions and has done so efficiently. This can be most effective in MICs, where partners observe that UNIDO's technical inputs are valued. For instance, the UNIDO strategy for Latin America and the Caribbean, a region with little UNIDO-related donor investment, focuses on co-operation; UNIDO has a role in convening, co-ordinating and providing expertise and policy dialogue to assist development of industrialisation policies. This way of working enables UNIDO to maximise impact through targeted interventions using its expertise even with limited resources.

UNIDO emphasises the use of country systems but does not yet have a clear approach. Country programmes are developed with country partners and agreed by them but do not necessarily use country systems. Partners responding to the survey noted that UNIDO projects' use of country systems is variable. Although the Technical Cooperation Guidelines document emphasises country ownership, they do not provide guidance on assessment or use of country systems for project design and implementation. This is consistent with the organisation's centrally-driven project management model; as noted in KPI 4, there is a cultural reluctance to delegate control of projects. In contrast, GEF projects, which form a large part of UNIDO's portfolio, are required by the GEF to be clearly based in country systems, since the Operational Strategy of the GEF emphasises country ownership and stakeholder involvement as fundamental operational principles.

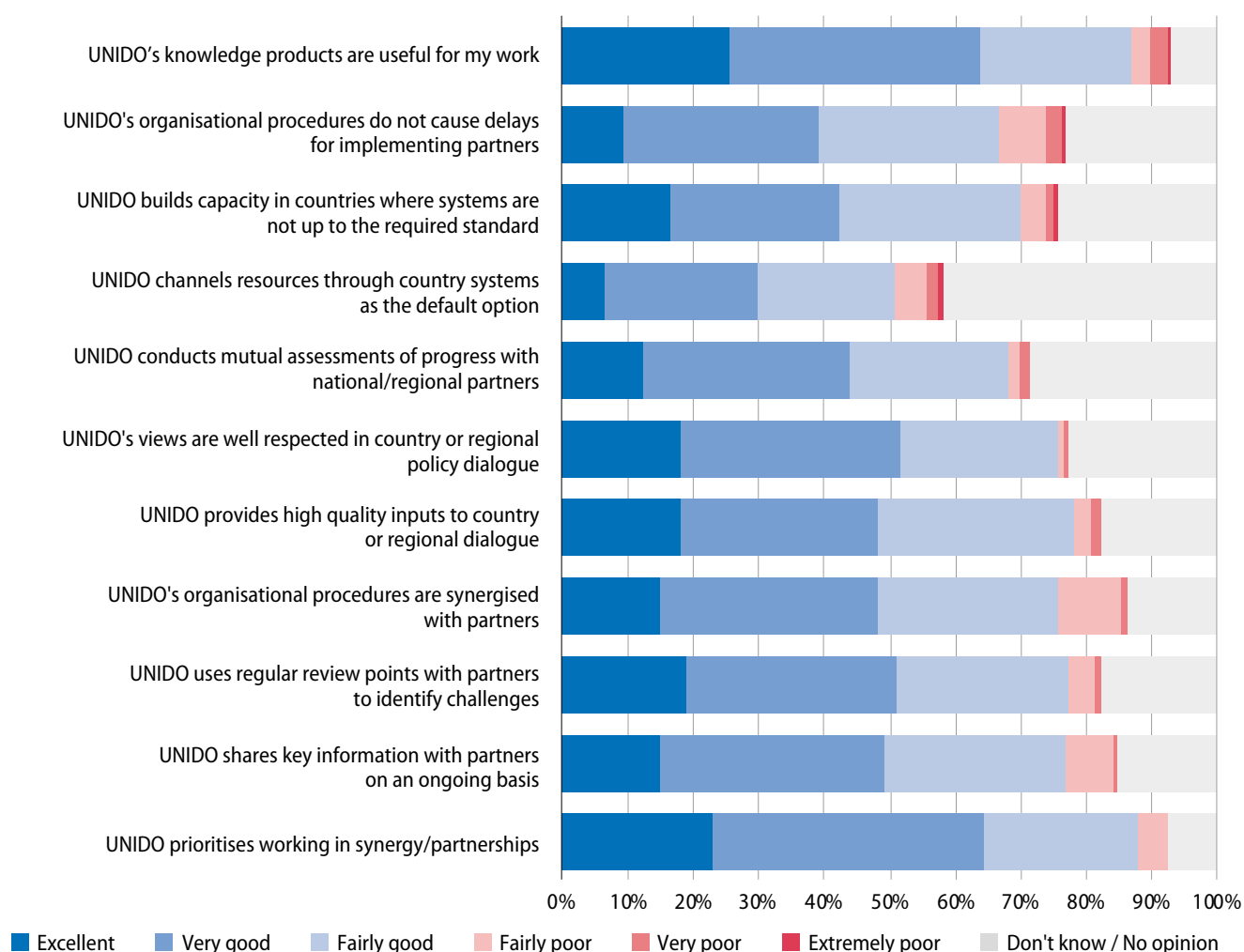
There is now greater support of country systems through the flagship PCP approach, although this is still in pilot stage and yet to be fully proven as a modality. The Morocco PCP is piloting a partner mapping as part of pre-PCP analysis to position the PCP more robustly within country systems and institutions. The MTPF 2018-21 period envisages UNIDO shifting from a focus on individual project implementation to a more strategic and long-term approach to strengthening country industrialisation policies, institutions and infrastructure, but how this will be done remains to be articulated.

UNIDO seeks to combine synergies with partners to increase its effectiveness, particularly through the PCPs.

The PCPs are explicitly based on engagement with different donors, development partners, the national government and private sector, with the intent to bring these together to leverage and co-ordinate funding and technical resources to achieve ISID. In the PCPs, a joint funding programme is developed with government and partners in which each partner, including UNIDO, plays to its strengths. In some PCP countries, such as Morocco and Senegal, there has been noted success in using small amounts of UNIDO seed money to leverage large investments by IFIs and governments. PCPs provide great potential in terms of co-ordination; however, mobilisation of resources can take time and, despite some successes, there has not yet been a major improvement in the mobilisation of large-scale public and private investment. Survey views on UNIDO's co-ordination with partners were relatively negative.

Projects are now more explicitly designed to contribute to wider changes in industrialisation and are more strategically placed in relation to national and partner plans. However, there are concerns with fragmentation in practice, especially in the non-PCP country programmes. Country programme evaluations have found that more effort is required to develop country systems and partnerships to create links and share resources across projects and the programme. Although some country programmes and project proposals state that there will be wider change or scale-up as a result of the intervention, no clear details exist on how this will be achieved. There are continuing examples of silo working and missed opportunities for effective co-operation with other programmes and projects.

UNIDO co-ordinates its country work with other UN partners to increase its leverage and impact, despite limited country and regional resources. The UNIDO Country Programmes and PCPs reviewed show good alignment between the government, United Nations Development Assistance Frameworks/United Nations Sustainable Development Co-operation Frameworks (UNDAFs/UNSDCFs), SDGs and UNIDO's ISID objectives. UNIDO has implemented joint programmes with a range of UN entities. These joint programmes have enabled relatively small UNIDO interventions to have greater scope and impact through collaboration (see Figure 2.4). Where OneUN or Delivering as One arrangements are in place, these have permitted UNIDO to mobilise additional financial resources. Although these are sometimes small funds, they are significant for UNIDO. A Third Industrial Development Decade for Africa road map has been developed with several other UN agencies, including regional economic commissions, to facilitate joint programmes and reduce UN fragmentation in Africa. UNIDO is effective at identifying opportunities for leveraging impact from UN funds and joint programmes to further its country and regional objectives.

Figure 2.5. Managing relationships

Source: Based on responses to the 2019 MOPAN External Partner Survey: UNIDO, May-July 2019.

UNIDO Representatives are active members of United Nations Country Teams (UNCTs) and participate in developing and implementing UNDAFs/UNSDCFs. However, there is evidently less engagement with UNCTs in countries where UNIDO does not have a resident representative. Regional chiefs and UNIDO Representatives responsible for cluster or sub-regional offices co-ordinate with such countries, but their own limited capacity means that their engagement is often relatively small, despite good effort and intent. Survey views on UNIDO's co-ordination with partners were relatively negative. Discussions are taking place at different levels within UNIDO on the opportunities related to its role in the UNCT in the context of UN Reform. Limited UNIDO capacity at field and regional levels can hinder the organisation's ability to reap the full potential of the partnership opportunities it identifies at country level, including through total engagement in UNCTs and UN initiatives at country and regional levels.

UNIDO leadership has been supportive of UNDS reform efforts but has noted its concerns about the implications for costs and field presence. As a smaller member of the UN Sustainable Development Group, the effects of UNDS reforms could impact UNIDO quite significantly, particularly with regards to its field operations. The doubling of the UNDS entities' share in the cost of the Resident Coordinator system has raised questions for UNIDO member states. Given its centralised operating model, UNIDO stands little to gain from country or regional joint service centres. However, the prospect of stronger Resident Coordinator offices raises questions on the purpose of UNIDO's presence for representational ends. For a smaller UN entity, direct participation in the UNCT is seen as a crucial entry point to

UNDAF/UNSDCF discussions. Finally, efforts for a more consolidated physical UN presence (i.e. UN country offices) risk increasing costs for UNIDO in places where ministries currently provide rent-free premises.

Beneficiaries of UNIDO projects are often not clearly or consistently defined. This partly reflects the variety of project types and project purposes supported by UNIDO. Governments, small and medium-sized enterprises, local communities, women, youth, and the business sector are variously considered beneficiaries. All are plausible, but such a breadth diffuses understanding of impacts. Project guidelines require beneficiaries to be defined and consulted, although in practice projects do not always identify them clearly, and the extent of consultation is highly variable. This may partly be due to working with the line ministry as the interlocutor for the end beneficiaries. A very broad approach to beneficiaries also reflects the lack, until recently, of a clear theory of change for UNIDO's interventions. The new IRPF (2019) sets out new indicators for impact and outcomes which may enable a clearer definition of, and focus on, beneficiaries. The 2018 UNIDO evaluation manual emphasises the definitions of beneficiaries' interaction and of beneficiaries' and stakeholders' feedback and perceptions. These changes indicate that beneficiaries may be more clearly defined in future, enabling UNIDO to target its work more effectively and demonstrate relevance.

Knowledge sharing constitutes an important part of UNIDO's work, but it is not yet clearly prioritised in practice. UNIDO's new fourth strategic priority, adopted in the MTPF 2018-21, is to strengthen knowledge and institutions. Country programmes and project documentation refer to drawing on the experiences and expertise of UNIDO in poverty reduction activities, trade capacity building, and environment and energy. UNIDO's expertise and experience in designing and implementing technical industrial projects in different contexts, in accessing and combining bilateral and private sector finance for industrial projects, and in convening partnerships are seen as a key comparative advantage. UNIDO convenes or attends global, regional and country forums for topics related to industrialisation and is part of various networks and platforms which serve as a means of sharing best practices and innovative solutions in the field of ISID. HQ staff interviewees rarely referred to knowledge sharing and advocacy work undertaken, although engagement with national conferences was cited by field staff. It is not evident that knowledge-sharing work has been prioritised over technical co-operation activities.

UNIDO has respected statistical expertise but does not fulfil its potential for putting it to use. As the UN agency with the mandate for global industrial statistics, UNIDO's Research and Statistics Department is responsible for producing a range of well-respected knowledge products, including the Industrial Development Report (IDR). UNIDO also maintains five global databases comprising statistics of overall industrial growth, detailed data on business structure and statistics on major indicators of industrial performance by country in the historical time series. These are important data sources, valued by governments and other global and regional stakeholders. UNIDO also has a potential role in building capacity for statistical information in the domain of industrialisation, especially in those countries where national statistical offices lack the technical capacity to establish a system in compliance with new statistical standards for SDG 9. This capacity building aspect of UNIDO's work has decreased in recent years due to reduced UNIDO staff levels. Interviewees noted that project managers and donors do not always prioritise production of statistics and data, so project resources for these activities are often inadequate. This expertise is an important asset of UNIDO, closely linked to its knowledge strengthening objective, which is relatively under-exploited.

UNIDO co-ordinates the reporting and monitoring of its country programmes. A monitoring and evaluation system for measuring progress is agreed with the national steering committees. Different donors working within the country are responsible for co-ordination, monitoring and evaluation of their own projects, which are then brought together for overview reporting and review purposes by UNIDO. When required, the Independent Evaluation Division is also involved in joint evaluations, for example with sister UN agencies or donor evaluations where Independent Evaluation Division provides support.

At country level, there is a report to the steering committee of project or programme progress on a regular basis, usually every six months. Such steering committees consist of line ministries, national and local stakeholders, UNIDO,

other relevant UN agencies/IFIs, relevant business representatives, and in some cases donors. Countries with Country Programmes have national steering committees with a similar set of partners to review progress on the Country Programme. Within PCPs, there is a national body tasked with co-ordination and review. A UNIDO PCP programme manager is responsible for overseeing and drawing together monitoring information and the progress report for PCPs. The contribution of UNIDO is usually specified in terms of reporting UNIDO project implementation progress and project expenditure, which limits the value of country level reporting.

UNIDO processes support project adjustments, but these are limited by project and donor parameters.

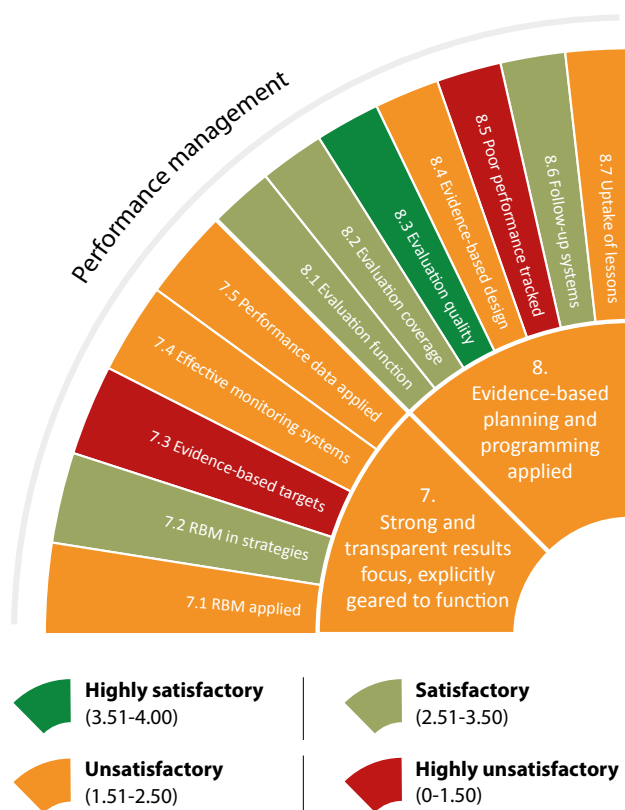
Mechanisms are in place to allow project changes, using a process which requires consultation and agreement with national partners. Such changes include revisions to scope, with appropriately adjusted outcomes and outputs as well as project extensions. A mechanism for allowing budget revisions (with specified thresholds and with escalated approval processes depending on the threshold) is in place. These processes for adjustment are used for individual projects; within UNIDO's project-driven model, there is no scope for programmatic adjustment to reflect learning or changes in context. The project-based work model limits UNIDO's flexibility to significantly redirect funding if needed, unless donors agree to it (see also KPI 5). Several evaluations noted delays caused when HQ has been required to sign off changes, although the reasons are not given. Donor processes and procedures can also contribute to delays in adjustments, a factor that was reported in interviews and also noted in evaluations.

UNIDO shares project and funding information transparently to the extent it is available. UNIDO has a commitment to transparency of information and publishes project and funding data on an Open Data Platform. It shows current information in real time. UNIDO joined the International Aid Transparency Initiative (IATI) in 2016 and is committed to its principles. Project budget information is available on the public website, but no results information. UNIDO has been publishing data since October 2018 on a monthly basis on the IATI website. Evaluations and partner comments indicate that more can be done to share good quality information with partners.

PERFORMANCE AREA: PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson learning.

UNIDO has recently taken steps to improve the quality and effectiveness of its results reporting and use and has developed a new results framework and theory of change. The organisation is committed to results-based management (RBM), and UNIDO's leadership and governance documents prescribe an RBM approach, although audits and evaluations to date point to limited compliance. Linkages between results and resources and global and country level work have yet to be clarified. A further limitation is the significant weaknesses in results target setting at corporate, regional and country levels. Due to the lack of a clear theory of change and baseline data, the utility of performance data is limited, and evaluations and audits highlight data quality limitations. It is apparent that the overall lack of resources has led to significant weaknesses in the corporate, project level and country level monitoring systems. UNIDO plans to implement changes with no additional resources, potentially putting the changes at risk.



The Charter of the Office of Internal Oversight and Ethics and the Evaluation Policy both make clear the independence of the evaluation function to fulfil its accountability role. The evaluation policy uses a risk-informed approach and is based on UNEG principles. Coverage is low, with three country evaluations planned per year. Interviews revealed that while the evaluation policy is risk informed, only about 20-30% of high-risk areas can be covered due to a lack of funding. Poor performance is not well identified or tracked, and there is limited room for adaptation. Until recently, there was limited use of the evidence base and uptake of lessons learned, and processes are not in place to support systematic learning.

KPI 7: The focus on results is strong, transparent and explicitly geared towards function.

This KPI looks at how UNIDO transparently interprets and delivers an organisation-wide focus on results.

UNIDO's leadership and governance documents proscribe using an RBM approach. Audits and evaluations point to limited compliance. RBM is not well developed, although in 2016 the Industrial Development Board unambiguously called for applying RBM to tracking UNIDO's contribution to the 2030 Agenda and SDGs, and the 2018-21 MTPF and IRPF both state a commitment to applying RBM at all levels in the organisation. Outside the GEF portfolio, which has very specific RBM requirements due to the funding source, it was unclear to what extent RBM practice is really required or expected. RBM in UNIDO has been introduced as a commitment without the organisation fully working through how it should be implemented to be effective. The organisation has adopted RBM approaches without fully internalising their purpose and without regards to achieving full functionality. For instance, performance measurement is inadequate with absent theories of change, ambiguous results statement formulations, missing baseline data and unclear indicators. Management structures, which emphasise sectorial approaches, stand in the way of planning, tracking and reporting country-wide and regional results. Hence, UNIDO derives little benefit from its considerable RBM efforts. In interviews, UNIDO's RBM practice was described as a work in progress. The Report of the External Auditor 2018 identified significant deficiencies and weaknesses in RBM policies and implementation that cut across the MTPF 2018-21, Programme and Budget 2018-19, and the IRPF. The gap between UNIDO's stated commitment and practice means that to date results-based management is not in place.

UNIDO has results frameworks, however linkages between results and resources and global and country-level work remain weak. There are inconsistencies in how different tiers of corporate results are linked, as well as how corporate and country-level results cascade. The lack of an adequately developed corporate theory of change which clearly links to UNIDO activities at different levels means there is no overall framework for showing the results chain across levels and the linkage between them. The assessment team frequently found theories of change and results chains to be unclear or missing at country level. Although the 2017 and 2018 annual reports show progress against SDG indicators and note UNIDO's delivery of results, they do not bridge the gap between organisational performance results and the global state-of-play on industrialisation. Lack of a clear organisational results chain limits result assessment and management.

There are significant weaknesses in the formulation of indicators and targets. Evaluations consistently point out that indicators are not specific, measurable, achievable, relevant or time-bound. The relevance of indicators at Tier 2 level (Country results with UNIDO ISID support) is questionable, as they track the number of countries in which UNIDO makes a contribution, without any clear indication of the degree of success or the quality of support. Certain corporate indicators use the number of projects in place, rather than outcome or impact measures. Indicator targets are often unrealistic given UNIDO's capacity and resources; they are also not adjusted to reflect changes in resource levels. The IRPF largely has baseline data in place; however, evaluations point out that baseline data is frequently missing at regional and country levels; projects typically have no plans to establish baseline data. UNIDO has recognised some of these weaknesses and is in the process of developing more robust indicators and targets, particularly at the Tier 2 level.

Box 2.1. Programme for Country Partnership: A potential approach to country-wide reporting

Under Director General Li Yong, UNIDO launched the Programme for Country Partnership (PCP) in 2014 as a new approach to accelerate inclusive and sustainable development at the country level. This approach aims to align with the national development agenda and rest on a multi-stakeholder partnership led by the national government. Its intent is to build synergies between government and partner interventions relevant to industrial development and to leverage additional resources.

Institutionally, the PCP approach is an important attempt to bring together interventions conceived and managed across several HQ units of UNIDO and to make them relevant and trackable at country level. UNIDO PCP managers collate a monitoring report of all UNIDO projects in the country and report these to the national steering committee against the country PCP framework.

PCPs account for about 5-6% of UNIDO's technical co-operation delivery. They have been rolled out in Cambodia, Ethiopia, Kyrgyzstan, Morocco, Peru and Senegal. They are under development with Côte d'Ivoire, Egypt, Rwanda and Zambia.

Initial feedback on this pilot PCP approach is promising. It has the potential to overcome significant shortcomings with regards to the planning and reporting of results in relation to strategic impacts. At this stage the PCP approach is in development. Currently, UNIDO PCP reporting is not linked to results frameworks for relevant SDGs or the IRPF but is based on each project's (potentially different) results framework. It does, however, make a step towards bringing UNIDO reporting into a single country-wide process related to national priorities.

While a system for data quality exists, evaluations and audits highlight its limitations. In particular, the quality of project log-frames are frequently found to be unsatisfactory. Documents also point to significant data gaps and results alignment issues. While formal compliance with reporting deadlines appears high, the actual content and utility of reports remain variable. From interviews, it is apparent that the tracking, consolidation and reporting of progress and results across country, regional and global levels is limited to statistical data because agreement on substantive organisation-wide indicators has not been reached. Also, UNIDO's structure does not allow for the consolidation of performance data and results at country and regional levels, as the management responsibility for projects is dispersed across several HQ units. These weaknesses contribute to poor quality of data and reports, thereby limiting effective organisational management.

Due to the lack of a clear theory of change and baseline data, the utility of performance data is limited. The Report of the External Auditor 2018 recommended that UNIDO reviews the current MTPF structure and its causal relationship, risks and assumptions in order to determine the theory of change to improve measurability, results analysis and accountability. However, the 2019 mid-term review of the MTPF did not include any assessment of progress based on performance data and proposed no adjustments of substantive targets. While the formal approach of a scorecard exists, the overall lack of results data limits its use to basic compliance and resource utilisation issues. The revised 2019 theory of change and IRPF are intended to provide a stronger approach to measurability, analysis and accountability.

PCPs provide a potential approach to country-wide reporting. The PCP approach is an important attempt to bring together interventions conceived and managed across several HQ units and to make them relevant and trackable at country level. Initial feedback on this pilot approach is promising, and it would help overcome significant shortcomings

with regards to the planning and reporting of results. At this stage the PCP approach is limited and does not address the lack of regional and global strategies designed to support the achievement of specific SDGs. Reporting is also restricted to UNIDO projects (see Box 2.1).

UNIDO has recently taken steps to improve the quality and effectiveness of its results reporting and use, although it is not clear how adequately these developments will be resourced. In May 2019, UNIDO reported on the mid-term review of its MTPF and published an associated revised IRPF. The Quality Assurance Framework issued by the Director General in May 2019 sets out an intent to improve the current theories of change and to develop a clear results framework for performance measurement at all levels. From interviews it is apparent that the overall lack of resources has led to significant weaknesses in the corporate, project level and country level monitoring systems. The planned changes are to be implemented with no planned additional resources, which may put them at risk

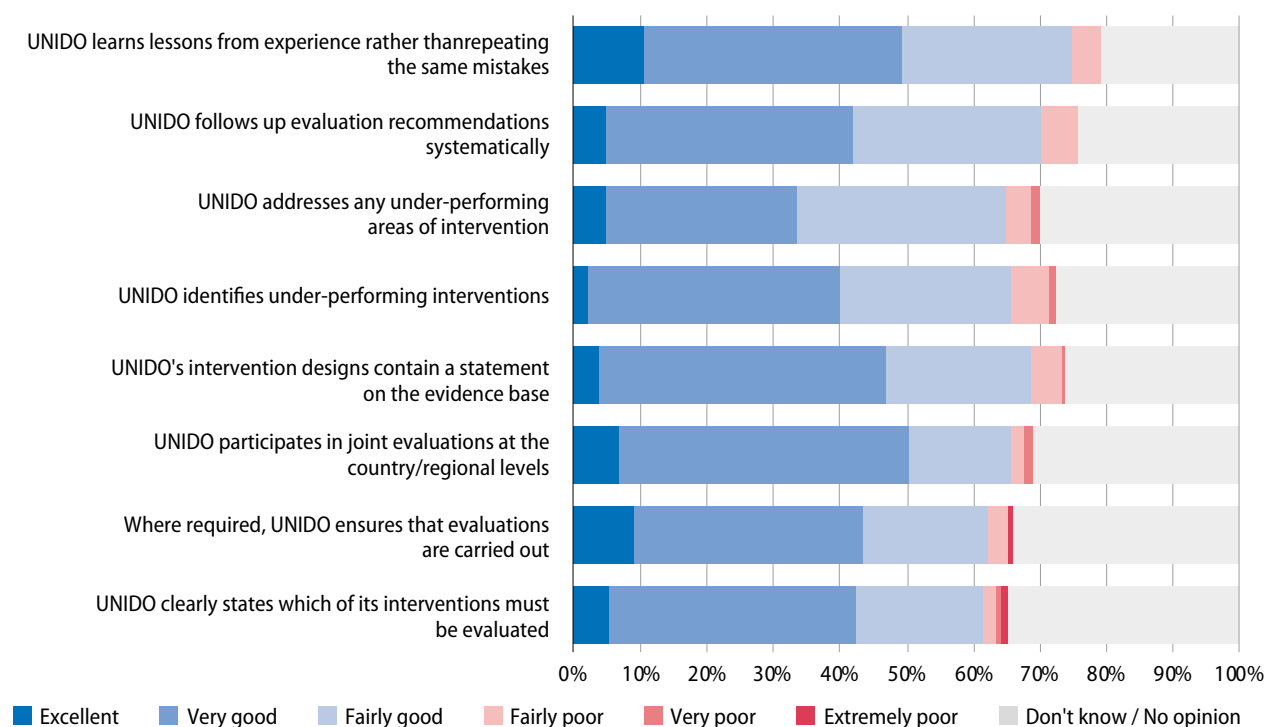
KPI 8: The organisation applies evidence-based planning and programming.

This KPI focuses on the evaluation function and its positioning within UNIDO's structures, attention to quality, accountability and putting learning into practice.

UNIDO's evaluation function is operationally independent. The Charter of the Office of Internal Oversight and the Ethics and Evaluation Policy both make clear the independence of the evaluation function to fulfil its accountability role. UNIDO is not independent in structural terms, as the Director of the Office of Evaluation and Internal Oversight (EIO) formally reports to the Director General of UNIDO; however, interviewees have stressed that reports by the Office are submitted to the Industrial Development Board unaltered. The biennial work programme and budget for evaluation is approved by UNIDO's senior management. The most significant limitation is the overall lack of funding for the evaluation function. While the biennial budget contains a dedicated appropriation line, the total amount is not adequate to meet the corporate commitment to evaluation. The majority of funding for evaluations is derived from extra-budgetary projects if they include provisions for evaluations. In several instances, project evaluations are mandated from the outside (i.e. funding source), which formally limits the independence of the Office of Evaluation and Internal Oversight.

UNIDO has an evaluation policy in place which sets out a coherent approach to ensuring coverage within its constrained available resources, but coverage is low. The evaluation policy and the charter use a risk-informed approach, and the policy is based on UNEG principles. It was updated in 2018. Different types of evaluations are addressed, such as thematic, country, country programme, and cross-cutting evaluations. For the 2018-19 biennium, this has translated into 3 thematic evaluations, 3 country evaluations and 81 project evaluations funded from project budgets. The work programme is not prioritised, although it does provide a breakdown of evaluation activity by year. Overall, the coverage is low, reflecting a limited budget. Interviews also revealed that while the policy is risk informed, only about 20-30% of high-risk areas can be covered due to a lack of funding.

New processes and tools were introduced in 2018 to improve evaluation quality. The introduction of the evaluation manual and policy in 2018 have helped strengthen evaluation quality, as has recruitment of staff to ensure the very lean evaluation team is fully staffed. There is a clear plan to present evidence, findings and conclusions in a balanced way, as seen in both the syntheses of evaluation reports. Evaluation reports contain clear references to limitations and concerns. The quality of the methodology and content of recent country and thematic evaluations show improvement on earlier evaluations. Evaluations carried out prior to 2018 were of more variable quality, although the 2015-18 synthesis of evaluations found that quality improved. In the evaluations reviewed for this assessment, there is a clear attempt to present evidence, findings and conclusions in a balanced way and to draw out appropriate conclusions. The two synthesis reports and the evaluation reports contain clear references to limitations and concerns. Evaluation quality is constrained by insufficient monitoring undertaken at portfolio, project and country levels, due

Figure 2.6. Evidence-based planning and programming

Source: Based on responses to the 2019 MOPAN External Partner Survey: UNIDO, May-July 2019.

to weaknesses in monitoring and evaluation systems, tools and capacity. Projects do not always include adequate budgets for monitoring and evaluation. A high proportion of larger project evaluations are funded by the GEF and follow GEF evaluation standards and processes. UNIDO and GEF standards are aligned.

Poor performance is not well identified or tracked, and there is limited room for adaption. UNIDO does not define poor performance other than by budget implementation rate, reflecting the current narrow approach to project reporting. The Executive Dashboard is intended to play a role in identifying poorly performing projects, but its use and usability remain unclear. Project managers and UNIDO Representatives are expected to play a role in the identification of poorly performing interventions but, given the overall shortcomings in monitoring, it appears they receive little system support or relevant data. The principal method seems to be the six-monthly discussions at HQ of project progress based on system data; however, these discussions are divorced from contextual information on changes and risks. In interviews, the utility of the risk log provided was perceived as limited. As there is little room for significant change to projects since budgets cannot be transferred to other uses, it is unclear what actions project managers and UNIDO Representatives could realistically take given the limits imposed by extra-budgetary project level funding.

There is a clear process and system for ensuring responses, but follow-up is not consistently undertaken. In all the reviewed evaluations, a management response was presented together with the evaluation. In about 90% of cases, management accepts the evaluation findings and commits to take specific actions. The management response includes clear reference to action plans, timelines and accountabilities. While evaluation recommendations are tracked, the process for closing out evaluation findings is unclear, which leads to a large proportion of evaluation recommendations remaining unaddressed. The system does not recognise if an evaluation recommendation was already previously recorded as part of an earlier evaluation, leading to duplicate recommendations in the tracking system. The ownership of evaluation recommendations specific to projects is typically with the project manager or the UNIDO Representative; ownership of institutional issues is often unclear and not effectively taken.

Until recently, there was limited use of the evidence base and uptake of lessons learned, and processes are not in place to support systematic learning. UNIDO states a formal requirement to consider lessons from evaluations, but in practice little systematic uptake is evident. Most learning from evaluation takes place through briefing sessions; however, staff observed that the extent of uptake of lessons largely depends on who happens to attend the briefing sessions. Individual evaluations speak to lessons that were taken up in the project design, but this appears to be more by accident than by design. There is no documented incentive to use lessons learned for new interventions, nor are there reports of any new interventions that have explicitly drawn on lessons. UNIDO has by its own report accumulated over 1 500 evaluation recommendations, but the database is an insufficient tool for tracking and learning. A database to support the learning from evaluations is planned. The primary mechanisms for distilling and disseminating lessons learned, aside from the tracking of individual recommendations, is done through periodic synthesis reports that take stock of four years' worth of evaluations and present overall findings. The lack of processes for using learning has contributed to a low use of lessons learned.

The strengthened approach to evaluation introduced in 2018 indicates a shift to a more systematic use of evaluation findings. The 2018-22 Country Programmes for India and Nigeria refer to lessons learned from recent country programme and relevant project evaluations and to how these will be addressed. The 2019 thematic review of knowledge and institutional strengthening reviews past evaluations for learning to inform the organisational approach to this new strategic priority.

2.2. DEVELOPMENT/HUMANITARIAN EFFECTIVENESS

PERFORMANCE AREA: RESULTS

Achievement of relevant, inclusive and sustainable contributions to humanitarian and development results in an efficient way.



The advent of the SDGs has increased the relevance of UNIDO's results contribution. The majority of recent project evaluations suggested that UNIDO's interventions are overall well aligned with national development goals and objectives. Evaluations have concluded that UNIDO makes a strong contribution to environmental sustainability.

Weaknesses in UNIDO's results reporting and framework make assessing its contribution and impact in several areas difficult. At project level, results are generally achieved, but their contribution to wider results and scale-up is not articulated; nor is the link between UNIDO's achievements and their contribution to global results. Policy and legislative change is often an objective of UNIDO's projects; however, evaluation findings suggest that efforts to create policy change are not matched up with behaviour change or increased public awareness, which limits impact. To date, UNIDO can only evidence limited results from its efforts to improve gender equality through its work, and results for human rights and governance are not yet reported.

Also, the degree to which the organisation plays a catalytic role is less apparent. UNIDO projects are not sufficiently designed for scale and scope to bring about national development goals and objectives. The fact that projects are individually identified and resourced by different donors within one country limits relevance. There are risks to the efficient implementation of projects, many due to centralised implementation and decision-making.

Several conceptual and systemic issues challenge the sustainability of results supported by UNIDO. Despite a new definition of sustainability, UNIDO's contribution to it is not well articulated, and in practice the term sustainability is often used interchangeably with scale-up. There is limited evidence that the benefits of some projects are likely to continue, or at least have the potential to continue after the specific intervention is completed.

KPI 9: Development and humanitarian objectives are achieved, and results contribute to normative and cross-cutting goals.

This KPI examines the nature and scale of the results UNIDO is achieving against the targets it sets and its expectations on making a difference.

At project level, results are generally achieved, but their contribution to wider results and scale-up is not articulated. UNIDO is making significant contributions in several of its areas of expertise. Evaluations suggest that projects frequently achieve their intended outputs; however, the interventions are often too isolated or not scalable enough to trigger outcome level change in countries as set out by the organisational theory of change. The 2015-18 synthesis of evaluations notes that across 53 evaluations "some level of progress towards impact" could be observed, but predominantly at local level and only with regards to direct beneficiaries. To achieve broader impact, the replication, scaling up and broader adoption of UNIDO's work would be necessary. UNIDO recognises the need to scale up and integrate, and the revised 2019 IRPF and associated theory of change has been designed to support this approach. UNIDO reports annually on its achievements but the link between UNIDO's achievements, and their contribution to global results is not articulated.

UNIDO projects are generally aligned with and contribute to national objectives. UNIDO sees the alignment with and support of government as the primary target of its projects. The 2015-18 synthesis of evaluations found all 53 projects to be relevant, with most projects rated as highly satisfactory or satisfactory. While several projects directly identify and deliver results for beneficiaries, evaluations point out that lack of monitoring data limits the extent to which further inferences can be made on how effectively results are delivered. Another challenge to relevance is that some projects have not engaged stakeholders sufficiently from the start.

The effectiveness of UNIDO's interventions in creating policy change is not well supported by evidence. Policy and legislative change is often an objective of UNIDO's projects; UNIDO evaluation findings suggest that efforts to

create policy change are not matched up with behaviour change or increased public awareness, which limits impact. This reflects the current lack of UNIDO indicators for normative outcomes. Certain activities of UNIDO have contributed positively to policy change at a strategic level, and individual evaluations suggest that UNIDO interventions are largely embedded in and foster national policies. Due to the lack of monitoring data, evidence is not always conclusive on the extent to which UNIDO interventions contribute to changes in national development policies and programmes or how clearly such contributions are conceived in the project designs. The mid-term review of the MTPF states that government commitment to industrial policy change is a pre-requisite for impact but is less clear on how UNIDO helps bring about such government commitment. The 2019 revised IRPF and revised theory of change include indicators on UNIDO's contribution to policy and behaviour change and normative outcomes. When adopted and applied to UNIDO activities, this may enable the organisation to present better evidence on its contribution to policy change and the impacts of policy change on industrialisation.

Gender equality was not well addressed in the design of projects before UNIDO introduced its gender policy; this limits the evidence of results in improving gender equality. Since 2018, there has been a strong corporate commitment to incorporating gender equality into programmatic interventions and mainstreaming gender in design. Prior to the 2016-19 Strategy for Gender Equality and the Empowerment of Women, projects did not always explicitly address gender equality or use gender indicators. Accordingly, the 2015-18 synthesis of evaluations noted that “in many cases attention to gender equality was weak or missing” since the projects were designed prior to 2016. The synthesis found that 57% of evaluation reports addressed gender equality, although only 29% of the projects reported progress on gender issues. An evaluation of countries in the Latin America and the Caribbean region generally found that project documents did not refer to specific gender-related objectives. Evaluations of UNIDO country programmes undertaken in 2017-18 in Colombia, India and Nigeria showed that integration of gender equality in programmes had not been effective.

UNIDO makes a strong contribution to environmental sustainability. Safeguarding the environment is one of UNIDO's four strategic priorities. Implementing GEF standards is a dominant aspect of the extra-budgetary project portfolio. The 2015-18 synthesis of evaluations found that 65% of projects included an environmental contribution. The majority of the project sample identified safeguarding the environment as their primary programmatic contribution. The report also found that the close relationship between economic and environmental objectives (e.g. agro-business) led to positive environmental contributions in primarily economic projects. The mid-term review of the MTPF highlights the cross-cutting causal relationship between environment and poverty, food, health, and other SDG-related issues. UNIDO's work in the areas of environment and energy has been recognised as significant. UNIDO's impact, in the view of the assessment team, could be even higher if project and budgets were designed and implemented to be more explicitly cross cutting.

Human rights and governance are not clearly articulated or monitored as objectives, and as a result there is no assessed results information. UNIDO's concept of ISID implicitly builds on a human rights concept, and the Lima Declaration mentions human rights and inclusion (once). UNIDO fully subscribes to the principle of “Leave No One Behind”. Staff interpret human rights primarily as civil and political rights, an area where the organisation does not see a role for itself. The fact that human rights also encompass socio-economic rights, including rights related to a healthy environment, is less understood. Even though UNIDO makes valuable contributions, for instance in the area of economic inclusion of women, the broader contribution to human rights is not assessed or reported. The 2015-18 evaluation synthesis does not mention human rights as a concept or area of UNIDO's work. The 2019 IRPF introduces a results framework that provides a measure of UNIDO's contribution to ISID and the SDGs more explicitly, thus a future assessment of UNIDO's contribution should be possible.

UNIDO indirectly contributes to good governance by reaffirming with national partners that it only supports lawful conduct and activities relevant to inclusive and sustainable industrial development. The issue of governance is not mentioned in the MTPF, although the 2019 ESSPP explicitly address governance. There are no results data collected or reported relating to country level governance. The results framework introduced with the 2019 IRPF, mentioned above, also provides a measure of UNIDO's contribution to governance, which should make a future assessment of UNIDO's contribution to governance possible.

KPI 10: Interventions are relevant to the needs and priorities of partner countries and beneficiaries, and the organisation works towards results in areas within its mandate.

This KPI centres on the relevance of UNIDO's engagement given the needs and priorities of its partner countries and its results focus.

UNIDO's mandate is highly relevant to 2030 Agenda results. The advent of the SDGs has increased the relevance of UNIDO's results contribution. While the Millennium Development Goals were silent on issues related to industrial development, several SDGs now explicitly or implicitly reference industrial development (e.g. SDG 7, 8, 9, 12). The 2015-18 synthesis assessed all evaluated projects as relevant, and the majority (46 out of 53, or 87%) were highly or substantially relevant to the target beneficiaries, donors and UNIDO.

UNIDO's lack of clarity on beneficiaries and of data on beneficiary impacts limits assessment of relevance. Governmental partners are frequently mentioned as primary beneficiaries, in particular with regards to capacity building and policy advice, at the expense of a broader concept of beneficiaries that is more in line with the 2030 Agenda. Project results frameworks refer to a range of different beneficiary types including direct beneficiaries. UNIDO's primary interlocutors at country level are ministries, so in most instances UNIDO does not respond to the needs of target groups directly but supports national governments in fulfilling this function. This approach is more explicitly adopted in the PCP model, where the focus is on strengthening national actors and policy. The lack of a theory of change which specifies beneficiaries and of monitoring data inhibits concrete inferences to what extent target groups are being served successfully.

The value that projects can add to achieving national goals is not clear, largely due to their small-scale and pilot nature. The 2015-18 synthesis of evaluations observes that UNIDO projects are not sufficiently designed for scale and scope to meet national development goals and objectives. As evaluations have pointed out, this is particularly true in cases where UNIDO has limited or no country presence, and where the portfolio of projects is insufficiently coherent to achieve national results. So, while the immediate knowledge products of projects might have some relevance to national stakeholders, the projects themselves tend to be of little consequence to whether or not national results are achieved.

While UNIDO's interventions are largely seen as technically sound, the extent to which they are an effective, well-designed response to an identified problem is less apparent. Although evaluations suggest that UNIDO's interventions are overall well aligned with national development goals and objectives, the degree to which the organisation plays a catalytic role is less apparent. The 2015-18 synthesis of evaluations points out that UNIDO's presence plays a significant role in achieving strategic alignment and coherence between the UNIDO portfolio and national priorities. Also, the 2012-15 synthesis of evaluations states that while UNIDO projects produce valuable studies, survey data and policy advice, many projects are greatly underfunded, which limits their ability to contribute effectively to national development goals and objectives. The mid-term review of the MTPF 2018-21 stressed national ownership and policy commitment as essential to bring about transformational change but is less clear how UNIDO's interventions can play a part.

A siloed approach to projects reduces coherence. Projects are individually identified and resourced by different donors within one country. Although country programmes seek to provide an overall framework for UNIDO activities, in

practice this rarely happens. The 2012-15 synthesis of evaluations explains the concept of “implementation in isolation” which “refers to lost opportunities for effective synergies in case of silo type (one by one) project implementation including missed opportunities to pool resources across projects”. UNIDO does in some cases seek synergy but not systematically. The 2015-18 synthesis of evaluations looked at resource efficiency within the boundaries of the chosen project design but did not examine the efficiency of different programmatic approaches to deliver results as a whole. The PCP approach seeks to increase coherence, although PCPs are at this early stage of their development largely based on pre-existing projects which UNIDO seeks post hoc to co-ordinate.

KPI 11: Results are delivered efficiently.

This KPI looks at the extent to which UNIDO is meeting its own aims and standards on delivering results efficiently.

Lack of resources hinders efficiency. UNIDO operates in a highly resource-constrained environment. While this has led UNIDO to stress resource efficiency, the driver is typically an effort to avoid costs and not necessarily to optimise resources. From interviews, it became apparent that key functions often go unfilled for significant periods due to budget constraints, which has impacted the efficient design and delivery of projects. These structural deficits were also highlighted in the Report of the External Auditor 2018, which found that “the lack of sufficient funds for UNIDO’s core activities is a serious impediment for structural development in the organization that could improve efficiency and reduce risk”.

UNIDO’s centralised processes also reduce efficiency. Documents point to challenges and risks in the efficient implementation of projects, not least due to centralised implementation and decision-making. From interviews, it is also clear that the workload distribution at HQ related to the implementation of projects is uneven, both horizontally (i.e. comparing units) and vertically (i.e. looking at distribution of roles within units). Similarly, the Report of the External Auditor 2018 found the Internal Control Framework, which is at the heart of the division of labour in UNIDO, to be outdated, as co-operation and collaboration among UNIDO actors are fragmented and ambiguous. Even though workload tracking was introduced, no stable data on workload exists.

Delays in implementation are a significant hindrance to project efficiency. The 2015-18 synthesis of 53 evaluations determined that a poorly implemented project could still achieve some success if it were well-designed. For 41 projects efficiency was rated moderately satisfactory or higher, while 12 were rated moderately unsatisfactory and efficiency received the lowest rating among the standard evaluation criteria. The often inadequate review of the country context tended to result in unexpected costs, slow implementation and other challenges. Delays were experienced in 65% of the evaluated projects, and 34% of these projects faced delays of greater than two years. Evaluations point to several challenges and risk related to the timely implementation of interventions that are frequently based on implementation choices and setup. The 2015-18 synthesis of evaluations point out that projects are often designed with unrealistic timelines given their size and ambition. This often leads to less time being spent on initial analysis and planning, which then negatively impacts implementation, leading to significant delays. Major no-cost extensions seem to indicate that original timelines were not realistic.

Key constraints to efficiency included (i) factors outside of UNIDO’s direct control that hindered efficiency of project implementation such as funding mobilisation from and delays with project partners; (ii) procurement and equipment issues; (iii) monitoring of co-financing; (iv) delays as a result of endorsement and project approval by national stakeholders, administrative and management issues, fund transfers, lack of information and of full disclosure at the start of the project and, lengthy procurement processes; (v) operational models that are too reliant on international experts with a high cost of technical input; and (vi) lack of uniformity in processes.

KPI 12: Results are sustainable.

This KPI looks at the degree to which UNIDO successfully delivers results that are sustainable in the longer term.

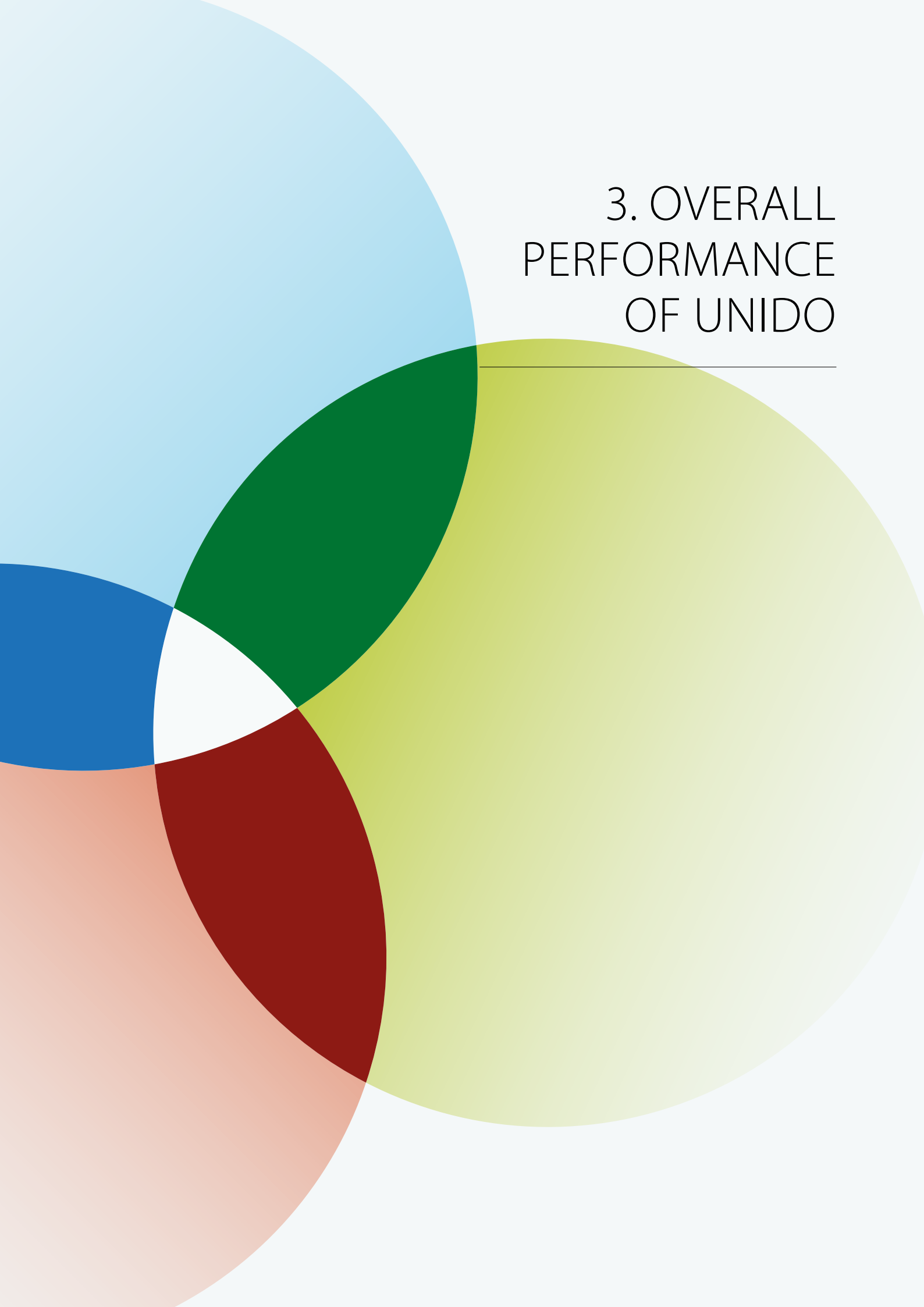
UNIDO has not clearly defined sustainability. Several conceptual and systemic issues challenge the sustainability of results supported by UNIDO. Sustainability and UNIDO's contribution to it are not well articulated, and sustainability is often used interchangeably with scale-up. The extent to which policy change, for instance new industrial policies, indicates that a new level of industrial development has been reached, is debated within UNIDO. The mid-term PCP evaluation found that while UNIDO has high aims in the PCPs which are intended to be transformational in building ISID and country capacity, these are often over ambitious and need greater clarity on results. The 2019 IRPF indicators, Quality Assessment Framework and theory of change introduce new indicators which may help better express sustainability. This will be essential for UNIDO to demonstrate how it is contributing to ISID.

There is limited evidence that the benefits of some projects are likely to continue, or at least have the potential to continue, after the specific intervention ends. The 2012-15 synthesis of evaluations found the "likelihood of sustainability was rated likely and highly likely in only about 20 to 30% of the evaluated projects". The 2015-18 synthesis of evaluations ranked the sustainability of the results of 82% of projects as satisfactory or moderately satisfactory, while 18% of projects were rated unsatisfactory or moderately unsatisfactory. No project received a highly likely rating for sustainability. While this shift in sustainability from the earlier to the later synthesis report is a marked improvement, about 18% of evaluated projects continued to struggle with sustainability. Many projects have short-term objectives, not aligned with sector-wide or policy frameworks. The synthesis finds that stakeholder engagement and policy/legislative change, supported by financing for continuation, are key drivers of the sustainability of project results.

As noted by the 2015-18 synthesis of evaluations, "many UNIDO projects are pilot or demonstration projects", making sustainability inherently more challenging. Fragmentation and a piecemeal approach are other limiting factors. The systematic tracking of project results typically does not extend beyond the duration of projects, which severely limits data on the sustainability of results. Part of the problem lies in the "lack of an impact and sustainability perspective in the formulation of the initiatives that have affected the[ir] sustainability" and the lack of attention to the long-term policy changes required.

Co-financing is a key measure but is not systematically tracked. Co-financing was identified as a key ingredient for more sustainability. UNIDO projects were found to consistently understate co-financing, partially due to a lack of systematic tracking. Of 53 evaluated projects, only 17 reported co-financing by programme governments or the private sector at completion. Lack of government ownership for interventions was noted as a risk to sustainability in several country evaluations.

UNIDO contributes to capacity development but has a weaker approach to enabling the environment for industry. UNIDO's contribution to capacity development is often positive, particularly for its training/capacity development interventions. The 2015-18 synthesis of evaluations highlighted UNIDO's ability to build capacity in member states as a key element of project sustainability. Of the 29 most successful projects evaluated, around half successfully built the capacity of relevant stakeholders, businesses and government departments. There are some powerful examples of projects triggering institutional changes, with 74% of evaluated projects indicating positive changes in the area of capacity building. Some evaluations also found that support for capacity building, such as policy reforms, was insufficient as an enabler for industry more widely. The 2015-18 synthesis of evaluations reports mixed results, with projects more focused on delivering technology or introducing innovations and less concerned with broader changes to the enabling environment; due to limited data the findings were not conclusive.



3. OVERALL PERFORMANCE OF UNIDO

Chapter 3. Overall performance of UNIDO

The performance conclusions first consider four key attributes of an effective organisation: (i) whether it understands future needs and demands; (ii) whether it is organised and makes use of its assets and comparative advantages; (iii) whether it has mandate-oriented systems, planning and operations; and (iv) whether it makes consistent developments according to its resource level and operational context. The journey of the organisation is then mapped against previous external assessments of UNIDO.

Lastly, the assessment report presents the key findings: the observed strengths and areas for improvement.

3.1. CURRENT STANDING AGAINST THE REQUIREMENTS OF AN EFFECTIVE ORGANISATION

Is UNIDO future facing?

UNIDO has a clear vision and mandate for contributing to inclusive and sustainable industrial development (ISID) and to the 2030 Agenda and introduced a supporting theory of change in its most recent Medium-Term Programme Framework (MTPF). It seeks to achieve its mandate through a combination of its four main functions: technical co-operation; research and policy advice; normative, standards and compliance; and its convening role for industrial co-operation. The relative priority that the organisation gives both to its normative and knowledge strengthening function and to its technical co-operation function could be clearer.

UNIDO's capacity to deliver effectively both its normative and knowledge-strengthening function and its technical co-operation function is constrained. Its regular budget has declined so that resource constraints are affecting its ability to address both well and to undertake the organisational reforms needed to do so. At present, UNIDO does not show evidence of contributing well to either function in terms of the results it is able to report. Without a clear strategy for its normative role, the organisation is in danger of limiting itself to project implementation; this also has risks attached.

UNIDO's work to promote normative activities, whether to support governments to develop industrial standards and policies or to support development of intergovernmental norms for industrialisation, is not currently clearly articulated within the IRPF. While UNIDO attends and advises different global and regional fora and undertakes work on standards and knowledge, there is no clear strategy for its normative work. The new 2019 IRPF introduces the potential to better articulate and assess normative advocacy; at present the relative prioritisation of this activity within the organisational theory of change is not clear. UNIDO's knowledge function contributes to normative work, but the former is under-resourced and under-prioritised in relation to project activities, despite adoption of knowledge as a fourth strategic priority in 2018. This in part reflects the constrained regular budget but also indicates the prioritisation of technical co-operation projects within UNIDO.

Project implementation for technical co-operation currently accounts for over 80% of the organisation's funding and for the majority of its staffing. UNIDO's skills and experience in this area are valued by partners, both donors and national partners. UNIDO currently depends on three major donors for over half of its extra-budgetary funding. If any of these donors reduce their funding, or choose to prioritise another implementation agency, UNIDO will be exposed to a significant risk. Project implementation is a competitive field given the activity of the United Nations Office for Project Services (UNOPS) as well as non-UN implementing agencies, and there will be pressure on UNIDO to maintain a competitive offer.

The 2018-21 MTPF expresses UNIDO's intent to increase its impact by scaling up existing projects and integrating new ones. Work has already begun to reduce the overall number of projects and to increase their size, coherence and impact potential. At present, dependency on earmarked funding and donors' priorities impedes coherence, since the

availability of funding – rather than strategic priorities and results – determines what is done. The organisation is in the process of beginning this shift to a more strategic results-led investment with the new IRPF.

The advent of the United Nations (UN) Development System reform proposals raises questions on how the organisation will position itself for the future in the UN system, both at country and global levels. Given its specialised mandate, UNIDO is valued for its specialist knowledge, but its low level of country presence and restricted resources limit its potential to contribute. The UN reform proposals also pose a financial challenge to UNIDO – as they do to other small specialised multilateral organisations – since supporting the new UN Resident Coordinator system will be significant for UNIDO's already constrained regular budget.

In the 2019 mid-term review of the MTPF, UNIDO acknowledges its own limitations and the risks it faces. It observes that the commitment and prioritisation by governments of ISID policies lie largely outside of the organisation's spheres of control and influence. UNIDO acknowledges the need to work with partners to ensure necessary hard and soft infrastructure in countries, which are beyond its mandate, to achieve industrialisation. It notes the risks of relying on voluntary contributions and the risks stemming from any further loss of member states or other significant donors.

These observations suggest that UNIDO is taking steps to face forwards and outwards to better understand the changing landscape and to position itself within it. The move to making these changes has been slow in starting and somewhat hesitant. This speaks of a previous lack of awareness of its own challenges, as well as an inward focus which has limited the organisation's understanding of how it is positioned and how it is externally perceived.

Is UNIDO making best use of what it has?

UNIDO's comparative advantages include its expertise in advising on industrialisation and knowledge of specific sectors such as agriculture, environment, trade, energy, standards and supply chains; its policy expertise; and its research and analysis services. All of these are valuable skillsets and services which are valued by country partners. Donors value UNIDO's technical expertise for positively informing project design.

Much of UNIDO's expertise lies in finding technical solutions in sub-national contexts, such as for small hydro power, food supply value chains, energy efficiency and artisanal products. At these it excels and can add value. Staff have expertise in technical processes and in engineering solutions and products, rather than in national or transnational industrialisation. UNIDO's ambition to shift to bigger issues, such as globalisation and the Fourth Industrial Revolution, requires care to avoid overstepping its capacity. Recent references to supporting use of the digital economy and innovations do not speak well to UNIDO's capacities. The organisation's niche is in providing technical advice and know-how to particular sectors and levels of economic development; focusing on this rather than widening its scope enables more effective use of its resources.

In terms of use of human resources, the large number of short-term appointments funded by projects are dominant: there are more than twice as many holders of Individual Service Agreements (often short-term personnel) as UNIDO personnel. This provides agility for the organisation since specialist consultants can be recruited to meet project requirements. But it also brings challenges since these workers are not always available when needed, leading to project delays, and the frequent need to recruit consultants (undertaken by project managers) is not efficient. A number of core headquarters (HQ) posts are filled with short-term personnel, risking loss of continuity and knowledge. The makeup of the workforce is imbalanced, indicating that UNIDO is not making best use of global talent. Women are significantly underrepresented in the workforce, especially at senior levels. There is also a lack of geographic diversity, with a preponderance of staff from the global North. The makeup of the workforce is very imbalanced.

If UNIDO chooses to redefine itself as a major influencer in strategic country partnerships using the Programme for Country Partnership (PCP) model, rather than primarily as technical specialists, this will be a significant cultural shift

for the organisation. UNIDO staff have largely been recruited for their technical expertise, which is noted and widely respected, but they will require more strategic and political skills. Given the low levels of turnover and lack of new posts, the organisation will need to adapt existing staff to new ways of working.

In 2018, UNIDO restructured to increase the efficiency and use of resources, to better integrate the field with HQ and to adjust certain lines of accountability. Field offices became accountable to the Directorate of Programmes and Technical Cooperation, with the intent of ensuring better alignment of activities and communications. This is seen to have improved communications and supported a gradual shift to better co-ordination. Decisions and funding opportunities remain highly centralised, and this, combined with very low levels of country office staffing, limits fully effective engagement of field staff.

UNIDO's rationale and criteria for the location of field offices are not evident nor clearly linked to organisational purpose and strategy. The purpose and value-add of country presence within a highly centralised organisation is not clear. There is potential for the representatives to play a normative role, consistent with the development of the PCP and other partnership models.

During the last two decades UNIDO's regular budget has shrunk, partly due to the global economic changes which have affected availability of aid funding and countries' capacity to increase resources and also due to the departure of 11 member states since 1996. As a consequence, UNIDO is highly dependent on voluntary funding, which for the most part is earmarked. This constrains the organisation's ability to meet strategic needs since its activities are highly "projectised". A result is that the reduced core staff and organisation have to work increasingly hard to manage a larger portfolio of activity; in addition, there is little capacity to reflect on, and address, strategic priorities. Steps are being taken to reduce the number of projects in order to make the staff workload more manageable, but will take time to have effect.

UNIDO acknowledges the financial challenges it faces and has taken active steps to address them.

The organisation has taken measures to maximise its use of available resources. It has introduced efficiencies, particularly through reducing travel costs and improving its financial and procurement systems. It has recently begun to tackle the challenge that the actual costs of project support and administration outmatched the costs levied from projects and has set up a Full Cost Recovery working group to address the situation. Similarly, UNIDO has more actively followed up late payments by member states and is changing the rules to make unutilised balances available for use. A number of trust funds have been established which can be used independently of earmarked project funding.

UNIDO also has expressed its intent to diversify its funding sources. The organisation is committed to influencing donors to move away from earmarked funding. UNIDO recognises the need to diversify its funding base, as it is highly reliant on the GEF, Montreal Protocol and the European Union. In 2016, UNIDO and the World Bank signed an agreement to facilitate the provision of UNIDO's expertise to governments that implement World Bank-financed investment projects; other IFIs have also become new partners. Resource mobilisation still largely focuses on obtaining individual project funding.

UNIDO does not use results-based budgeting, and this limits the extent to which resources and activities are prioritised to deliver strategic objectives. This partly reflects the lack of a well-developed IRPF framework, and the lack of a results chain from field to HQ. Although the Programme and Budget 2020-21 sets out the intent to align resources to results, there is still a gap between ambition and practice.

The new strategic objective of knowledge and institutional strengthening introduced in the MTPF 2018-21 provides a clear opportunity for UNIDO to strengthen knowledge-based activities. Currently, projects and programmes do

not often prioritise or identify knowledge generation or sharing opportunities, and the research and policy advice function is relatively underfunded in relation to strategic intent.

Is UNIDO a well-oiled machine?

UNIDO engages well with the countries in which it implements projects, especially with governments, and generally aligns its projects with country priorities and objectives. There is often no systematic engagement with partners other than governments. This is due partly to insufficient funding for diagnostic work in many projects and partly to lack of a standard UNIDO partner engagement process. Where prior engagement is weak, projects are more likely to require changes and to be delayed. UNIDO is now introducing standardised diagnostic guidance to ensure a more consistent and comprehensive preparatory analysis by staff, although no additional funding exists to support this.

Project management processes are neither fast nor efficient, although improvements in procurement and project management systems have been introduced recently. Delays to project implementation are widely cited as a challenge, with many projects delayed by over two years. Delays principally occur during late design and early implementation stages; they relate to appointing personnel, processing tenders and identifying target beneficiaries. Poor design and lack of government and stakeholder engagement contribute to delays. Project partners releasing funds tardily also cause delays. External factors such as late payments from countries, national staff turnover, environmental factors and political change are further delay factors.

A highly centralised structure, with funding decisions taken at HQ, poses risks to how well projects are aligned with country contexts. Some projects are undertaken without adequate local consultation. These instances are now less frequent, following the 2018 restructuring to a more integrated field and technical co-operation network, but the centralised model is a continuing risk to flexibility and relevance. The project-based work model limits UNIDO's flexibility to significantly redirect funding beyond the original project brief to more relevant work if the context changes or if performance is poor. The centralised structure weakens organisational responsiveness to countries and contexts. There is no clear mapping of accountabilities and reporting lines, and in the case of field functions, reporting lines are often duplicated. Unclear accountability remains a practical challenge to the delegation of authority and to prompt decision-making at different levels.

The lack of an adequately developed corporate theory of change which clearly links organisational performance at different levels means there is no overall framework for showing the results chain. Monitoring and reporting processes are weakened by the quality of project and country programme results frameworks and by variable data quality. Frequently, UNIDO project reporting is limited to UNIDO project expenditure progress. Donor reporting requirements may contribute to this project-focused approach. While there has recently been a move to more explicit use of learning from evaluations, this is not yet systematic. A move to results-based thinking is heralded by the 2019 revised IRPF, which should enable a more coherent, impact-focused approach to reporting, although there is likely to be a time lag before the changes can be fully implemented.

The current IRPF does not capture results on ISID well, weakening the extent to which UNIDO can report on results in this area and design projects that will clearly contribute to inclusivity. The 2019 revised IRPF introduced a clearer definition and measures for assessing contribution to ISID which can support future improvement. UNIDO does not yet have a well-articulated definition of sustainability or the assumptions that underpin it, which weakens the extent to which sustainability can be clearly addressed and reported on.

UNIDO's country level working model is based on the availability of project funding, UNIDO presence, and in government interest in establishing a country programme, rather than on needs or other strategic criteria. This limits effective contribution to the mandate. The country programmes themselves are restricted in their ability to support country objectives, since they have no delivery vehicle beyond individual projects. Fragmentation is also a problem.

There are examples of silo working and of missed opportunities for effective co-operation with other programmes and projects.

Risk identification and assessment has been weak, exposing UNIDO to reputational, organisational and political risks. There is no standard approach or documentation for risk analysis, mitigation or reporting, and the organisation's appetite for risk and risk mitigation approaches is not defined. Since 2017, UNIDO has taken steps to develop organisational risk management by establishing a risk management committee and workplan, but progress has been slow.

UNIDO has upgraded and improved its supporting systems and technology over recent years by introducing the Enterprise Resource Planning (ERP) system to expedite management of finances. The upgrades have facilitated staff's capacity to make quicker decisions based on real time information. It is noted by UNIDO staff that the ERP has underused capacity for results reporting, which will be introduced in 2020-21 once the new results indicators from the 2019 IRPF have been fully adopted. UNIDO increasingly uses Internet Protocol phones and other remote communications systems to enable good internal communications. In addition, the organisation has improved its procurement system, for example by introducing a procurement portal.

Is UNIDO making a difference?

Although the 2017 and 2018 annual reports show progress against SDG indicators and note UNIDO's delivery of results, they do not bridge the gap between **organisational results and the global state-of-play on industrialisation**. The lack (until very recently) of a fully developed theory of change and associated results framework limits the extent to which corporate results can be assessed. The commitment to ISID frames UNIDO's work and results. However, as ISID is not well underpinned by clear articulation of its two core objectives – inclusivity and sustainability –, it is difficult to assess whether these have been achieved.

The contributions of UNIDO's projects to wider organisational goals are not clear, given the absence of an organisation-wide results chain. Projects frequently achieve their intended outputs; the value they can add to achieving national goals is often limited due to their small-scale and pilot nature. Projects are not sufficiently designed for scale and scope to bring about national development goals and objectives. There is little evidence that the impact or benefits of interventions will be sustained. Part of the problem is seen to lie in the lack of an impact and sustainability perspective in formulating the initiatives and insufficient attention to the long-term policy changes required.

Without a coherent results framework, relevant indicators and data are often not collected, thus evidence is absent or inconclusive. An example is the assessment of outcomes of capacity development. UNIDO's contribution to capacity development is often reported as positive, particularly for its training/capacity development interventions. UNIDO has not systematically assessed capacity building or its contribution to enabling the wider environment for industry, such as policy reforms. Results for sustainability, governance and human rights are not evidenced, largely because these issues are not defined or explicitly addressed in results frameworks.

UNIDO's organisational theory of change and associated results framework, revised in 2019, are a positive signal that the organisation is eager to improve its ability to show consistent evidence of the results it has achieved. The revised IRPF will allow the organisation to establish a clearer results chain and to align results at different levels with the organisational strategy. This, together with UNIDO's commitment to strengthen results-based management, bodes well for the organisation's future performance, although it will take time to implement these changes and for them to have full effect.

3.2. PERFORMANCE JOURNEY

UNIDO has experienced significant changes in the last two decades and is still adjusting to them. First, the loss of 11 members and their financial contributions to the regular budget has had impact on the organisation's capacity and position. Second, the reduction in assessed contributions has affected UNIDO's financial flexibility and overall resource levels and made it highly dependent on earmarked funding. Third, in 2013, the General Conference acknowledged in the Lima Declaration that technical co-operation had evolved into a primary operative function of the organisation.

The challenges posed by the shrinking regular budget are to some extent outside UNIDO's control. The organisation is making changes to ensure that it can manage and maximise the use of both assessed and voluntary contributions as effectively as possible through good financial management. The shrinking of the regular budget has a profound impact on the scope of the organisation. There is now a dominance of technical co-operation within UNIDO, and relative under-resourcing of normative and knowledge-strengthening activities.

Box 3.1. Main strengths and areas for improvement from previous external assessments

Strengths in the 2017 JIU report

- The Lima Declaration reaffirmed member states' commitment to UNIDO with a unique mandate to promote, dynamise and accelerate industrial development.
- The concept of inclusive and sustainable industrial development offers an opportunity for UNIDO to renew its role and relevance.
- UNIDO brings its expertise to bear on the development of new global standards, such as those of industrial energy efficiency and corporate social responsibility.
- The members of the Industrial Development Board had a positive view of technical co-operation activities.

Areas for improvement in the 2017 JIU report

- UNIDO does not have a clearly defined role and adequately funded strategy for supporting achievement of the SDGs and in particular SDG 9.
- The "Executive Board"'s corporate-wide co-ordination- and information-sharing functions require improvement to strengthen the Board's effectiveness in managing the organisation.
- UNIDO's regular resource budget is inadequate to support all its mandates as a specialised agency of the UN and in line with the Lima Declaration.
- UNIDO's risk management strategy requires both development to systematically address all major risks with appropriate mitigation measures and embedding throughout the organisation.
- The Human Resources Management framework requires updating, finalisation and promulgation.
- UNIDO should develop action plans to improve its geographic and gender diversity and should report regularly on progress on both to the Industrial Development Board.
- UNIDO requires an updated information technology and information management policy and a strategy for this area.
- UNIDO needs to include its field presence in the vision of the organisation's role in implementing the 2030 Agenda, including criteria for effectiveness.

As a consequence, UNIDO's strategic normative role, and its related work in relation to promoting global norms, is less clearly articulated and prioritised than technical co-operation. The signing of the Lima Declaration in 2013 has given UNIDO greater clarity on its mandate for ISID, Agenda 2030 and in particular SDG 9, which potentially strengthens the organisation's strategic focus. However, UNIDO's "projectised" way of working prevents it from bringing about higher-level changes, which would require more holistic approaches. Its research, policy advisory and convening functions, which are essential to its role as a custodian agency, are not well developed to support this agenda.

UNIDO is seeking to adapt to the external landscape and is moving to a more strategic approach to build capacity for ISID, by more explicitly working in partnerships. UNIDO has engaged actively in the 2030 Agenda and, through the alignment of ISID with SDG 9, has strengthened its strategic role in a way that is consistent with its mandate. The organisation has, however, been relatively slow in identifying and responding to external developments.

As there has been no previous MOPAN assessment of UNIDO, the baseline used in this report is the JIU report reviewing UNIDO, issued in 2017.⁹ Its recommendations have served to list previously identified strengths and areas for improvement in Box 3.1. Boxes 3.2 and 3.3 present those identified in this MOPAN 2019 assessment. Some strengths are similar and, overall, UNIDO's previously identified weaknesses remain largely the same. The organisation has begun to address some of the issues; others remain outstanding.

UNIDO's relatively new theory of change should help it to gain greater organisational clarity on its overall vision and purpose in relation to ISID and SDG 9. It should enable the organisation to develop greater internal coherence within and across activities through introducing a results framework with a clearer results chain and accountabilities. The organisation can use the theory of change not only to assess its contribution and impact but also to inform how it prioritises resources and provides organisational direction.

The diminishing regular budget jeopardises the organisation's ability to fully deliver its mandate in relation to normative work. The reduced budget leaves UNIDO attempting to retain both its normative and technical co-operation roles, creating the risk that it fulfils neither role sufficiently.

UNIDO has recently restructured to become more efficient and effective and to increase its engagement at the country level. Its predominantly representational field structure and its centralised operating model are not an ideal basis for working in strategic partnerships at country level, nor is the purpose of field structures in delivering ISID and Agenda 2030 clear.

UNIDO is moving notably away from the historic piecemeal project approach. The organisation has stated its intent to shift to strategic partnership working at the country level, as piloted by the PCP, to scale up and to integrate technical co-operation with other country-based work to increase its impact. More work is needed to define what scale-up and integration mean and how these will be designed into activities and results frameworks. The organisation is increasingly using lessons from the PCP countries to strengthen both the PCP and work in non-PCP countries. This could boost UNIDO's strategic role, although it will take time and resources and mean a shift in how UNIDO works.

UNIDO has taken steps to address the weaknesses in operational management connected with risk management, project management and human resource management, but progress has been slow. A systematic organisation-wide approach to risk management is not yet in place. The gender and geographic imbalances in the workforce continue to be significant.

9. JIU also assessed UNIDO in 2003.

Box 3.2. Main strengths identified in the MOPAN 2019 assessment

- UNIDO's vision of ISID enjoys strong support among member states in line with its mandate for industrialisation.
- UNIDO has strong technical expertise, relevant experience and pertinent knowledge.
- UNIDO's leadership has displayed openness to improvement even in the face of an adverse resource situation and has introduced, for example, the 2019 revised theory of change and IRPF as well as other system improvements.
- UNIDO has successfully collaborated with a large range of stakeholders to build engagement.
- UNIDO's development of the Programme for Country Partnership model indicates a positive step towards strategic partnership working to promote coherence and sustainable change at country level.
- Evaluation quality is strong, and the 2018 Evaluation Policy and manual strengthen it further.

Box 3.3. Main areas for improvement identified in the MOPAN 2019 assessment

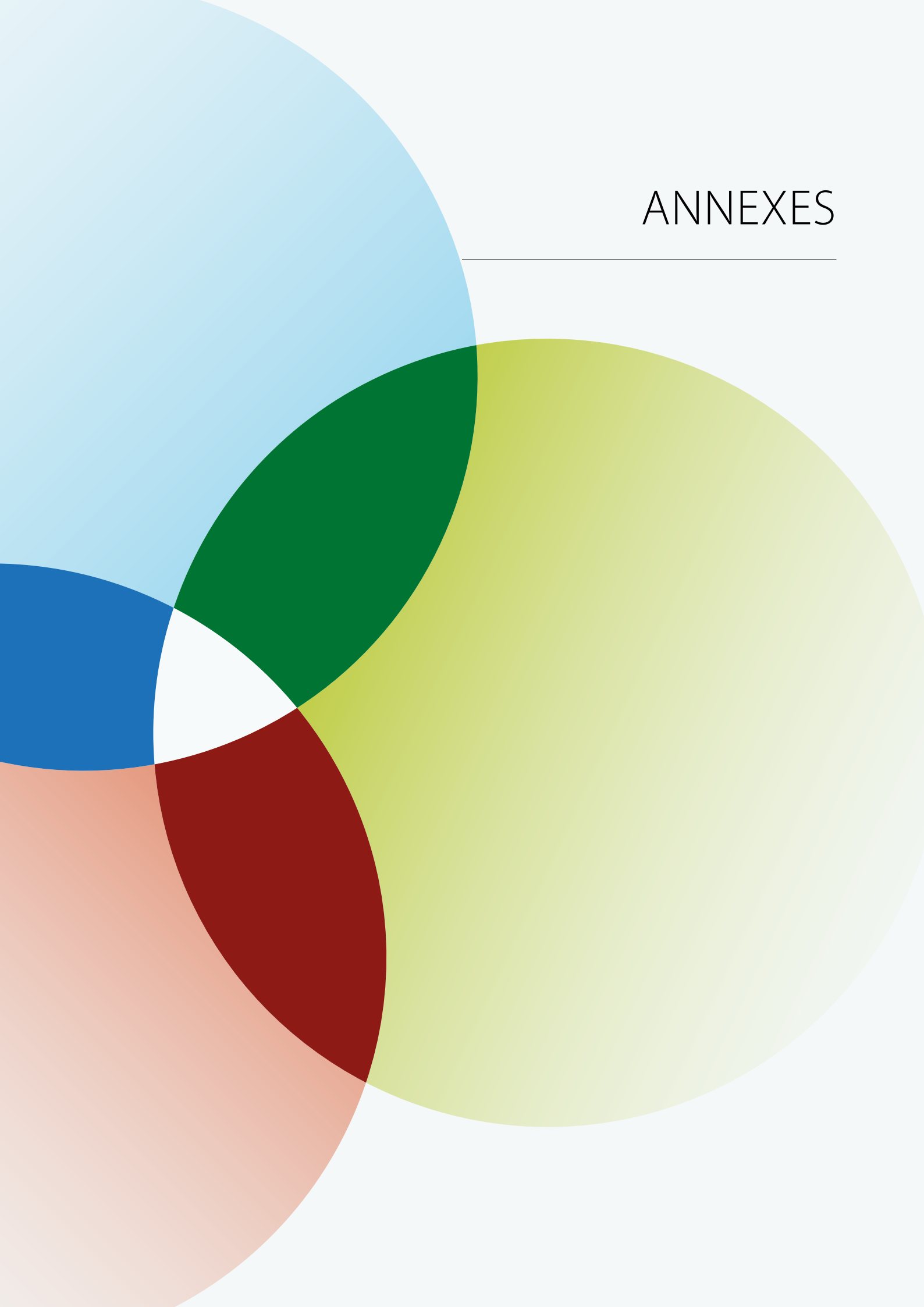
- UNIDO does not yet have sufficient clarity on its normative role and objectives.
- The continued reduction in the regular budget and increased dependency on earmarked funding poses a challenge to UNIDO's maintaining both its normative and project implementation roles.
- Results-based management for the organisation is not yet fully implemented, and the results-based management culture remains to be established.
- Delays in project implementation are a continuing challenge to efficiency and effectiveness.
- The high level of HQ centralisation of decisions affects UNIDO's efficiency, effectiveness and relevance at country and regional levels.
- UNIDO does not have the necessary risk management processes in place; since 2017, it has taken steps to develop organisational risk management, but progress has been slow.
- Challenges remain in articulating and addressing cross-cutting priorities, such as governance and human rights.

UNIDO is aware of the changes needed to improve strategic and operational effectiveness. It has begun to implement many of these since 2017, indicating alertness and a well-placed sense of urgency. The revised theory of change and IRPF were agreed the week before the MOPAN assessment visit to HQ, although they had been developed over the previous 18 months. UNIDO shows a clear ambition to move towards a stronger results-based management methodology with supporting systems in 2020-21.

UNIDO is at a point of choosing how it decides to go forward in delivering its mandate. The loss of member states and related assessed contributions has weakened its financial flexibility and overall resource levels and has made the organisation highly dependent on earmarked funding. As a result, UNIDO faces significant challenges to fully achieving its ambitions. It is putting in place steps to address these challenges, but they remain significant and will not be overcome without the support of UNIDO's donors.



ANNEXES



Annex 1. Performance ratings and evidence table

Methodology for scoring and rating

The approach to scoring and rating under MOPAN 3.0* is described in the 2019 Methodology Manual. It draws from the OECD *Handbook on Constructing Composite Indicators: Methodology and User Guide* (OECD/EU/JRC, 2008). The approach uses a rating scale that has been adjusted from previous MOPAN assessments. Each rating, ranging from highly unsatisfactory to highly satisfactory, represents the averaged numerical score attributed to each element, micro-indicator (MI) and key performance indicator (KPI). However, the threshold for each rating has been raised by 0.5 points compared to assessments prior to 2019.

In this assessment, in line with the 2019 Methodology Manual, each of the key performance indicators (KPIs) is rated according to the following rating scale:

3.51-4.00	Highly satisfactory
2.51-3.50	Satisfactory
1.51-2.50	Unsatisfactory
0.00-1.50	Highly unsatisfactory

Each of the 12 KPIs contains a number of micro-indicators (MIs), which vary in number. The KPI rating is calculated by taking the average of the ratings of its constituent MIs.

For **KPI 1-8**, the MIs are made up of elements representing international best practice. The number of elements also varies. The rating of MIs is calculated by taking the average of the constituent elements' scores. At element level, scores ranging from 0 to 4 are assigned, according to the extent to which an organisation implements the element. The following criteria frame the scores for elements:

- 4 = Element is fully implemented/implemented in all cases
- 3 = Element is substantially implemented/implemented in the majority of cases
- 2 = Element is partially implemented/implemented in some cases
- 1 = Element is present, but not implemented/implemented in zero cases
- 0 = Element is not present

For **KPIs 9-12**, the rating of MIs is based on thresholds defined in the methodology, rather than on elements.

A score of "N/E" means "no evidence" and indicates that the assessment team could not find any evidence but was not confident of whether or not there was evidence to be found. The team assumes that "no evidence" does not necessarily mean that the element is not present (which would result in a zero score).

Elements rated N/E are excluded from any calculation of the average. A significant number of N/E scores in a report indicates an assessment limitation (see the Limitations section at the beginning of the report).

A note indicating "N/A" means that an element is considered to be "not applicable". This usually owes to the organisation's specific nature.

STRATEGIC MANAGEMENT

Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities

KPI 1: The organisational architecture and financial framework enable mandate implementation and achievement of expected results	KPI score
Satisfactory	2.63
<p>UNIDO's strategic plan is formulated in the organisation's Medium-Term Programme Framework (MTPF) 2018-21 which updates and builds on the 2016-19 version. The MTPF 2018-21 currently addresses the global mandate of Agenda 2030 and other changes in the global development landscape. It provides strategic guidance for UNIDO to achieve its mandate of supporting countries to achieve inclusive and sustainable industrial development. The MTPF is supported by an integrated results and performance framework (IRPF). The IRPF provides clarity on the Organisation's expected contribution to global development results, in particular for achieving Sustainable Development Goal (SDG) 9. Results chains and responsibilities for results are not clear.</p> <p>The organisational architecture is increasingly congruent with the MTPF, but there remain some gaps in alignment. UNIDO is taking steps to address these gaps, as evident in recent promulgation of policies intended to provide a coherent, strategic approach and vision to deliver the organisation's strategic objectives and in revision of the IRPF and theory of change to ensure it is better aligned to the MTPF. UNIDO's internal operating model is highly centralised, and the field is not always well integrated with headquarters (HQ) in all cases. UNIDO does not always strike a clear balance between its role as a normative organisation and as a development organisation. While norms and standards feature among the four functions, reference to critical sector-specific normative frameworks are mostly lacking, e.g. International Labour Organization (ILO) core labour standards or United Nations Environment Programme (UNEP) conventions.</p> <p>UNIDO is largely supported through voluntary contributions, and most funding is earmarked. This presents an ongoing challenge to the organisation which has also lost some member states in recent years and seen consequent decreases to the regular budget. Dependence on earmarked contributions constrains the organisation's independence in pursuing its strategic aims and implementing the MTPF, as well as aligning activities to country priorities and results.</p>	
MI 1.1: Strategic plan and intended results based on a clear long-term vision and analysis of comparative advantage	Score
Overall MI rating	Satisfactory
Overall MI score	3.50
Element 1: A publicly available Strategic Plan (or equivalent) contains a long-term vision	4
Element 2: The vision is based on a clear analysis and articulation of comparative advantage	3
Element 3: A strategic plan operationalises the vision, including defining intended results	3
Element 4: The Strategic Plan is reviewed regularly to ensure continued relevance	4
MI 1.1 Analysis	Source document
<p>The 2018-21 MTPF, which is publicly available, provides strategic guidance for UNIDO to implement its mandate of supporting countries to achieve inclusive and sustainable industrial development. The long-term vision of UNIDO, as reflected in the MTPF, is "the eradication of poverty through inclusive and sustainable industrial development" (1) (ISID). It is based on the 2013 Lima Declaration and specifically SDG 9 to "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation" (1). UNIDO's programmatic focus, as per the MTPF, is structured around four strategic priorities:</p>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

<ul style="list-style-type: none"> • advancing economic competitiveness • creating shared prosperity • safeguarding the environment • strengthening knowledge and institutions. <p>UNIDO's vision is based on recognition of the organisation's comparative advantage in industrial development, being the only international organisation mandated to support countries in pursuing ISID and SDG 9. Other strengths that contribute to UNIDO's comparative advantage are that it:</p> <ul style="list-style-type: none"> • is one of the leading United Nations (UN) agencies working with the business sector • has experience working to address global environmental challenges • has a convening role for different stakeholders. <p>Interviewees at HQ were of the view that UNIDO's comparative advantage included a good understanding of the issues in industry and the ability to propose the right solutions based on industrial culture which makes them "unique". Staff were not always clear about who they are targeting and who their ultimate beneficiaries are; however, these are generally recognised as being governments. The Director General (DG) broadcasts management priorities at the beginning of each year. There are currently (2019) three – upscaling technical assistance services (including the Programmes for Country Partnership, PCP), driving operational efficiency and developing innovative partnerships.</p> <p>The MTPF 2018-21 operationalises UNIDO's vision; an integrated results and performance framework (IRPF) consisting of two tiers (development and organisational performance respectively) is included in the MTPF 2018-21 which defines the organisation's intended results at both programmatic and management levels. This was updated in May 2019; indicators were fine-tuned and adapted to ensure the telling of an evidence-based performance story "connecting key elements of UNIDO's strategy and capturing of SDG indicators" (9). Interviewees suggested that "[t]he IRPF makes sense at organisational and high levels now". The four levels of the IRPF (as per the 2019 revision) are:</p> <ul style="list-style-type: none"> • industrial development context • country and global results with UNIDO support • programme offer and programme management effectiveness • organisational resources and efficiency. <p>The 2019 IRPF contains a much clearer theory of change than the previous iteration and considers external factors that will influence the organisation's pathway towards ISID as well as contextual issues such as UN reform. A new policy published in May 2019, entitled "Overarching Policy on the Management for Scale up and Integration of Results", complements a suite of six other new documents providing a more coherent and strategic approach and vision to deliver UNIDO's strategic objectives.</p> <p>To ensure relevance, the MTPF is reviewed and revised; an earlier version of the MTPF (2016-19) was revised in 2017 to create the current 2018-21 version. Following this, a mid-term review of the MTPF 2018-21 was conducted in 2019, which interviews suggested was an "inclusive process" involving questionnaires and interviews with staff. It was the first mid-term review of an MTPF and called "an update of the MTPF" rather than a conventional review.</p>	<p>1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12</p>
MI 1.1 Evidence confidence	High confidence

MI 1.2: Organisational architecture congruent with a clear long-term vision and associated operating model	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.20
Element 1: The organisational architecture is congruent with the strategic plan	2
Element 2: The operating model supports implementation of the strategic plan	2
Element 3: The operating model is reviewed regularly to ensure continued relevance	3
Element 4: The operating model allows for strong co-operation across the organisation and with other agencies	2
Element 5: The operating model clearly delineates responsibilities for results	2
MI 1.2 Analysis	Source document
<p>UNIDO's organisational architecture is congruent with the MTPF in terms of the purposes of directorates and departments which relate to the overall strategic priorities of UNIDO. Following a restructuring in 2018, there are clearer links between the organisation and MTPF, for instance to strengthen the partnership directorate and integrate the field and technical co-operation directorates. The role of field representation in relation to the MTPF is not clearly identified, and therefore it is difficult to comment on the extent to which field offices are aligned with the strategic direction. UNIDO's organisational model internally is highly centralised, and the field is not always well integrated with HQ, which is compounded by a limited field office capacity for engagement.</p> <p>The organisation is heavily predicated on earmarked project funding, which potentially limits or distorts the alignment of the organisation's structure with its strategic aims. For instance, the size of different directorates is generally related to the level of activity required, which in turn is related to the level of funding available. UNIDO does not always strike a clear balance between its roles as a normative organisation and as a technical co-operation organisation. The MTPF's strategic objectives are not all equally visible within the architecture; for instance, knowledge and institutional strengthening, a new strategic priority introduced in 2018-21, is not as well-resourced and staffed in relation to other strategic priorities.</p> <p>The operating model supports technical co-operation well, since it is largely based on implementing technical co-operation projects. Project development, management and implementation are a dominant activity within UNIDO. This leaves other aspects of UNIDO's strategic plan, such as its normative and influencing work, less well-resourced and less clearly prioritised. The projectised operational model also limits UNIDO's ability to consider the big picture results it wants to achieve, since it is often drawn into small-scale projects, with small-scale results. Dependence on earmarked funding also runs the risk that UNIDO is influenced by donor interests and priorities rather than pursuing its strategic aims. Recent adoption of a theory of change and IRPF, updated in 2019, may assist UNIDO in integrating its project-based activities better with strategic aims, and aligning them with organisational outcomes and impacts. More specialised project management teams and implementation, monitoring and reporting to align with the new IRPF and results focus are being piloted in 2019.</p>	1, 3, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

<p>UNIDO recognises the need to continuously make sure “that the approaches adopted by the Organisation [are] periodically reviewed to ensure that it remains aligned with agreed United Nations system-wide frameworks and responds effectively to emerging new developmental challenges”. The MTPF was revised in 2017, and there has been a mid-term review in 2019 although this was the first ever mid-term review of a UNIDO MTPF. The operating model has not been reviewed, although there is a stated organisational commitment to reducing the number of projects in operation (estimated at 850 in 2019) and to increase the size/value of projects to support the twin organisational aims of scale-up and integration to achieve impact. The extent to which UNIDO can review the operational model is constrained by its lack of regular budget.</p> <p>The MTPF 2018-21 places an emphasis on partnerships as a key element of UNIDO’s implementation approach. A set of Director General’s Bulletins (DGBs), promulgated by the Secretariat, define and operationalise partnerships which are at the core of UNIDO’s Programme for Country Partnership (PCP), an integrated engagement modality used in six countries to date which is intended to be spread and is being expanded further. It provides a model whereby UNIDO’s work is more than just project interventions, but rather is built around higher level partnerships with national country institutions, the private sector and donors to create interventions with greater impact and potential for sustainability. UNIDO is now considering developing clearer partnership modalities which can be more systematically used and will relate to the type of partners, project and also the country operating context, for example middle- and lower-income countries. The PCPs are still pilots and so far have largely helped to better co-ordinate UNIDO country projects, although there are some signs that they are now bringing together partners in new ways.</p> <p>There is still not good integration between the field network and HQ, with continuing evidence of fragmented and siloed working. Recent changes in field network to HQ communications are beginning to lead to better co-ordination.</p> <p>The IRPF shows how the different tiers and levels of results are aligned to the strategic priorities and core functions. Linkages between tiers and organisational levels of results for the IRPF are not clear, and responsibilities are not clearly allocated within the organisation. Project results are still frequently owned at project level and do not generally aggregate to country or global results frameworks. A new Quality Assurance Framework (QAF) means there is now clearer responsibility for results owned by relevant managers, but this was only promulgated in 2019.</p>	<p>1, 3, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17</p>
MI 1.2 Evidence confidence	High confidence
MI 1.3: Strategic plan supports the implementation of wider normative frameworks and associated results, including Agenda 2030 and others where applicable (e.g. the quadrennial comprehensive policy review (QCPR), replenishment commitments, or other resource and results reviews)	Score
Overall MI rating	Satisfactory
Overall MI score	2.60
Element 1: The strategic plan is aligned to wider normative frameworks and associated results, including Agenda 2030, and others, such as the QCPR and the Grand Bargain (where applicable)	3
Element 2: The strategic plan includes clear results for normative frameworks, including Agenda 2030, and others, such as the QCPR and the Grand Bargain (where applicable)	3
Element 3: A system to track normative results is in place for Agenda 2030, and any other relevant frameworks, such as the QCPR and the Grand Bargain (where applicable)	2

Element 4: The organisation's accountability for achieving normative results, including those of Agenda 2030, and any other relevant frameworks, such as the SDGs and their targets and indicators, the QCPR and the Grand Bargain (where applicable), is clearly established	2
Element 5: Progress on implementation on an aggregated level is published at least annually	3
MI 1.3 Analysis	Source document
<p>UNIDO's MTPF is aligned to the main normative frameworks relating to ISID; it is based on the global mandate received by Agenda 2030 for sustainable development which recognises the importance of ISID as a major driver for achieving SDG 9. The MTPF also makes explicit reference to the SDG framework in Level 1 of the IRPF, and interviewees also indicated its links to the SDGs.</p> <p>The MTPF 2016-19 provided a suitable framework for UNIDO until 2017 to align with and contribute to the SDGs. Its revision in 2017 (covering the period 2018 to 2021) further consolidated the close and formal links between UNIDO results with the SDGs. This revision also provided for coverage of the 2020-21 biennium. This was necessary to allow for the alignment of the MTPF cycle to the Quadrennial Comprehensive Policy Review (QCPR) of UN operational activities for development, in particular General Assembly resolution 71/243, which provides guidelines for the implementation of the 2030 Agenda for Sustainable Development. There is also alignment with the Addis Ababa Action Agenda and with UN system-wide coherence mechanisms, including the UN Resident Coordinator system. Alignment with other normative frameworks, such as those of ILO on labour rights and human rights frameworks, are not specified in the MTPF.</p> <p>The IRPF provides clarity on the organisation's expected contribution to global development results from normative frameworks relating to the SDGs, which are reflected in Tier 1 Level 1 of UNIDO's MTPF and IRPF. Interviewees stated that the IRPF is a chance for the organisation "to tell their story" of how they contribute to Agenda 2030. Interviewees explained that the new IRPF is aligned with Agenda 2030 in relation to both UNIDO custodian indicators and the wider implications for Agenda 2030 on partnerships, poverty reduction and leaving no one behind. Level 1 indicators of the IRPF include industry-related SDG indicators in addition to SDG 9 indicators, to fully capture the contribution of ISID to the realisation of the SDGs. While norms and standards feature among the four functions, reference to critical sector-specific normative frameworks are mostly lacking, e.g. ILO core labour standards or UNEP conventions.</p> <p>There is currently no clear system for tracking results in UNIDO, although UNIDO states a strong commitment to the principles of results-based management (RBM) and emphasises its commitment to improving capacity for results reporting. Documentation states that reporting on corporate results should be carried out on a quarterly basis on the Open Data Platform and annually in the annual report. Reporting should take the form of a corporate scorecard, partly based on data generated in the Enterprise Resource Planning (ERP) system and partly on other internal and external sources.</p> <p>While not solely accountable for achievement of SDG 9 indicators and targets, UNIDO was appointed as a custodian agency for six industry-related indicators under SDG 9 in 2016 by the UN Statistical Commission and is responsible for collecting data and monitoring for the SDG 9 indicators. It was noted by some interviewees that the SDGs are so macro it is hard for any single organisation to make a direct contribution or attribution to it, and many expressed the view that the IRPF is critical in showing UNIDO's contribution. Accountability for other relevant normative frameworks is not specified.</p> <p>UNIDO reports on its progress towards results at an aggregated level annually in its publicly available annual reports which showcase different results including normative results in relation to SDG 9.</p>	1, 2, 5, 11, 17, 18, 19, 20
MI 1.3 Evidence confidence	High confidence

MI 1.4: Financial Framework (e.g. division between core and non-core resources) supports mandate implementation	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.20
Element 1: Financial and budgetary planning ensures that all priority areas have adequate funding in the short term or are at least given clear priority in cases where funding is very limited	3
Element 2: A single integrated budgetary framework ensures transparency	3
Element 3: The financial framework is reviewed regularly by the governing bodies	3
Element 4: Funding windows or other incentives in place to encourage donors to provide more flexible/un-earmarked funding at global and country levels	1
Element 5: Policies/measures are in place to ensure that earmarked funds are targeted at priority areas	1
MI 1.4 Analysis	Source document
<p>UNIDO's financial and budgetary planning is presented in the form of a single, integrated budgetary framework, the Programme and Budget (PB) document by biennium of the planning period. It ensures all priority areas have adequate funding by programme and sub-programme, linking it to the IRPF and in line with strategic priorities. It also outlines a set of expected results, performance indicators and means of verification linking directly to the MTPF through the IRPF indicators. There are six programmes as follows, funded through a combination of regular and operational budget:</p> <ul style="list-style-type: none"> • Policy-making Organs • Executive direction and Strategic Management • Thematic Programme Framework: Towards ISID • Corporate Management and Operations • Buildings Management • Indirect Costs. <p>The PB also includes four supplementary items in addition to the six major programmes. These are Special Resources' for Africa, the Regular Programme of Technical Cooperation (RPTC), and Miscellaneous Income and the Special Account of Voluntary Contributions for Core Activities (SAVCCA).</p> <p>The 2020-21 PB shows total net requirements to be EUR 142.6 million from regular resources as well as EUR 37.2 million from the operational budget. This is in addition to funding for technical co-operation which is extra-budgetary and stands at EUR 330 million. Of all the Major Programmes A-F, Programme C is by far the most heavily funded, receiving 83.8% of the total budget, but it is noted that most of this comes from extra-budgetary technical co-operation funding. A breakdown for technical co-operation delivery and support cost income shows that all areas of technical co-operation have funding.</p> <p>Governing bodies review the financial framework each year through a medium-term investment plan which identifies gaps in regular budget funding by describing activities which have been "unfunded" and indicating their priority level. Interviewees explained that there is currently no full cost recovery (FCR) for projects, so UNIDO is effectively subsidising the operational budget with the regular budget (assessed contributions). A pilot on FCR is currently running on European Union projects with a view to claim FCR on all new projects from 2020 onwards. UNIDO governing bodies review financial performance of the organisation twice a year, and the DG reports to member states on the budget performance and implementation.</p>	1, 13, 16, 18, 21, 22, 23, 24, 25, 26, 27

<p>Member states are being encouraged to contribute unearmarked or programmable funds, but there are not any incentives in place for this. There has been some growth in thematic trust funds built from unutilised contributions where member states agree to this, but this is in effect management of a different issue. UNIDO is largely funded through voluntary contributions (EUR 147 214 in 2018 compared to EUR 68 351 from assessed contributions). Voluntary contributions are perceived by member states to provide them with more control over use on operations. Most resources are earmarked (interviewees suggested around 98%); voluntary contributions recently exceeded assessed contributions by a factor of 3 and are accepted if considered in line with the organisation's mandate.</p> <p>There are no policies to ensure earmarked funds are targeted at priority areas, although the Programme and Budget frames earmarked funds under UNIDO programme areas. Staff suggested that earmarked funds are a way to ensure results are provided, but dependence on earmarked funds affects UNIDO's ability to implement the MTPF. A major risk for UNIDO is dependence on external funding through earmarked contributions as strong reliance on earmarked funds may cause UNIDO to lose its independence and its ability to implement its strategic vision as well as to align activities to country priorities and results (MI 5.1).</p> <p>Voluntary contributions to UNIDO are increasing, but at the same time regular resources are have decreased due to member states' departure.</p>	1, 13, 16, 18, 21, 22, 23, 24, 25, 26, 27
MI 1.4 Evidence confidence	High confidence
KPI 2: Structures and mechanisms support the implementation of global frameworks for cross-cutting issues at all levels	KPI score
Unsatisfactory	2.38
UNIDO has made good progress towards consideration of gender and the environment into its operational management and at a project level through the introduction of dedicated policies and strategies for gender, and various screening mechanisms for environment. There is little evidence of how UNIDO addresses cross-cutting issues such as good governance and human rights, which are neither clearly addressed nor resourced. To some extent these are incorporated in practice into UNIDO's everyday work. UNIDO has no articulated organisational policy statements on its approach to environmental sustainability, human rights or governance.	
MI 2.1 Corporate/sectoral and country strategies to respond to and/or reflect the intended results of normative frameworks for cross-cutting issues	
MI 2.1a: Gender equality and the empowerment of women	Score
Overall MI rating	Satisfactory
Overall MI score	3.00
Element 1: Dedicated policy statement on gender equality available and showing evidence of use	3
Element 2: Gender equality indicators and targets fully integrated into the organisation's strategic plan and corporate objectives	3
Element 3: Accountability systems (including corporate reporting and evaluation) reflect gender equality indicators and targets	3
Element 4: Gender screening checklists or similar tools used for all new Interventions	3
Element 5: Human and financial resources (exceeding benchmarks) are available to address gender issues	2
Element 6: Capacity development of staff on gender is underway or has been conducted	4

MI 2.1a Analysis	Source document
<p>UNIDO has a dedicated Policy on Gender Equality and the Empowerment of Women as well as a Gender Strategy (2016-19) and a Gender Parity Action Plan (2018-21). The strategy indicates that “[w]hile important goals in their own right, gender equality and women’s empowerment are key to UNIDO’s goal of achieving inclusive and sustainable industrial development (ISID)” (29) and notes gender parity, gender sensitive culture and accountability as three organisational priority areas. These are widely cited by staff in relation to issues on gender, although there is also an acknowledgement (from interviews) that the organisation still has room to improve performance in relation to gender equality.</p> <p>The MTPF describes gender equality as “a central priority of UNIDO’s strategic framework for the 2018-2021 period” (1), and the IRPF includes targets and indicators for gender and gender equality under its Tier 2 (organisational performance) results, and for gender mainstreaming and gender partnership building under Level 3 (programme management and effectiveness). UNIDO reports in their annual report on the KPIs related to gender equality.</p> <p>UNIDO established a senior level mechanism in 2015 to ensure accountability through the Gender Mainstreaming Steering Board, chaired by the DG and comprising directorate heads. The organisation also created an Office for Gender Mainstreaming, Ethics and Accountability (ODG/GEA) in 2015. Documentation indicates that ultimate authority and responsibility for achieving results rests with the DG but is the responsibility of all staff. UNIDO reports on its gender-related results to member states including through reporting on the UN-SWAP. One function of the Office of Evaluation and Internal Oversight is to “ensure human rights and gender issues are duly considered in the conduct of evaluation and evaluation reports” (29). A sample of evaluations reviewed has confirmed this is the case for gender, but the evaluation findings in themselves suggest gender is not always actually addressed well in practice with there being “no systematic consideration of gender equality issues”.</p> <p>The mid-term review (MTR) found good progress has been made in ensuring gender-responsive designs, institutional arrangements for gender and resource tracking through the gender marker system. Less progress was noted in mainstreaming gender-related responsibilities and ensuring accountability across the organisation. The Gender Strategy indicates that all new projects ought to systematically include gender perspectives. Gender equality is now a mandatory part of the project approval and compliance process with its own gender checklist. Interviews at HQ explained that two staff acting as Gender Focal Points look through every project proposal and discuss it with project managers</p> <p>Regarding human resources, a network of Gender Focal Points (GFPs) has been established with representatives from all branches and field offices. Working alongside a gender co-ordinator and rotating gender officer, these personnel increase the capacity and human resourcing for gender within UNIDO, but it not always sufficient, especially at the country level where regional and country capacity is limited. The network of GFPs are effectively responsible for gender work on top of their existing roles, so that there has not in practice been additional resourcing. Regarding financial resources, the PB 2020-21 has a budget line under Major Programme D for “Human Resource Management and Gender Mainstreaming” which shows EUR 6 639 335 from the regular and operational budget for this and 11 professional positions and 19 general staff positions. The previous PB 2018-19 had a dedicated component D.1.1 for Gender Equality and the Empowerment of Women.</p> <p>Interviewees at HQ indicated that participation in training on gender equality is now tracked systematically. They also suggested that increased staff capacity on gender equality issues is indirectly reflected through increased quality on gender mainstreaming of projects, as reported in the Annual Report 2018 and as found in the 2018 Mid-Term Review of the Gender Equality Policy (2015) and Strategy (2016-19) on Gender Equality and the Empowerment of Women.</p>	<p>1, 17, 21, 22, 28, 29, 30, 31, 32, 33, 34, 35, 36</p>

The percentage of programmes/projects whose design quality was rated satisfactory at entry in relation to gender equality has increased from 59% in 2015 to 89% in 2018. A system of recognition to reward gender champions has been put in place with the gender equality mobilisation (GEM) award.	1, 17, 21, 22, 28, 29, 30, 31, 32, 33, 34, 35, 36
MI 2.1a Evidence confidence	High confidence
MI 2.1b: Environmental Sustainability and climate change	Score
Overall MI rating	Satisfactory
Overall MI score	2.83
Element 1: Dedicated policy statement on environmental sustainability and climate change available and showing evidence of use	3
Element 2: Environmental sustainability/ climate change indicators and targets are fully integrated into the organisation's strategic plan and corporate objectives	3
Element 3: Accountability systems (including corporate reporting and evaluation) reflect environmental sustainability and climate change indicators and targets	3
Element 4: Environmental screening checklists / impact assessments used for all new Interventions	3
Element 5: Human and financial resources (exceeding benchmarks) are available to address environmental sustainability and climate change issues	3
Element 6: Capacity development of staff on environmental sustainability and climate change is underway or has taken place	2
MI 2.1b Analysis	Source document
<p>There is no dedicated policy statement on environment and climate change; however, "safeguarding the environment" is one of UNIDO's four strategic priorities (it is an integral part of UNIDO's work rather than a cross-cutting issue per se). This is to be done through advancing environmentally sustainable growth, building institutional capacities for greening industries through cleaner production technologies and resource efficiency methodologies, and creating green industries, including in fields of waste management and recycling. Implementation of Global Environment Facility (GEF) standards is a dominant aspect of the extra-budgetary project portfolio. The mid-term review of the MTPF highlights the cross-cutting causal relationship between environment, on the one hand, and poverty, food, health, and other SDG-related results. The partner survey identified more positive views on UNIDO's work on the environment and climate change than for other cross-cutting issues. While UNIDO, particularly given the dominance of GEF and Montreal Protocol funded projects, has a clear agenda for the environment, there is no clear statement of UNIDO's organisational intent on the environment.</p> <p>The IRPF includes targets and indicators for environmental sustainability and climate change. Under Level 1 (global development results) there are indicators for CO2 emissions and energy intensity. Under Level 2 (country results with UNIDO ISID support) there are indicators for multilateral environmental agreements (MEAs). There are no organisational performance indicators for environmental sustainability.</p> <p>To strengthen accountability to supporting environmentally sound and sustainable development in their project activities, UNIDO has adopted a set of Environmental and Social Safeguard Policies and Procedures (ESSPP). These strengthen UNIDO's accountability to the countries and communities it aims to support as well as stakeholders in the development processes and the broader development co-operation and donor community. The ESSPP state that whenever</p>	1, 2, 18, 19, 22, 37, 38, 39, 40

appropriate the organisation engages “in innovative investments and technical assistance to support no/low-carbon investments and climate change mitigation and adaptation opportunities while also working with the project development team to ensure that supported projects enhance climate resiliency and avoid unwarranted increases in greenhouse gas emissions”. The ESSPP draw on the safeguard requirements and policies of the GEF and Green Climate Fund (GCF), as well as United Nations Environment Management Group guidance; however, given their recent introduction in February 2019, they have only been rolled out for new projects so it is not yet possible to assess their impact.

The ESSPP (since 2019) act as an environmental and social screening and assessment tool for UNIDO interventions and consist of four interrelated components as follows:

- Integrated Safeguard Policy Statement
- Operational Safeguards
- Environmental and Social Safeguard Steps along the Project Cycle
- Environment and Social Safeguard Tools.

The “Environmental and Social Safeguard Steps along the Project Cycle” provides guidance on the specific procedures that the project development team should follow to ensure that operations meet the requirements of the Operational Safeguards at each stage of the UNIDO project cycle, and the Environment and Social Safeguard Tools are designed to screen projects for environmental and social risks and develop the environmental and social studies required by the ESSPP. GEF projects are screened using a similar tool, on which the ESSPP are based.

Both human and financial resources are available to address environmental sustainability and climate change issues for projects and programmes; UNIDO has a dedicated Department of Energy and Department of Environment. Programme C.3 of the Programme and Budget document 2018-2019 covers UNIDO services in the area of safeguarding the environment. In terms of financial resources, close to EUR 10 million of UNIDO’s resources the released budget for 2019 was mostly for personnel costs. There are no dedicated resources for supporting organisational environmental sustainability.

The ESSPP compliance regime is managed by the Partnership Coordination Division (PCD). UNIDO is currently engaged with the GCF and has other partnerships such as with the Global Mercury Partnership and the United Nations Partnership for Action on Green Economy (PAGE).

Personnel at HQ explained how training on ESSPP compliance, originally developed for GEF projects to be compliant with GEF requirements, was conducted for the energy and environment departments staff during the initial rollout of the policy in 2015, due to their involvement in GEF projects. Since then, all GEF/GCF training includes ESSPP elements.

Interviewees at HQ explained how UNIDO is aspiring to “Green Procurement”. UNIDO is working towards its travel policy becoming climate neutral, and has revised it. All travel is monitored, checking that face-to-face meetings are necessary, and there is now a cap on travel days and budget, although this is also for cost management purposes. The organisation has increased the amount of telecoms equipment and spaces in HQ, and all Country Offices have IP phones to encourage remote connection.

1, 2, 18, 19, 22, 37, 38, 39, 40

MI 2.1c: Good governance (peaceful and inclusive societies for sustainable development, reduced inequality, provide access to justice for all and build effective, accountable and inclusive institutions at all levels)	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: Dedicated policy statement on the principles of good governance and effective institutions available and showing evidence of use	2
Element 2: Indicators and targets related to the principles of good governance and effective institutions are integrated into the organisation's strategic plan and corporate objectives	2
Element 3: Accountability systems (including corporate reporting and evaluation) reflect the principles of good governance and effective institutions	3
Element 4: New interventions are assessed for relevant governance/institutional effectiveness issues	3
Element 5: Human and financial resources are available to address the principles of good governance and issues related to effective institutions	1
Element 6: Capacity development of staff on the principles of good governance and effective institutions is underway or has taken place	1
MI 2.1c Analysis	Source document
<p>UNIDO does not have an explicit policy statement on how it intends to strengthen good governance through its work, and interviewees indicated that the term is not applied or understood in a consistent manner across the organisation.</p> <p>Two of UNIDO's strategic priorities are "creating shared prosperity" and "advancing economic competitiveness". The MTPF describes how "[i]ndustrial and economic policies need to be designed in a way that distributes benefits in an inclusive way" and indicates that "[i]nclusiveness is essential to realize the developmental potential of industries, decrease income inequality, and strengthen social cohesion, both in developed and developing countries". An interviewee at HQ expressed the opinion that "supporting national good governance is essential otherwise [supporting industrial transformation] is not sustainable and we waste our money". Some interviewees suggested that UNIDO's capacity building work with governmental line ministries is a contribution to good governance but that good governance work in general is not one of UNIDO's "mainstream activities".</p> <p>Indicators and targets related to the principles of good governance and effective institutions feature to some extent in UNIDO's IRPF but not explicitly; under Tier 1 Level 2 (country and global results with UNIDO ISID support) of the 2019 IRPF, there are indicators on shared prosperity as well as on "partnerships, governance and institutional coordination". These include for example "number and rate of people integrated into the formal labour market as a result of UNIDO intervention" and "number of firms reporting access to productive assets" for the former, and "number of actors participating in enhanced collaboration settings (clusters, networks etc.) as a result of UNIDO interventions" and "number of inter-ministerial or multi-stakeholder co-ordination mechanisms established as a result of UNIDO interventions" for the latter.</p>	1, 2, 18, 19, 21, 41

<p>Some accountability systems within UNIDO reflect principles of good governance and effective institutions, for example a Policy on Business Sector Partnerships stipulates that UNIDO complies in its technical assistance operations with strict governance standards and expects prospective business sector partners to adhere to the same standards as part of its accountability. Governance is becoming an increasing issue for sustainability of interventions within the PCP, as these are based on the notion of economic transformation and without good governance this is impossible. UNIDO's Evaluation Manual also presents some suggested and sample questions to help formulate questions for evaluating UNIDO projects' and programmes' sustainability through a good governance lens. These include:</p> <ul style="list-style-type: none"> • Do the legal frameworks, policies, and governance structures and processes within which the project operates pose risks that may jeopardise the sustainability of project benefits? • Are requisite systems for accountability and transparency and required technical know-how in place? <p>While there is no documented, explicit requirement to assess governance issues in new interventions, UNIDO does consider whether government requests for support align to the United Nations Development Assistance Framework (UNDAF), and also undertake analysis to avoid projects that end up being self-serving or fostering corruption. Staff at HQ explained that they look for evidence that needs of beneficiaries are being addressed in project designs and that there is coherence between project inputs and outputs to avoid inflated budgets and resource diversion. Policy also stipulates that due diligence screening on governance standards and conduct should be conducted on prospective partners of UNIDO.</p> <p>There are no dedicated human resources to address issues of good governance in UNIDO, although there are some indirect financial resources. Major Programme C of the Programme and Budget 2018-2019 covers UNIDO's thematic priorities, specifically C.1 for "Creating shared prosperity" and C.2 for "Advancing economic competitiveness". These are also covered in the 2020-21 Programme and Budget which indicates there has been a minor increase in the resources for C.1 "Creating shared prosperity".</p> <p>No evidence of capacity development of staff on good governance was found per se. The IRPF contains indicators under Level 4 (organisational effectiveness and modernisation) on alignment of training with UNIDO priorities, looking specifically at the percentage of training courses allocated to technical skills upgrading in (a) industrial competitiveness and innovations; (b) industrial human resources and gender equality; (c) industrial governance; (d) environmental footprints of industries; and (e) others related to SDG 9.</p>	<p>1, 2, 18, 19, 21, 41</p>
MI 2.1c Evidence confidence	High confidence
MI 2.1d: Human rights	Score
Overall MI rating	Unsatisfactory
Overall MI score	1.67
Element 1: Dedicated policy statement on human rights issues available and showing evidence of use	1
Element 2: Human rights indicators and targets fully integrated into the organisation's strategic plan and corporate objectives	2
Element 3: Accountability systems (including corporate reporting and evaluation) reflect human rights indicators and targets	2
Element 4: Human rights screening checklists or similar tools used for all new interventions	3

Element 5: Human and financial resources (exceeding benchmarks) are available to address human rights issues	2
Element 6: Capacity development of staff on human rights is underway or has been conducted	0
MI 2.1d Analysis	Source document
<p>The promotion and protection of human rights and security is not explicitly stated as policy and is not integrated into the strategic plan. UNIDO is not explicitly mandated to address human rights; however, human rights considerations are implicit in how UNIDO advocates for ISID as a driving force for economic and social development and poverty elimination but is not developed in terms of analysis or policy. ISID also encompasses equality and social inclusion, particularly for women, or for vulnerable groups such as youth or disadvantaged communities. Documentation (UNIDO's ESSSP) states that UNIDO seeks to support governments to adhere to their human rights obligations and empower individuals and groups, particularly the most marginalised, to realise their rights and interests and to ensure that they fully participate throughout the development and implementation of projects. Human rights are recognised in UNIDO's gender strategy and in the ESSPP.</p> <p>There are no explicit target indicators for human rights in UNIDO's MTPF and IRPF, although the strategic priority "creating shared prosperity" in the current MTPF aims to advance poverty eradication and inclusiveness. Under Level 1 (global development results) there are indicators for the international poverty line, though this is not linked to UNIDO support, and under Level 2 (country results with UNIDO ISID support) there are indicators for addressing food security and human security and increased livelihood opportunities in post-crisis situations. These indicators refer to the number of projects addressing the issues rather than being indicators of impact and are therefore not core measures of human rights.</p> <p>Accountability systems within UNIDO only indirectly encompass issues of human rights. One function of the Office of Evaluation and Internal Oversight is to ensure that human rights issues are duly considered in the conduct of evaluation and in evaluation reports. Diligence for partnerships stipulates that "UNIDO shall not engage in, or will disengage from, business partnerships should there be evidence of their involvement in: violation of United Nations sanctions, Security Council resolutions, and international conventions and treaties; sale or manufacture of anti-personnel landmines, cluster bombs, and other weapons and ammunitions; tolerating forced or compulsory labour or the use of child labour; complicity in human rights abuses; and production or sales of tobacco."</p> <p>UNIDO has deepened its engagement with UN systemic initiatives on human rights. It has participated in the Working Group on Human Rights of the United Nations Development Group, aiding in the elaboration of a Human Rights Based Approach to development. UNIDO has also been implementing various United Nations systemic initiatives with regard to human rights including "Human Rights Up Front". UNIDO's Corporate Social Responsibility (CSR) Programme is part of the UN Global Compact, guided by the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights of Work, the Rio Declaration and the Convention Against Corruption.</p> <p>Some screening mechanisms for new interventions address human rights issues; five of UNIDO's ten programmatic operational safeguards relate to human rights as do two of their framework operational safeguards. Also in trade, a diagnostic approach is built in to look at disadvantaged groups since infrastructure investments can cause many conflicts of interest.</p> <p>There are no explicit and dedicated human and financial resources for looking at human rights within UNIDO. In the past, the General Conference of UNIDO requested mobilisation of adequate financial resources from new and additional multilateral funds, including for human security, to</p>	1, 2, 19, 21, 22, 29, 35, 37, 40, 41

finance its activities in post-crisis situations. The agriculture department now has a fulltime staff in HQ looking at human security issues integration across the portfolio.	1, 2, 19, 21, 22, 29, 35, 37, 40, 41
No evidence of capacity development of staff on human rights was found in UNIDO.	
MI 2.1d Evidence confidence	High confidence

OPERATIONAL MANAGEMENT

Assets and capacities organised behind strategic direction and intended results, to ensure relevance agility and accountability

KPI 3: The operating model and human and financial resources support relevance and agility	KPI score
Unsatisfactory	2.22
<p>Organisational restructuring in 2018 saw changes in the organisational structure including the abolishment of some divisions/ functions, the creation of new ones and merging of others. As budget constraints prevented external recruitment and in fact there was an overall reduction in posts, this led to the repositioning of existing staff into new roles for which they have limited relevant experience and skills. The organisation is highly centralised, and capacity at the field level is very slim, both in terms of number of personnel and the skills they offer, and in terms of financial resources. There are almost twice as many Individual Service Agreement (ISA) (short-term personnel), largely employed by projects, as fixed-term staff, leading to loss of continuity and inefficiencies in transaction costs.</p> <p>UNIDO undertakes resource mobilisation with no resource mobilisation strategy or targets. The majority of UNIDO's funding is project specific and earmarked. UNIDO's regular budget is shrinking, but its voluntary contributions have increased. The organisation's strategy is to leverage additional funding from financial entities, to seek to persuade donors not to earmark funding and to continue rolling out the PCP modality. While countries are expected to commit resources, this does not always happen. The PCPs have introduced a higher level of expectation of domestic funding commitment for PCP countries, although this has not yet translated into significant funding.</p> <p>There are organisational guidelines which describe the delegation of decision-making, but these are not adequate for clear accountability. Field staff note that processes for financial decision-making are not adequately delegated to the field and that procedures to access funds are slow and cumbersome. In practice UNIDO Representatives only have access to field office budgets and limited other funds; project funds are managed by HQ project managers (allotment holders).</p> <p>Human Resource (HR) systems and policies include a Staff Performance Management System for logging and monitoring staff performance against objectives. Although its intended use is for all personnel in a systematic fashion, this does not always hold true. It does not clearly link back to the MTPF and overarching management priorities. There are concerns regarding HR issues for maternity leave, part-time working and flexible working time, particularly for women, which have a negative impact on staff wellbeing.</p>	
MI 3.1: Organisational structures and staffing ensure that human and financial resources are continuously aligned and adjusted to key functions	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.33
Element 1: Staffing is aligned with, or being reorganised to, requirements set out in the current Strategic Plan	2
Element 2: Resource allocations across functions are aligned to current organisational priorities and goals, as set out in the current Strategic Plan	2
Element 3: Internal restructuring exercises have a clear purpose and intent, aligned to the priorities of the current Strategic Plan	3

MI 3.1 Analysis	Source document
<p>Staffing is being realigned following organisational restructuring in 2018 which saw the abolition of some divisions/functions, the creation of new ones and merging of others. The MTPF 2018-21 prioritises closer collaboration between HQ and field offices, as a means to contribute to the integration and scaling up of results. It is noted though that in some cases realignment and moving of personnel and avoiding external recruitment have not always been effective and efficient, for example existing personnel being placed in new roles or functions for which they have limited relevant experience and skills. In general, however, the skills and experience of staff are highly rated, and this is confirmed by the partner survey.</p> <p>The 2017 annual report notes how field restructuring has resulted “in the staffing of all five regional hubs, all four regional offices and 35 out of 38 country offices”. Staff at HQ described the current field structure as being “very slim” though, with field offices generally consisting of just two people (a UNIDO Representative [UR]/UNIDO Country Representative [UCR] and an assistant/driver) supplemented by consultants. The partner survey found relatively negative responses to the question “UNIDO has sufficient staffing to deliver the results it intends in Country X” confirming this finding and lower levels of satisfaction overall with this indicator. Some noted that the Programme and Budget Committee have been querying whether field offices would still be needed in the context of UN reform. Some field staff described trying to be innovative, for example using project staff creatively to supplement the lack of human capacity in field offices. Regarding staffing, the 2018-19 Programme and Budget states that the total number of posts has been decreased by 9.5%. There are almost twice as many ISA (short-term staff), largely employed by projects, as fixed-term staff. Staff also emphasised that a large proportion of personnel are on short-term contracts or consultants and suggested that having more regular staff would promote accountability and commitment to the organisation.</p> <p>Regarding resource allocations, the 2018-19 budget introduces some new elements into the structure to better capture the changing environment around UNIDO. While Major Programmes A, E and F remain relatively unchanged, (Policy-making Organs, Buildings Management and Indirect Costs respectively), Major Programmes B, C and D (Executive direction and Strategic Management, Thematic Programme Framework: Towards ISID, and Corporate Management and Operations) include significant innovations to reflect some changes in the organisational structure, which are closely tied to the programmatic framework. Resource allocation is thus aligned to the MTPF and four strategic priorities, which is clearly reflected in the sub-components of Major Programme C; Programmes C.1-C.4 cover services under the thematic fields of “creating shared prosperity”, “advancing economic competitiveness”, “safeguarding the environment” and “cross cutting services” related to “strengthening knowledge and institutions”. Staff described UNIDO has being in “a constant cash crisis” and thus rationalised the need to maintain a high vacancy rate. Not all staff are being replaced when leaving. Long-serving UNIDO staff described how the structure of the organisation has completely changed in the last 20 years, with significantly fewer professional staff in post and more consultants.</p> <p>UNIDO’s staff profile is marked by lack of gender parity. Despite efforts to change this over several years, including through developing a Gender Parity Action Plan, UNIDO will have to make considerable effort to reach the 50/50 goal “well before 2030”, as set out by the UN Secretary-General in the UN System-wide Strategy on Gender Parity. The challenge is greatest for senior posts. While the staff gender ratio at professional levels in 2018 was 58% male: 42% female; at grades D1 and above, only 4 staff were female compared to 17 male staff, which corresponds to a 19% level, one of the lowest in the UN System. There has been greater improvement in the gender balance among ISA holders. Low levels of external recruitment hinder rapid change in gender</p>	<p>1, 11, 21, 22, 35, 42</p>

<p>profile; women are now being deliberately targeted in any recruitment campaigns that take place and training is provided to women staff to encourage internal promotions, but with limited impact on the staff gender profile to date. Other factors that may affect gender balance in UNIDO are that the way in which UNIDO's terms and conditions are applied is not very childcare friendly; part-time working and flexible working to accommodate childcare are not available. These limitations may reflect the lack of women in senior posts to influence organisational thinking.</p> <p>The rationale for the 2018 internal restructuring is stated in documentation as being necessary to achieve the organisation's goals and objectives and downsizing due to the decreasing regular budget. The whole field network has moved into the Programme Development and Technical Cooperation (PTC) Division with the expectation that Field Offices should be more involved in Programme Development and Technical Cooperation; interviewees noted that field offices can be excellent entry points for funding and for implementation. It is too early to say whether this shift has had positive effects. Limited staffing capacity is a general challenge observed across the whole field network. Instances were cited where individuals' skills are not fit for purpose or appropriate to meet changing strategic aims and external requirements, for example of UN Reform.</p>	1, 11, 21, 22, 35, 42
MI 3.1 Evidence confidence	High confidence
MI 3.2: Resource mobilisation efforts consistent with the core mandate and strategic priorities	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: Resource mobilisation strategy/case for support explicitly aligned to current strategic plan	2
Element 2: Resource mobilisation strategy/case for support reflects recognition of need to diversify the funding base, particularly in relation to the private sector	2
Element 3: Resource mobilisation strategy/case for support seeks multi-year funding within mandate and strategic priorities	2
Element 4: Resource mobilisation strategy/case for support prioritises the raising of domestic resources from partner countries/institutions, aligned to goals and objectives of the Strategic Plan/ relevant country plan	3
Element 5: Resource mobilisation strategy/case for support contains clear targets, monitoring and reporting mechanisms geared to the Strategic Plan or equivalent	1
MI 3.2 Analysis	Source document
<p>UNIDO does not have a specific and designated resource mobilisation strategy. The Secretariat indicates that efforts to improve internal operations such as resource mobilisation are critical for the successful delivery of the MTPF. Some interviewees felt that a resource mobilisation strategy is not necessary for UNIDO whose funding is project-specific and often earmarked. It was suggested that the only need for such a strategy would be to satisfy external demands to see one.</p>	5, 6, 14, 18, 19, 20, 22, 25, 26, 42, 43, 44, 45

The DG's Mobilization of financial resources report states that UNIDO should "maintain a continuous dialogue with member states in order to actively sustain the common resource mobilization effort" (26), and in 2017 the Secretariat was requested by the General Conference to "develop a resource mobilization strategy which should, inter alia, define the scale of extra-budgetary resources for technical co-operation activities and identify new sources of funding for the non-technical cooperation activities" (26). UNIDO is described by auditors as having a "shrinking" regular budget but "increasing voluntary contributions".

The report by the DG on Mobilization of financial resources recognises the need to diversify the funding base. Interviewees at HQ explained that UNIDO is advocating for contributions to thematic trust funds and for discouraging earmarked funding. The partnership trust fund is currently well funded but heavily reliant on contributions from one country, China, that contributed USD 2.5 million in 2018; China has announced it will increase voluntary contributions further. The various trust funds provide a relatively small proportion of UNIDO's expenditure, although they are important in meeting specific requirements; in 2018 they amounted to USD 2.6 million towards technical co-operation activities. To leverage additional flows of resources, UNIDO also partners with financial entities including international financial institutions (IFIs) and development finance institutions (DFIs) such as the African Development Bank, European Investment Bank and World Bank.

The 2018 annual report indicates, "An important outcome of UNIDO activities is the leveraging of investments or co-financing" (20). It states that USD 357.2 million of partnership-based co-financing/leveraging was achieved in 2018, following USD 390 million in 2017. The cumulative amount of USD 854.5 million exceeds the USD 827.5 million target that UNIDO had set for itself.

Most funds are project-specific and are generally multi-year. The project-based approach based on earmarked funding means that funds do not necessarily contribute to multi-year programmes at country level, nor are they necessarily closely aligned to strategic priorities and results. The PCP model may become a tool for building a more programmatic and strategic approach in future.

Building country ownership and encouraging use of domestic resources is part of UNIDO's standard way of working. While countries are expected to commit resources, this does not always happen. UNIDO's roll-out of the PCP is premised on seeking multi-partner funding and "the stated objective of the PCP to mobilise external partners and additional resources in order to extend the impact of UNIDO's technical cooperation..." (45). The PCPs also have a higher level of expectation of domestic funding commitments. Interviews found that a major challenge for UNIDO is raising enough funding at country level for middle-income countries (MICs), as donors are less interested in supporting them. UNIDO may need to consider how to adapt to the changing donor and UN landscape for funding in the case of MICs. Such cases require more advocacy from HQ to assist with raising funds. Sometimes a small amount of money can leverage and open doors to much larger funding, including domestic funding.

Field offices also undertake resource mobilisation for country projects, and UNIDO Representatives usually lead on this, liaising with donors and potential donors in the country to identify funding possibilities.

There are no stated objectives, targets or priorities for resource mobilisation beyond ensuring that the MTPF commitments are funded.

5, 6, 14, 18, 19, 20, 22, 25, 26, 42, 43, 44, 45

MI 3.2 Evidence confidence

High confidence

MI 3.3: Aid reallocation/programming decisions responsive to need can be made at a decentralised level	Score
Overall MI rating	Unsatisfactory
Overall MI score	1.75
Element 1: An organisation-wide policy or guidelines exist which describe the delegation of decision-making authorities at different levels within the organisation	2
Element 2: (If the first criterion is met) The policy/guidelines or other documents provide evidence of a sufficient level of decision-making autonomy available at the country level (or other decentralised level as appropriate) regarding aid reallocation/programming	2
Element 3: Evaluations or other reports contain evidence that reallocation/programming decisions have been made to positive effect at country or other local level, as appropriate	1
Element 4: The organisation has made efforts to improve or sustain the delegation of decision-making on aid allocation/programming to the country or other relevant levels	2
MI 3.3 Analysis	Source document
<p>There are organisational guidelines which describe the delegation of decision-making, but these are not adequate for clear accountability. UNIDO's "Financial Regulations and Rules" and the Internal Control Framework (ICF) explain that allotment holders are normally the line, team or project manager and have full responsibility for the utilisation of the allotment. UNIDO's Field Handbook provides insight into field office operations and co-ordination and budget management, but the 2018 external audit found room for improvement and "a need to enhance the Terms of Reference for UNIDO Field Offices to clearly describe in detail the reporting lines of country offices with UNIDO Country representatives to avoid the accountability traps and varying conjectures, as well as check the risk of excessive approval levels that impede decisions, thereby making the process more efficient" (13). It also recommends that the ICF itself be updated to "provide clarity of accountabilities on internal control management" (13).</p> <p>Staff at HQ consider that delegation levels are clear. It is clearly determined, for instance, that project managers can spend up to EUR 40 000 without seeking authorisation and have the ability to revise project budgets within 15% to avoid micro-management from finance personnel; finance staff at HQ see their role as monitoring and ensuring coherence with donor requirements rather than control. HQ staff confirmed that there are system controls, as well as controls for finance and procurement, stating that "by the time the project is implemented there are no surprises as it was all planned that way".</p> <p>Staff within field offices do not commonly feel delegated authority is clear, sufficient or efficient. The allocation of the annual budget for field offices is made by the Operations Integration Division at HQ; it is not decentralised. Field staff note that processes for financial decision-making are not adequately delegated to the field, and that procedures to access funds are slow and cumbersome. In practice, representatives only have access to field office budgets and limited other funds; project funds are managed by HQ project managers (allotment holders). A decentralised procedure has been introduced for procurement which allows project managers (allotment holders) with delegated authority in field offices to manage medium value procurement requirements.</p> <p>The Evaluation Synthesis 2012-15 found that decision-making bodies such as steering committees/co-ordination committees are not always put into place or operational for country programmes. Also, project documents are not always amended when budgets are reduced. This synthesis also found that implementation delays in programmes typically stem from UNIDO's centralised decision-making and the time needed to transfer funds via multiple layers (HQ-regional-country levels).</p>	4, 7, 13, 16, 23, 33, 35, 46, 47, 48

Despite the 2018 restructuring with the field network becoming an integral part of the Programme Development and Technical Cooperation Division, there has been no change in the levels of delegated authority, or in the supporting programming processes. Although the field network is to play a leading role throughout the entire technical co-operation cycle including through the implementation of selected projects/programmes, how this will be done is not made clear. This is still work in progress. As a result, there is a continuing weakness in adjusting programmes to the needs of local contexts.	4, 7, 13, 16, 23, 33, 35, 46, 47, 48
MI 3.3 Evidence confidence	High confidence
MI 3.4: HR systems and policies performance based and geared to the achievement of results	Score
Overall MI rating	Satisfactory
Overall MI score	2.80
Element 1: A system is in place which requires the performance assessment of all staff, including senior staff	3
Element 2: There is evidence that the performance assessment system is systematically and implemented by the organisation across all staff and to the required frequency	2
Element 3: The performance assessment system is clearly linked to organisational improvement, particularly the achievement of corporate objectives, and to demonstrate ability to work with other agencies	3
Element 4: The performance assessment of staff is applied in decision making relating to promotion, incentives, rewards, sanctions, etc.	3
Element 5: A clear process is in place to manage disagreement and complaints relating to staff performance assessments	3
MI 3.4 Analysis	Source document
<p>UNIDO's Human Resource Management Framework (HMRF) of 2015 recognises a Staff Performance Management System (PMS) as "a basis for recognizing different levels of performance and development needs and opportunities" (5). It is a comprehensive, results and competencies-based system for regular staff members at all levels and is almost entirely online. For short-term contracted personnel members, a performance system also exists but is "more modest" and based, for example, on ISAs for consultants. HR interviewees mentioned they are working on calibration of the PMS to ensure consistency and are also looking at moving away from a number-based rating system.</p> <p>Staff performance is appraised according to results achieved over a calendar year using a three-stage cycle – start, end and mid-term review. At the beginning of the reporting period, the goals to be achieved by each individual staff member are identified and objectives entered on a central system.</p> <p>All reviews must be endorsed by the manager's manager, and 360-degree feedback is also used for general competencies. In 2018, the review completion rate was 65% which has decreased; interviewees stated that in past years it was 98%. There are incentives for completion, such as annual step increments, and disincentives for non-completion, such extension of appointments being put on hold. Some staff at HQ indicated that the system is not systematically used by all managers.</p> <p>Staff at HQ explained how the Framework for PMS supports alignment between individual results and the DG's annual priorities which are cascaded down via the organisation's three managing directors; individual goals and objectives are thus related to management priorities, but there is not a clear link to the IRPF.</p>	2, 5, 7, 35, 49, 50

<p>UNIDO's Talent Planning, Acquisition and Development Division (CMO/HRM/PAD) "promotes and implements strategic organisational policies aimed at improving the planning, acquisition, development, engagement, motivation and retention of the human resources required for the Organisation's mandate" (33). There remains a challenge for UNIDO in achieving the necessary skill and talent mix since in practice, due to resource constraints, new posts are frequently filled by promoting existing staff members to avoid both external recruitment and redundancy. This limits the ability of UNIDO to meet identified organisational improvement requirements, for instance to move away from a technical to a strategic and relational way of working.</p> <p>Training needs assessments (TNAs) of staff are undertaken and individual/corporate training plans developed on an annual basis with each staff member having an individual personal development plan. TNAs are related to organisational priorities.</p> <p>The HRMF states, "Excellent performance is the paramount consideration for the promotion of staff members" (51). Staff performance assessment is used for recognising and rewarding performance through various types of promotions, merit awards of monetary or non-monetary form and other awards such as the Director General's Award for Exemplary Excellence. Staff at HQ confirmed that they were invited to nominate colleagues to receive such awards.</p> <p>HR staff interviewed also described a rebuttal process for complaints about their performance assessment if and when they receive ratings lower than 3. This is reviewed by an independent panel with the final appraisal done by the HR director.</p> <p>Staff expressed concerns around HR issues such as maternity leave and the difficulties for employees to obtain flexible working time or flexibility for childcare commitments. They were also concerned about accessibility of the Vienna International Centre and the "check-in check-out system" which is considered quite dated. The importance of flexible working arrangements to promote more effective and efficient working was raised. Most staff only have a desktop computer, which does not facilitate flexi- and teleworking.</p>	<p>2, 5, 7, 35, 49, 50</p>
MI 3.4 Evidence confidence	High confidence
KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability	KPI score
Unsatisfactory	2.31
<p>UNIDO has clear organisational priorities. However, its dependency on earmarked project-based funding prevents the organisation from allocating clearly according to these priorities. There are no explicit criteria for allocation of UNIDO funds for technical co-operation which would enable relative prioritisation of projects to select for development and implementation. Its operating model is based on direct implementation by UNIDO in the large majority of projects, rather than working through implementing partners, although this is now being piloted. The Programme and Budget for 2020-21 is a budget "in transition" to be aligned gradually to the new MTPF/IRPF. This has the potential to enable a more strategic prioritisation of funding. There are no standardised targets for disbursement or payments, and concerns were identified on the timeliness of payments and the impact on implementation. The 2020-21 Programme and Budget sets out the intent to align resources to results. There is still a gap between ambition and practice. Non-project-based activities are not currently subject to results-based assessment, costings or reporting.</p> <p>External audits are conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. UNIDO has endeavoured to address findings and recommendations of the recent external audits reviewed. Likewise, internal audit, which now falls under the responsibility of the Office of Independent Evaluation and Internal Oversight, achieved the highest possible rating ("Generally Conforms") with the International Standards for the Professional Practice of Internal Auditing and with the principles of the Institute of Internal Auditors' (IIA) Code of Ethics.</p>	

<p>UNIDO has an Internal Control Framework as well as an Enterprise Risk Management (ERM) Policy and other documented procedures to ensure that issues or concerns raised through internal control mechanisms, including audit, are adequately addressed. UNIDO lags behind in implementing some internal audit recommendations that have been outstanding for over two years, due to a lack of capacity to deal with them. Policies and procedures are in place and used to prevent and respond to fraud and financial wrongdoing, and they make it clear that UNIDO has a “zero tolerance” attitude to such behaviour.</p>	
MI 4.1: Transparent decision-making for resource allocation, consistent with strategic priorities	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: An explicit organisational statement or policy exists which clearly defines criteria for allocating resources to partners	Not applicable
Element 2: The criteria reflect targeting to the highest priority themes/countries/areas of intervention as set out in the current strategic plan	2
Element 3: The organisational policy or statement is regularly reviewed and updated	2
Element 4: The organisational statement or policy is publicly available	2
MI 4.1 Analysis	Source document
<p>UNIDO does not allocate funding to project partners directly, although this may change with the introduction of pilots of Project Executing Entities (PEE). UNIDO’s budget for allocation to project activities is almost completely funded by its voluntary contributions budget. Voluntary contributions are made by member states and other donors for earmarked project activities. The regular budget largely funds UNIDO’s administrative and policy-making functions and at present is allocated on the basis of historic expenditure, subject to any variations in requirements such as restructuring, new obligations or external pressures such as UN reform. Overall this indicator does not fully apply to UNIDO.</p> <p>UNIDO does not use criteria for allocating or selecting projects and funding but does use the organisational priorities to describe investment in projects funded by voluntary contributions:</p> <ul style="list-style-type: none"> • creating shared prosperity • advancing economic competitiveness • safeguarding the environment • strengthening knowledge and institutions. <p>These priorities frame UNIDO’s programmatic activities in the three thematic priorities of ISID, with the additional fourth priority made in the MTPF 2018-21 following revision of the MTPF 2016-19 priorities. These are published in the MTPF. There are no documented criteria for allocation of UNIDO funds for technical co-operation which would enable relative prioritisation of projects to select for development and implementation.</p> <p>There has been a recent shift in UNIDO’s approach to allocating funding in a more strategic way aligned to ISID priorities and impact. The PCP countries are selected partly on the basis that they can make a strong contribution to ISID, i.e. in a more strategic way related to delivering ISID.</p>	1, 4, 21, 22, 51

<p>Six per cent of the regular budget (approximately EUR 4 million) is kept available for project activities for technical co-operation or ad hoc requirements. The DG and his senior management team (the “Executive Board”, EB) have discretion on how it is used. Proposals for use are brought to the EB above a EUR 30 000 threshold; below this threshold two Managing Directors on their own can decide the use of funds. There is no explicit methodology or rationale used for allocation of this fund by the “Executive Board” or Managing Directors.</p> <p>The organisational approach to the allocation of resources, as framed by the Programme Budget, is “in transition” to be aligned gradually to the new MTPF/IRPF. This is intended to change UNIDO’s approach to managing for results, moving from a volume-based model to one maximising its developmental impact. This has the potential to enable a more strategic prioritisation and allocation of funding.</p> <p>The organisational policy, as set out in the Programme Budget and MTPF is publicly available, although with the limitations as observed above in this MI narrative. At present it does not set out criteria for allocation.</p>	1, 4, 21, 22, 51
MI 4.1 Evidence confidence	High confidence
MI 4.2: Allocated resources disbursed as planned, defined to include payments for the purposes of UNIDO’s operational model.	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: The institution sets clear targets for disbursement	Not applicable
Element 2: Financial information indicates that planned disbursements (payments) were met within institutionally agreed margins	2
Element 3: Clear explanations are available in relation to any variances	2
Element 4: Variances relate to external factors rather than internal procedural blockages	2
MI 4.2 Analysis	Source document
<p>UNIDO’s model does not use disbursements. Some projects permit officials in line ministries to approve transactions on UNIDO’s behalf, but these still use UNIDO systems and are not disbursements. Interviews reported that there has been some reluctance from some project managers to adopt this model which removes some of their control. Project managers delegate execution responsibility in a way that remains accountable and traceable; partners use their systems and commit expenditure on UNIDO’s behalf.</p> <p>A new approach is now being piloted in China, with Project Executing Entities (PEE) responsible for carrying out GEF projects on UNIDO’s behalf. In this model, rather than UNIDO disbursing funds, the PEE has direct access to the SAP and UNIDO systems so the PEE can authorise payments, within the parameters of the budget and levels of delegated authority. Implementation authority is delegated in this model. Given the number of projects undertaken by UNIDO, this delegated model is seen as a potential way forward for some projects in some countries, which may help address UNIDO’s capacity and resource constraints.</p>	33, 34, 47, 52

<p>There are no standardised targets for payments which would allow assessment of whether they are made in time. Payment stages are tailored and adjusted to the needs of the project and controlled by the allotment holder. From the way this is implemented (see below), there is a highly flexible model in place, which makes variances in payments from budget difficult to identify. The Finance team track expenditure and activity rates on ERP, inform project managers of expenditure against budget, and report to donors on expenditure against budget and progress. The model is highly centralised, with Vienna-based allotment holders overseeing and approving payments to project staff in the country. Currently there is a high level tracking of project financial implementation but not against targets. Expenditure profiles on the Open Data portal show many projects are slow to implement.</p> <p>Concerns with timely payments are noted in the partner survey, in response to the question “UNIDO provides reliable information on when financial allocations, disbursements and payments will happen and for how much”, which has relatively negative findings. The majority of comments made by partners referred to disbursement delays and were negative.</p> <p>Explanations for delays are not clearly stated, for instance there is not a regular review of reasons for delay. This may reflect the individualised project approach to management and lack of system-wide targets.</p> <p>Variances in disbursements and delays are due to both internal and external factors. An evaluation of the India Country Programme for example found there to be “a high level of delays across the portfolio. Recurring efficiency problems relate both to UNIDO – procurement, human resources and contractual-related delays, and to the [country government]”.</p>	33, 34, 47, 52
MI 4.2 Evidence confidence	High confidence
MI 4.3: Principles of results-based budgeting applied	Score
Overall MI rating	Highly unsatisfactory
Overall MI score	1.50
Element 1: The most recent organisational budget clearly aligns financial resources with strategic objectives/intended results of the current Strategic Plan	2
Element 2: A budget document is available which provides clear costings for the achievement of each management result	1
Element 3: Systems are available and used to track costs from activity through to result (outcome)	1
Element 4: There is evidence of improved costing of management and development results in budget documents reviewed over time (evidence of building a better system)	2
MI 4.3 Analysis	Source document
<p>Although the most recent Programme Budget 2020-21, as a transitional budget, sets out the intent to align resources to results, there is still a gap between ambition and practice. The 2018 External Auditor’s Report found that there is a lack of clarity on what the intended results are, on what UNIDO is accountable for and on the linkage between the key corporate documents. With the advent of the revised 2019 IRPF, which specifies results more clearly and will require projects and the organisation as a whole to report to these indicators, it should become possible in time to link budgets and costings to results.</p>	1, 2, 9, 13, 21, 22, 53

<p>The Programme and Budget (P&B) 2020-21 provides costings for each major programme. Major Programme C “Thematic Programme Framework towards ISID” is broken down into the high level ISID goals but not into specific results from the IRPF. The 2020-21 budget identifies the outcomes for each element of Programme C and the results anticipated from each, but these are not yet linked to resources. There are no results identified at present for non-project-based activities, and so these are not currently subject to results-based assessment, costings or reporting.</p> <p>Currently there is no tracking of costs from activity through to results. The 2018 External Auditor’s Report observed, “[W]e determined that while the P&B’s major programmes, programmes and sub-programmes identified the objectives and expected results, these were neither from the MTPF nor the IRPF. The P&B was only linked with the IRPF through the indicators in both documents but not on the objectives and expected results in the P&B” (13). The ERP has the capacity to allow reporting on results and activities as well as finance and expenditure, but this has not been done to date.</p> <p>Within the ERP, there has been a heavy emphasis on financial data, required for donor reporting, rather than on results data which has not been well specified or aligned with an RBM framework. Less attention has been paid to the quality of data, and it has not been widely used, so there has been little incentive to improve data quality. A further challenge is that UNIDO’s heavy focus on projects means that there is no comparable financial or results reporting for non-project activities. With the introduction of the 2019 IRPF, there is an evident intent to minimise the use of unsynchronised indicators, which has impeded their aggregation.</p> <p>UNIDO has recently taken steps to develop the budgeting system to ensure the 2022-23 budget cycle is fully results-driven and can provide costing for results, thus providing effective implementation and support to IRPF and MTPF. The implementation of simplified time recording and introduction of Full Cost Recovery costing mechanisms in the ERP system also commenced in 2019. A Taskforce on Full Cost Recovery was established in 2018. One of the objectives of the task force is to trace and record costs spent per result to enhance budget processes for regular budget as well as technical co-operation activities.</p>	<p>1, 2, 9, 13, 21, 22, 53</p>
MI 4.3 Evidence confidence	High confidence
MI 4.4: External audit or other external reviews certifies the meeting of international standards at all levels, including with respect to internal audit	Score
Overall MI rating	Satisfactory
Overall MI score	3.17
Element 1: External audit conducted which complies with international standards	4
Element 2: Most recent external audit confirms compliance with international standards across functions	4
Element 3: Management response is available to external audit	3
Element 4: Management response provides clear action plan for addressing any gaps or weaknesses identified by external audit	2
Element 5: Internal audit functions meet international standards, including for independence	4
Element 6: Internal audit reports are publicly available	2

MI 4.4 Analysis	Source document
<p>External Audits of the accounts of UNIDO are conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.</p> <p>The most recent external audit of 2018, and the previous 2017 external audit, confirms compliance in accordance with this as well as with the International Public Sector Accounting Standards (IPSAS) and Article X of the Financial Regulations of UNIDO for the latter. It indicates that UNIDO has “used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and management’s best estimates” (13).</p> <p>Management responses to findings and recommendations made in external audits are provided to the External Auditor with a summary of progress on actions taken and their current status. Each response also states a focal point. This summary is included as an annex in the 2017 audit report, going back for three years of recommendations, and the 2018 report contains a “summary of recommendations”.</p> <p>The internal audit function of UNIDO has achieved the highest possible rating “Generally Conforms” with the International Standards for the Professional Practice of Internal Auditing and with the principles of the Institute of Internal Auditors’ (IIA) Code of Ethics, namely integrity, objectivity, confidentiality and competency, as a result of the external assessment recently conducted by the Institute of Internal Auditors Austria. Internal audit reviews such as that of the Ethiopia Regional Office and Partnerships and of the Payment Process stated that both were conducted in accordance with the relevant charter at the time of their undertaking, and on the basis of the International Standards for the Professional Practice of Internal Auditing.</p> <p>The newly established Office of Independent Evaluation and Internal Oversight (EIO) has overall responsibility for internal audit in UNIDO and an Independent Audit Advisory Committee also exists. Prior to the 2018 restructuring, it was the responsibility of the Office of Internal Oversight and Ethics (IOE). The Charter for the new EIO states, “The Director, EIO and IOE staff will conduct their internal audit work in conformity with the core principles of the Institute of Internal Auditors (IIA), including the International Standards for the Professional Practice of Internal Auditing, Code of Ethics and the Definition of Internal Auditing”. It also explains that investigations shall be conducted in accordance with investigation guidelines in a manner that reflects best practices, taking into due consideration the provisions contained in the Uniform Principles and Guidelines for Investigations, adopted by the Conference of International Investigators in its latest version.</p> <p>Internal audit reports are made available to all member states on a password secured website. There is direct reporting to the Industrial Development Board (IDB) and DG on the outcome of internal audits as well as to relevant managers. Permanent missions are notified of new reports issued for example through Information Notes, and member states also have access to them.</p>	13, 25, 35, 54-59
MI 4.4 Evidence confidence	High confidence
MI 4.5: Issues or concerns raised by internal control mechanisms (operational and financial risk management, internal audit, safeguards etc.) adequately addressed	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.33
Element 1: A clear policy or organisational statement exists on how any issues identified through internal control mechanisms will be addressed	3
Element 2: Management guidelines or rules provide clear guidance on the procedures for addressing any identified issues, including timelines	2

Element 3: Clear guidelines are available for staff on reporting any issues identified	3
Element 4: A tracking system is available which records responses and actions taken to address any identified issues	2
Element 5: Governing Body or management documents indicate that relevant procedures have been followed/action taken in response to identified issues, including recommendations from audits (internal and external)	2
Element 6: Timelines for taking action follow guidelines/ensure the addressing of the issue within twelve months following its reporting	2
MI 4.5 Analysis	Source document
<p>UNIDO has an internal control framework which “encompasses all the policies, procedures, monitoring activities and commitments, standards of behaviour and other aspects that govern UNIDO operations” (7). It is based on a set of core guiding principles and policies which are fully integrated into the management processes of planning, execution and monitoring and aimed at ensuring the effective and efficient management of UNIDO and use of resources.</p> <p>UNIDO also has an Enterprise Risk Management (ERM) Policy with the purpose of “embed [ding] a systematic and consistent approach to identifying, assessing, and managing risks faced by UNIDO” (63). Interviews at HQ suggested that UNIDO’s risk management function is not yet mature, and the links between risk management and audit are not as strong as they could be, nor is the link between risk management and evaluation. Staff did explain though that information received on risk tends to align relatively well with audit findings and that UNIDO carries out its own annual risk assessment and assurance map for the risk committee.</p> <p>It is unclear how issues identified through internal control mechanisms are to be addressed. The Report to the External Auditor for 2017 suggests that “the Internal Control Framework is outdated and does not reflect the current internal control system in place” (25), which is particularly evident in the case of risk management, which is still at its early stage of development. The ICF does describe various “control activities” that should help UNIDO achieve its objectives through addressing risks.</p> <p>Guidelines for staff reporting of issues of concern through internal control mechanisms were not seen but would be covered by the policy on “Protection against retaliation for reporting misconduct or co-operating with audits or investigations”.</p> <p>A tracking system to record issues and responses exists in the form of Management Action Plans (MAPs) which indicate the person or office responsible for ensuring specific actions are taken to address issues identified through audit. The EIO reports yearly to the IDB. HQ interviewees acknowledge that there are currently many outstanding audit recommendations including some that are over two years old, for example regarding IT and cyber security. This is attributed by UNIDO to resource constraints. Staff also suggested there are currently only five to seven internal audits conducted a year due to lack of capacity and resourcing, and likewise these constraints affect the organisation’s ability to act on the findings of audit including implementing timelines.</p> <p>The Investigation Guidelines indicate investigations should be completed within six months of the receipt of a wrongdoing report, although timing depends on the complexity of the matter and case priority. The Director General’s Bulletin on “Protection against retaliation for reporting misconduct or co-operating with audits or investigation” paragraphs 22 and 27 provide for 45-day and 85-day timelines.</p>	7, 25, 56, 59, 60, 61, 61, 62
MI 4.5 Evidence confidence	High confidence

MI 4.6: Policies and procedures effectively prevent, detect, investigate and sanction cases of fraud, corruption and other financial irregularities	Score
Overall MI rating	Satisfactory
Overall MI score	2.83
Element 1: A clear policy/guidelines on fraud, corruption and any other financial irregularities is available and made public	4
Element 2: The policy/guidelines clearly define the roles of management and staff in implementing/ complying with the guidelines	3
Element 3: Staff training/awareness-raising has been conducted in relation to the policy/guidelines	3
Element 4: There is evidence of policy/guidelines implementation, e.g. through regular monitoring and reporting to the Governing Body	3
Element 5: There are channels/mechanisms in place for reporting suspicion of misuse of funds (e.g. anonymous reporting channels and “whistle-blower” protection policy)	4
Element 6: Annual reporting on cases of fraud, corruption and other irregularities, including actions taken, ensures that they are made public	0
MI 4.6 Analysis	Source document
<p>A specific Policy on Fraud Awareness and Prevention (2013) exists which is centred around the organisation’s commitment “to the proper use of funds and resources entrusted to it, as well as the prevention of fraud and protection of the Organisation’s reputation and interests” (61). Relevant policies on fraud and corruption are also available in Article 6 of the 2018 Procurement Manual. These are published.</p> <p>Responsibility for meeting the organisation’s commitment to the proper use of funds and prevention of fraud rests with all staff members. “Managers at all levels have the additional overall responsibility for monitoring and assessing internal controls and preventing fraud” (61). The Policy on Fraud Awareness and Prevention also states that any managers who fail to take appropriate action or who directly or indirectly tolerate or condone improper behaviour shall themselves be held accountable. Staff at HQ explained how the “four eyes” principle is used for check and control. They explained that, although there is some decentralised procurement, there is a heavily centralised processing of payments in Vienna as there is no delegation of financial authority to the field.</p> <p>UNIDO’s policy on fraud in all its manifestations is one of zero tolerance. UNIDO is committed to the development and maintenance of a control structure based on best practices, processes, procedures and system”. Documentation is clear regarding guidelines for reporting issues identified. Reports of misconduct should be made to the Director, Human Resource Management Branch, or to the Office of Internal Oversight Services, the Ethics Office.</p> <p>Staff at HQ have indicated that fraud awareness courses are among the mandatory training in UNIDO and also mentioned a “fraud awareness week” as well as various IT campaigns to help staff become aware and know what to do in the case of receiving fraudulent emails. The Policy on Fraud Awareness and Prevention commits UNIDO to “develop and conduct a training programme aimed at: increasing anti-fraud awareness, and developing skills for understanding, detecting, preventing and reporting fraudulent practices” (61).</p>	54, 59, 61, 62, 63

<p>Regular monitoring and reporting to the Governing Body annually provides evidence of policy and guideline implementation. An Information Circular summarising the findings and recommendations of investigations completed during the reporting period is issued annually, and an Activity Report is also issued annually to the Director General, the Board, the Audit Advisory Committee and the External Auditor. The Activity Report describes the activities of IOE during the reporting period and summarises significant oversight findings, recommendations and actions taken in response, but it is not made public.</p> <p>Mechanisms are in place for reporting suspicion of misuse of funds, for example a policy for “Protection against retaliation for reporting misconduct or cooperating with audits or investigations” with the purpose of “protect[ing] those individuals working for the Organisation who report misconduct, provide information in good faith on alleged wrongdoing, or cooperate with an audit or investigation” (62). UNIDO commits to handling any such complaints with “the utmost discretion” and hosts a dedicated web-based reporting tool for allegations as well as a dedicated email address and telephone/fax number. Staff at HQ, when asked, said that they would know how to use such channels and would do so if necessary.</p>	54, 59, 61, 62, 63
MI 4.6 Evidence confidence	High confidence

RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, to leverage effective solutions and to maximise results (in line with Busan Partnerships commitments).

KPI 5: Operational planning and intervention design tools support relevance and agility within partnerships	KPI score
Unsatisfactory	2.22
<p>Operational guidance requires UNIDO’s interventions to align with country priorities and results. In the main this is observed, although there are instances where projects are not well aligned. This is more often the case when projects are initiated by HQ without due reference to field staff and countries. Projects are not always aligned with country programmes or their results frameworks, reflecting the challenge of relying on earmarked funding (see MI 1.4). The move to the PCP model is beginning to increase alignment with country priorities but is still a work in progress. Analysis of context and capacity is variable and sometimes weak, reflecting a lack of tools, resources and capacity for diagnostics; new tools and training are being developed. Capacity building is undertaken in practice but is not clearly defined within project design and review. National/project steering committees of national institutions and counterparts, relevant UN agencies and donors meet regularly to review progress and identify any necessary adjustments.</p> <p>Analysis and reporting of cross-cutting issues are not all well addressed. Environment is the exception and is clearly identified in both UNIDO analysis and monitoring, as many projects address the environment or energy use. Projects do not consistently explicitly address gender within the intervention design or reporting. Governance and human rights are not articulated within guidance on contextual analysis, although in practice both issues are to some extent addressed. UNIDO does not have a well-articulated definition or conceptualisation of sustainability and the assumptions that underpin it, and sustainability for individual projects is often not well identified at the outset. Sustainability of industrial development policies supported by UNIDO is not articulated or measured, and as a result, governments do not always give UNIDO due credit for its support and interventions.</p> <p>Systematic and consistent risk analysis and mitigation procedures have only relatively recently been introduced to UNIDO. There is no standard approach to risk analysis, mitigation or reporting. Levels of appetite for risk and risk mitigation approaches are not defined and are still work in progress. A Risk Management Committee and workplan to develop risk management have been established (2017), and the Audit Advisory Committee has also been providing advice on risk management.</p>	

At present there is no systematic assessment of speed of project implementation. There are project delays due both to UNIDO management and to government and contextual factors. UNIDO's highly centralised model, combined with multiple layers of accountability and a lack of delegated authority to the UR/UCR, is a continuing obstacle to timely decision-making at the field level. Evidence from evaluations of country programmes indicates that procedural delays are a significant challenge; improvements to finance systems and to procurement have recently been introduced.

MI 5.1: Interventions aligned with national/regional priorities and intended national/regional results	Score
Overall MI rating	Satisfactory
Overall MI score	2.67
Element 1: Reviewed country or regional strategies make reference to national/regional strategies or objectives	3
Element 2: Reviewed country strategies or regional strategies link the results statements to national or regional goals	3
Element 3: Structures and incentives in place for technical staff that allow investment of time and effort in alignment process	2
MI 5.1 Analysis	Source document
<p>UNIDO country programmes refer clearly to country priorities and objectives. Consultation with national stakeholders to ensure full alignment with national/regional priorities is required by the programme and project formulation and approval process. Field offices and HQ are responsible for ensuring that any new initiative is aligned with national priorities at the project identification stage. URs/UCRs work closely with the country line ministries to ensure alignment, to agree prioritisation of UNIDO activities, and to gain the government's agreement and sign off.</p> <p>For countries both with and without a country programme, there have been examples of HQ project managers promoting projects which were not well aligned with country objectives and systems, without prior dialogue with country offices and government. In these cases there have often been delays and difficulties with implementation; these instances have decreased over time, reflecting the shift to more strategic working. Such instances tend to be project driven by donors/funding availability, rather than by government requests. For instance in Bangladesh, an IFI proposed loans for a fisheries programme and for livestock and dairy. UNIDO has expertise in these two areas, so nominated itself to be the implementing agency for both, but neither were key sectors for support in the country programme. Often, regional approaches are missing and hence alignment is suboptimal. Funding is often allocated country by country, which weakens UNIDO's capacity for supporting regional approaches.</p> <p>Country programmes and PCPs link their results frameworks to national objectives. The level of detail and the approach taken vary. Often UNIDO's country reporting template is very high level, and it is not clear how interventions' contributions to it are assessed. Country programmes, while well aligned as documents, do not necessarily guide the selection of projects, so that projects may be less well aligned with priorities. A further challenge is that projects are very varied and that each project has its own results framework; aggregating across these to a country level would not necessarily give meaningful information. With the introduction of the 2019 IRPF and UNIDO's stated intent to transition to a results-based approach, country-based reporting may become clearer and more consistent in future.</p>	9, 36, 45, 52, 64, 65, 66, 67

PCPs receive development funds, which enables PCPs to be well aligned with national objectives; comparable funding is not available to country programmes. UNIDO Representatives/country representatives working in countries without PCPs only receive funding related to projects, limiting their resources for structured engagement with national entities and analysis, although some are successful in sourcing some additional funds. Regional chiefs face similar challenges in their lack of staff and funding for travel for strategic engagement.	9, 36, 45, 52, 64, 65, 66, 67
MI 5.1 Evidence confidence	High confidence
MI 5.2: Contextual analysis (shared where possible) applied to shape the intervention designs and implementation	Score
Overall MI rating	Satisfactory
Overall MI score	2.57
Element 1: Intervention designs contain a clear statement that positions the intervention within the operating context	2
Element 2: Context statement has been developed jointly with partners	3
Element 3: Context analysis contains reference to gender issues, where relevant	3
Element 4: Context analysis contains reference to environmental sustainability and climate change issues, where relevant	3
Element 5: Context analysis contains reference to governance issues, including conflict and fragility, where relevant	2
Element 6: Context analysis contains reference to human rights issues, where relevant	2
Element 7: Evidence of reflection points with partner(s) that take note of any significant changes in context	3
MI 5.2 Analysis	Source document
Contextual analysis is undertaken as part of the project concept note and then in more detail in the project document; this draws on previous knowledge where there are already projects and research data. Interventions are expected to be tailored to context. A small amount of regular budget funding (usually up to EUR 20 000) is available for a Preparatory Assessment (PA) for context analysis. Some donors do not fund inception periods, and UNIDO project managers are then obliged to seek internal funds to ensure the intervention is well aligned with context. These funds are insufficient for all needs, and lack of adequate resources for context analysis is recognised as a challenge and a risk to projects by UNIDO.	4, 36, 37, 45, 51, 57, 63, 64, 68, 69, 70
During the project development (project document stage), UNIDO consults with the relevant ministries to identify any changes needed to make the project work in context. A simplified country diagnostic template was being introduced for PCPs in 2019 so that context analysis can be undertaken by the field office with guidance provided by the Policy Research and Statistics Department. For PCPs, there is a more structured engagement with a range of national and international partners. There is no standard UNIDO inception process model for non-PCP countries. Thus, engagement with a wider range of partners beyond governments is not systematic, although it has improved in recent years.	
Since 2018, UNIDO has been piloting the use of implementing partners (Project Executing Entities). When it uses these partners, they collaborate on intervention design.	

<p>Guidelines require context analyses to refer to gender equality issues. Country programmes also refer to gender, although in varied ways, indicating lack of a systematic approach.</p> <p>Country programme strategies reviewed also refer to relevant challenges to integrating environmental sustainability and climate change into country programmes and to issues of political, social and economic fragility, in particular the needs of displaced people, where relevant.</p> <p>Context analyses refer to governance and fragility issues as relevant, for instance displacement of people and security issues which are also relevant to human rights. Context analyses do not routinely refer to other aspects of human rights such as labour rights.</p> <p>In early 2019, the ESSPP were introduced, which set out standards for assessing risks to environmental and social issues, including the rights of indigenous people and a process for ensuring compliance. Older, non-GEF projects do not consistently or systematically refer to environment, fragility and governance. The GEF uses its own standards and processes, which has been the basis for much of the ESSPP.</p> <p>Each project has a steering committee of national institutions and counterparts, relevant UN agencies, and donors which meets every six months to review progress and identify any necessary adjustments to the intervention. Country programme and PCPs have similar national steering committees. It is intended that the project safeguards standards using the ESSPP methodology will be reviewed and updated annually for each project.</p>	4, 36, 37, 45, 51, 57, 63, 64, 68, 69, 70
MI 5.2 Evidence confidence	High confidence
MI 5.3: Capacity analysis informs intervention design and implementation, and strategies to address any weakness found are employed	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.40
Element 1: Intervention designs contain a clear statement of capacities of key national implementing partners	3
Element 2: Capacity analysis considers resources, strategy, culture, staff, systems and processes, structure and performance	2
Element 3: Capacity analysis statement has been developed jointly where feasible	2
Element 4: Capacity analysis statement includes clear strategies for addressing any weaknesses, with a view to sustainability	2
Element 5: Evidence of regular and resourced reflection points with partner(s) that take note of any significant changes in the wider institutional setting that affect capacity	3
MI 5.3 Analysis	Source document
<p>All GEF projects assess country capacity, since sustainability is a key GEF indicator/success marker, and the intervention needs to be designed to ensure it can scale up and maintain capacity gains. Country programmes and project documents identify capacity building interventions, which by inference identify capacity needs. Since UNIDO has piloted increased use of UNIDO Project Executing Entities in 2018, there is a process for assessing the capacity of partners to act as Project Executing Entities, using a HACT (Harmonized Approach to Cash Transfers) assessment.</p>	9, 16, 37, 48, 63, 64, 65, 66, 67, 71

<p>For non-GEF projects, there is no consistent approach to analysing capacity needs. Interviewees noted the need for PCPs in particular to undertake a more detailed and systematic analysis of country capacities for industrialisation than is done at present and the need for UNIDO Representatives to strengthen their capacity analysis skills. New tools are planned to enable UNIDO Representatives to undertake an assessment of country capacity.</p> <p>Programme and project documents are usually developed in consultation with national, UN and donor partners and jointly signed off with national counterparts/partners. The extent to which these include capacity assessments which have been jointly developed is not evident.</p> <p>In practice, much of UNIDO's work is directed to building capacity in different ways through policy support, technology transfer or system strengthening and is a response to government priorities. In Nigeria, UNIDO is supporting capacity development for ISID through developing the capacity of a critical mass of officers in government and parastatals to champion industrialisation. The Bangladesh UNIDO Country Programme identifies data analysis and capacity as a challenge for achieving the SGDs as well as developing the technical and financial capacity of the domestic infrastructure financing market, both of which are identified by the Government of Bangladesh as priorities.</p> <p>For countries with country programmes or PCPs, there is evidence of regular (six-monthly) reflection points by national steering groups/committees which include partners. It is not specified if this includes reflection on capacity requirements and changes. While capacity assessment is the responsibility of the project manager, in practice there should be engagement with the UR/UCR and programme manager for PCP and country programme (CP) countries. Some UR/UCRs do not have the skill sets required for capacity assessment. New tools are planned to enable URs/UCRs to do this.</p>	9, 16, 37, 48, 63, 64, 65, 66, 67, 71
MI 5.3 Evidence confidence	High confidence
MI 5.4: Detailed risk (strategic, political, reputational, operational) management strategies ensure the identification, mitigation, monitoring and reporting of risks	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.17
Element 1: Intervention designs include detailed analysis of and mitigation strategies for operational risk	2
Element 2: Intervention designs include detailed analysis of and mitigation strategies for strategic risk	2
Element 3: Intervention designs include detailed analysis of and mitigation strategies for political risk	2
Element 4: Intervention designs include detailed analysis of and mitigation strategies for reputational risk	2
Element 5: Risks are routinely monitored and reflected upon by the partnership	3
Element 6: Risk mitigation actions taken by the partnership are documented and communicated	2

MI 5.4 Analysis	Source document
<p>Systematic and consistent risk analysis and mitigation procedures have only relatively recently been introduced to UNIDO. Enterprise risk management (ERM) was introduced in 2013, largely based on the existing management processes. ERM is still in development. A Risk Management Committee and workplan to develop risk have been established (2017), and the Audit Advisory Committee, which includes an expert in corporate risk management, has provided advice. The UNIDO Risk Focal Point, the Director of the Department of External Relations, has completed an initial institution-wide risk mapping exercise to identify the main perceived risks in key areas of UNIDO's operations.</p> <p>There is no standard approach to risk analysis, mitigation or reporting. Levels of appetite for risk and risk mitigation approaches are not defined and are still work in progress for 2019-20. The links between enterprise and project are not yet made. The Report of the External Auditor for 2017 found that "risk management as a systematic and holistic approach is still at the early stages of development. Risk assessment and mitigation are neither consistently applied across the organisation nor systematically documented" (25).</p> <p>There is an expectation that risks will be identified at concept note stage and during implementation, but risks are not clearly documented in intervention designs. There is no systematic or consistent approach to assessing risk and quantifying it. The 2006 guidelines for the Technical Cooperation Programme and Project Cycle require project managers to "[l]ist any external factors that may affect the delivery of the UNIDO assistance and indicate what actions have been or will be taken to reduce them" (45). Different types of risk (e.g. operational, reputational, political) are not specified in the guidelines, and a review of country programmes showed a range of different approaches taken to risk assessment and specification. Where country programmes entail risk assessment and mitigation measures for economic, partnership, political, security and competitor risks (in Nigeria) and for governance, international environment impact and sustainability (in Ethiopia) these are at a very high and generalised level, with no clear responsibility for implementation. There was an absence of detailed mitigating strategies, and no evidence was seen of these risks being actively reviewed.</p> <p>The ESSPP provide a risk assessment for environmental and social issues, which may also indirectly affect reputational, operational and political risk. The ESSPP categorise projects into Category A, where they are likely to have significant adverse environmental or social impacts, in which case an environmental and social impact assessment (ESIA) is undertaken, leading to an Environmental and Social Management Plan (ESMP); Category B which is likely to have fewer adverse effects, and has no ESIA but does have an Environmental and Social Management Plan; or Category C which has minimal or no adverse impacts, and requires neither. For projects undertaken in partnership with other organisations, there is a due diligence process for assessing potential partners which would in practice address reputational, operational and political risks. The ESSPP apply to all projects from 2019.</p> <p>Country programme progress reports submitted to the national partnership steering committees note challenges and mitigating actions where these are taken. Risk mitigation actions are not systematically documented. Interviewees reported that in practice major risks would be taken to steering committees and smaller risks managed on a day-to-day basis by the project manager. There is no specific risk assessment protocol for PCPs.</p> <p>Interviewees noted that moving to a more rigorous risk-based approach, for instance using the ESSPP, is a culture shift for UNIDO and that training to support the change is being undertaken.</p>	<p>7, 25, 37, 45, 51, 60, 64, 65, 66, 67, 72</p>
MI 5.4 Evidence confidence	High confidence

MI 5.5: Intervention designs include the analysis of cross-cutting issues (as defined in KPI 2)	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.25
Element 1: Intervention design documentation includes the requirement to analyse cross-cutting issues	2
Element 2: Guidelines are available for staff on the implementation of the relevant guidelines	2
Element 3: Approval procedures require the assessment of the extent to which cross-cutting issues have been integrated in the design	2
Element 4: Intervention designs include the analysis of gender issues	3
Element 5: Intervention designs include the analysis of environmental sustainability and climate change issues	3
Element 6: Intervention designs include the analysis of good governance issues	2
Element 7: Intervention designs include the analysis of human rights issues	2
Element 8: Plans for intervention monitoring and evaluation include attention to cross cutting issues	2
MI 5.5 Analysis	Source document
<p>Intervention guidance does not clearly state how to analyse cross-cutting issues, although projects are required to consider environmental and gender considerations. No mention is made of human rights or governance. The Technical Cooperation Guidelines (published in 2006) which remain the current guidelines, require that all activities across the project/programme cycle “should be guided by environmental and gender considerations” and that gender “should be addressed as specifically as possible” (45). Subsequently, the Programme and Project Formulation and Approval Function process was introduced in 2016, which adds a requirement for projects to be cleared and approved by UNIDO leads for environmental issues, as well as gender mainstreaming.</p> <p>There is no specific guidance on how cross-cutting issues should be analysed in project designs, although there is gender equality screening at project formulation (concept) stage. The Technical Cooperation Guidelines provide no guidance related to gender, other than to be specific about gender “in relation to target beneficiaries, if possible” and “to use gender disaggregated data, if appropriate” (45). No guidance is provided on environmental issues. Governance and human rights are not mentioned in the Technical Cooperation Guidelines. The ESSPP, introduced in 2019, set out standards for compliance in relation to social and environmental issues and to human rights which must be met to gain approval; however, the relatively recent introduction of ESSPP means that few projects to date have been developed to meet ESSPP requirements. The relationship between the ESSPP and Technical Cooperation Guidelines is not made clear.</p>	4, 9, 10, 28, 36, 41, 45, 52, 64, 70, 73

<p>In lieu of clear generic gender equality guidance, all UNIDO technical co-operation projects undergo a mandatory gender mainstreaming review, requiring projects to be screened and approved by the UNIDO Gender Coordinator before proceeding to formal approval. Gender Focal Points assist colleagues in integrating gender equality and women's empowerment aspects into their programmes and projects including department-specific guidance on the identification of gender-sensitive outcomes and outputs and of sex-disaggregated indicators, and use of gender responsive implementation, monitoring and evaluation practices. It is not evident that all projects have explicitly addressed gender within the intervention design in practice. Evaluations of UNIDO programmes undertaken in 2017-18 in Colombia, India and Nigeria found that integration of gender equality into UNIDO programmes had not been effective. The India Country Programme evaluation found that "little effort was placed on targeting or gender-specific approaches". It is possible that there is a time lag between the recently introduced emphasis on gender mainstreaming in 2016 and its impact on projects.</p> <p>Environment is more frequently addressed than other cross-cutting issues in practice, reflecting the fact that many of UNIDO's projects are specifically connected with environment and climate due to GEF funding. The purpose of many of UNIDO's projects is to explicitly address environmental, energy or climate change issues, and therefore they are underpinned by analysis of relevant environmental issues.</p> <p>Monitoring for cross-cutting issues is not consistently identified in project documents. In several country programmes reviewed, it is stated that results will be disaggregated by gender, but data was not seen. Most country programmes and many projects have an intended environmental outcome (see Element 5 above), so that some environmental issues are de facto monitored as are poverty issues relevant to human rights when interventions address poverty reduction/earning capacity. UNIDO's model is based on the concept that industrialisation and development reduce poverty. Governance and human rights are rarely mentioned or reported. The 2019 revised IRPF sets out indicators which will enable better assessment of UNIDO contributions to the cross-cutting issues, for instance through specific gender equality indicators and indicators on impacts on beneficiaries and stakeholders.</p>	<p>4, 9, 10, 28, 36, 41, 45, 52, 64, 70, 73</p>
MI 5.5 Evidence confidence	High confidence

MI 5.6: Intervention designs include detailed and realistic measures to ensure sustainability (as defined in KPI 12)	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: Intervention designs include statement of critical aspects of sustainability, including; institutional framework, resources and human capacity, social behaviour, technical developments and trade, as appropriate	3
Element 2: Key elements of the enabling policy and legal environment that are required to sustain expected benefits from a successful intervention are defined in the design	2
Element 3: The critical assumptions that underpin sustainability form part of the approved monitoring and evaluation plan	1
Element 4: Where shifts in policy and legislation will be required these reform processes are addressed (within the intervention plan) directly and in a time sensitive manner	2
MI 5.6 Analysis	Source document

UNIDO interventions are framed by a commitment to sustainability as set out in its two governing principles: SDG 9 and ISID. At concept note stage, sustainability is reviewed in the UR submission and focuses on the institutional sustainability of the initiative. The Programme and Project Formulation and Approval Function process (2016) requires all projects to be assessed for institutional sustainability and counterpart support. The process does not clearly define sustainability approaches necessary to sustain benefits. This is noted in the Nigeria country programme evaluation which finds that “various components of the theme promote sustainability through the local capacity they build while sustainability approaches remain unclear in other aspects” (34). UNIDO GEF projects define benefits and sustainable outcomes more explicitly from design stage, as required by GEF guidelines.

There are examples of where in practice the intervention addresses sustainability, although the extent to which this is done and what is understood as sustainability is variable. For instance, the value chain approach for trade champions sustainability standards so that a fair price to producers and every partner in the value chain is maintained to ensure sustainable operations. Interventions directed to building capacity and access to finance similarly build potential for sustainability, as do pilots designed to support regional or national scale-up of interventions. Sustainability is to some extent defined in project design in the context analysis and outline of assumptions; for instance, development of public-private partnerships is seen as at risk if the relevant government does not prepare an adequate legal framework for it. The PCPs have enabled countries to effectively mobilise significant funding from donors as well as domestic and private sector sources.

UNIDO does not have a well-articulated definition or conceptualisation of sustainability and the assumptions that underpin it, which weakens potential for its evaluation. Scale-up is often a stated commitment, but what is being scaled up and how, whether it is behaviours, funding or skills, is not defined and is variably interpreted. Sustainability outcomes for individual projects is often not well defined at the outset. An identified issue exemplified in the Colombia country evaluation is the “lack of an impact and sustainability perspective in the formulation of the initiatives that have affected the sustainability of the same” (73). Monitoring systems often do not encourage work oriented beyond the activities and products and are focused on the operational dimension. A further challenge can be that “there is insufficient attention paid to results (outcomes and impact)” (71) as found by the country evaluation of Thailand. Sustainability of industrial development policies supported by UNIDO is not articulated or measured. As a result, governments do not always give UNIDO due credit for its support and interventions.

Country programmes refer to UNIDO support in the development of industrial or related strategies; however, evaluations find these need to be better based in country political and policy contexts. The Colombia country evaluation notes that a lesson learned is to pay more attention to political and regulatory reforms to achieve large-scale transformations. The 2018 evaluation of the Nigeria Country Programme, identified political and financial challenges which put some thematic areas at risk of not being sustained. Lack of government ownership for interventions was noted as a risk to sustainability in several country evaluations.

1, 2, 6, 9, 16, 34, 45, 71, 73

MI 5.6 Evidence confidence

High confidence

MI 5.7: Institutional procedures (including systems for engaging staff, procuring project inputs, disbursing payment, logistical arrangements etc.) positively support speed of implementation	Score
Overall MI rating	Highly unsatisfactory
Overall MI score	1.50
Element 1: Internal standards are set to track the speed of implementation	2
Element 2: The organisation benchmarks (internally and externally) its performance on speed of implementation across different operating contexts	0
Element 3: Evidence that procedural delays have not hindered speed of implementation across interventions reviewed	2
Element 4: Evidence that any common institutional bottlenecks in speed of implementation identified and actions taken leading to an improvement	2
MI 5.7 Analysis	Source document
<p>During 2018, UNIDO introduced tracking for all projects to provide a Red Amber Green (RAG) rating on progress. There is an intent to have a RAG dashboard for all projects. Individual project timelines for implementation are used to assess whether or not the project is on track. There is no standard guidance on project implementation timeframes; these are largely handled by the project manager on a case-by-case basis. At present there is no systematic assessment of speed of project implementation, and rate of implementation is not reported in the annual report.</p> <p>UNIDO does not benchmark its performance on speed of implementation across different operating contexts. The synthesis of evaluations 2015-18 found that 65% of evaluated projects experienced delays; two-thirds of these were delayed by more than 12 months.</p> <p>Delays are due both to UNIDO management and to government and contextual factors. Evidence from evaluations of country programmes indicates that procedural delays are a significant challenge (see also MI 11.2). Delays predominantly occurred during late design and early implementation and related to appointment of staff, tendering processes and identification of target beneficiaries. The cause of delays is not always identified, but where specified they typically related to pre-implementation negotiations and insufficient dialogue with countries and formalisation of arrangements. Other sources of delay included project fund management requirements, release of funds, project staff appointments. External factors such as late payments from countries, national staff turnover and political change are also major contributors to delay.</p>	25, 47, 52, 63, 64, 71, 73, 74, 75

<p>UNIDO's highly centralised model, combined with multiple layers of accountability and a lack of delegated authority to the UR/UCR (see also MI 3.3), is a continuing obstacle to timely decision-making at the field level. Evaluations have reported delays as being due to the management of most projects from Vienna at HQ. UCRs have to report to the regional or sub-regional office/cluster office first, before accessing the regional chief in HQ, so there is a double layer of accountability. The 2016 evaluation of procurement made a recommendation that "UNIDO should further implement its decentralization plan in operations at the country level by devolving much decision-making, budget authority and procurement process to the field, to improve efficiency and enable fast-track procedures that are required in post-crisis situations." URs/UCRs observed that they have to find proactive ways to work around the system to ensure that they can access the resources and decisions necessary to do their jobs. While there has been a move to more regular communications and co-ordination with the field since 2018, communications between Vienna and field offices are still in need of improvement.</p> <p>Some delays are seen to arise from procurement processes. Lack of capacity is a continuing challenge for the procurement team. There are also reported procurement delay factors at country level, for instance where buildings are not ready to receive equipment and where consignments are left at the United Nations Development Programme office for UNIDO, and this is not communicated promptly.</p> <p>The SAP system now makes payment processing much faster, but delays continue in procurement. Since 2017, there have been process improvements for procurement systems. These now use electronic processing, which enables speed and transparency. A contract management tool is now being developed. UNIDO is also exploring use of a global banking system to expedite country level payments. The global system is cheaper and quicker but requires an additional level of control from HQ, and UNIDO does not have the staff capacity to roll it out to all countries.</p>	25, 47, 52, 63, 64, 71, 73, 74, 75
MI 5.7 Evidence confidence	High confidence
KPI 6: Partnership working is coherent and directed at leveraging and/or ensuring relevance and the catalytic use of resources	KPI score
Satisfactory	2.54
<p>UNIDO's model of working is explicitly based on collaboration. The flagship PCP programmes are based on engagement with donors, development partners, the national government and private sector in order to bring these together to leverage and co-ordinate funding and technical resources to achieve ISID. UNIDO's expertise and experience in accessing and combining bilateral and private sector finance for industrial projects, and in convening partnerships, are seen as key comparative advantages. There are concerns with fragmentation in practice, especially in the non-PCP country programmes and with some projects, and examples of silo working and missed opportunities for effective co-operation with other programmes and projects.</p> <p>The PCP approach promises greater support of country systems, although it is not yet a confirmed way forward for UNIDO. PCPs provide great potential in terms of mobilisation of resources. Despite some successes, there has not yet been a major shift with regard to the mobilisation of large-scale public and private investment. There has been noted success in using small amounts of UNIDO seed money to leverage large investments by IFIs and governments. UNIDO has a strength in leveraging access to private funding but does not make this explicit within project design, monitoring and reporting. Use of country systems is not prioritised or monitored, in line with the UNIDO operational model of direct implementation.</p>	

At country level, there is partnership assessment and agreement of changes by the project or national steering committee of progress for projects/country programmes/PCPs on a regular basis. Interviewees noted that not all project managers engage stakeholders well in mutual assessments and feedback. Planning procedures allow flexibility in adjusting projects; within UNIDO's project-driven model, there is little scope for programmatic adjustment to reflect learning or changes in context. Both donors and HQ sign-offs to changes have contributed to delays in implementation.

UNIDO participates closely in joint planning with the UN, takes part in United Nations Country Team (UNCT) meetings and the UNDAF, and has been active in joint programmes with a large number of UN organisations. There is little engagement with UNCTs in those countries where UNIDO has no/limited presence, reflecting the challenge of constrained capacity. Regional chiefs and URs responsible for cluster or sub-regional offices try to co-ordinate with such countries, but their limited capacity means that their engagement is often relatively minimal, despite good effort and intent.

Knowledge sharing and strengthening has become a more explicit priority for UNIDO in its work with partners since 2018. The MTPF 2018-2021 emphasises UNIDO's plan to increase its focus on analytic and statistical work to better support countries in their efforts towards achieving ISID and the SDGs. UNIDO leads on indicators for SDG 9 and produces the IDR, research papers, reports and standard databases on industrialisation. These products are well regarded, but there is little evidence gathered on partners' perceptions of their utility and quality.

MI 6.1: Planning, programming and approval procedures enable agility in partnerships when conditions change	Score
Overall MI rating	Satisfactory
Overall MI score	2.60
Element 1: Mechanisms in place to allow programmatic changes and adjustments when conditions change	3
Element 2: Mechanisms in place to allow the flexible use of programming funds as conditions change (budget revision or similar)	2
Element 3: Institutional procedures for revisions permit changes to be made at country/regional/HQ level within a limited timeframe (less than three months)	3
Element 4: Evidence that regular review points between partners support joint identification and interpretation of changes in conditions	3
Element 5: Evidence that any common institutional bottlenecks in procedures identified and action taken leading to an improvement	2
MI 6.1 Analysis	Source document
Mechanisms are in place to allow project changes, using a process which requires consultation and agreement with national partners and which is subject to donor agreement. Such changes include revisions to scope, with appropriately adjusted outcomes and outputs as well as project extensions. A mechanism for allowing budget revisions to be made (with specified thresholds and with escalated approval processes depending on the threshold) is also in place. Approvals are made within UNIDO, with the exception of budget extensions for the GEF, which must be endorsed by the GEF Coordinator. No reference is made to timeframes for changes in guidelines. An issue identified by staff and partners (in the partner survey) is that there can be delays in making changes in a timely way.	33, 34, 45, 52, 75

<p>These processes for adjustment are used for individual projects; within UNIDO's project-driven model, there is no scope for programmatic adjustment to reflect learning or changes in context. The project-based work model limits UNIDO's flexibility to significantly redirect funding when/if needed, unless donors agree it. The process required can in principle be completed within three months. The partner survey reports a relatively high proportion of negative views for the question "UNIDO's flexibility in its financial resources enable it to meet the needs it targets in Country X", indicating lack of satisfaction with UNIDO's flexibility. Partners from one country noted that "uncertainty in UNIDO's resource allocation caused disruptions in local planning" and that "funding procedures should be more flexible and the local arm of UNIDO should be strengthened on strategic issues as lack of decision-making at the local level is causing implementation delays".</p> <p>Projects are in principle reviewed regularly (every six months) with project steering committees, when potential adjustments can be considered with partners; there is also regular reporting to donors, allowing opportunities to review and adjust. A weakness has been that projects (managed from HQ) are out of touch with countries, and in some cases steering committees have not met consistently. Since 2018, monthly virtual meetings between the field offices with the regional chief, project managers and divisional leads at HQ enable regular review of new challenges and issues at country level and within projects to identify any potential changes required.</p> <p>Several evaluations noted that there have been experiences of delay caused when HQ has been required to sign off changes, although the reasons are not given. Donors can also contribute to delays when they delay agreement, a factor that was reported in interviews and also noted in evaluations. Project closure and final payments from donors are also sometimes delayed, especially when project results are required to trigger payment. The Finance and Evaluation offices are collaboratively tackling this last problem by de-linking the evaluation from the project both procedurally and financially. Planned actions to tackle other delays to changes are not identified.</p>	<p>33, 34, 45, 52, 75</p>
MI 6.1 Evidence confidence	High confidence
MI 6.2: Partnerships based on an explicit statement of comparative advantage e.g. technical knowledge, convening power/partnerships, policy dialogue/advocacy	Score
Overall MI rating	Satisfactory
Overall MI score	2.75
Element 1: Corporate documentation contains clear and explicit statement on the comparative advantage that the organisation is intending to bring to a given partnership	3
Element 2: Statement of comparative advantage is linked to clear evidence of organisational capacities and competencies as it relates to the partnership	3
Element 3: The organisation aligns its resources/ competencies to its perceived comparative advantage	3
Element 4: Evidence that comparative advantage is deployed in partnerships to positive effect	2

MI 6.2 Analysis	Source document
<p>The MPTF 2018-21 states the importance of UNIDO's convening power in relation to partnerships, through convening multi-stakeholder partnerships and through leveraging finance and knowledge sharing, based on its technical and sector expertise to help realise ISID. UNIDO describes the PCP as a programme to support a country in achieving ISID goals, designed to deliver an integrated service package by combining UNIDO's advisory and normative services, technical assistance, and convening function to unlock public and private investment.</p> <p>Country programmes and project documentation refer to drawing on the experiences and expertise of UNIDO in poverty reduction activities, trade capacity building, and environment and energy. UNIDO's expertise and experience in designing and implementing technical industrial projects in different contexts, in accessing and combining bilateral and private sector finance for industrial projects, and in convening partnerships are seen as its key comparative advantages. Country programme evaluations find that UNIDO is recognised, valued and sought after because of its technical expertise in industrial development as well as its access to the private sector that other entities do not have. The organisation's knowledge of the country and region, combined with its specialised mandate and expertise, are seen to constitute its comparative advantage in the country. UNIDO brings its experience and convening power to countries through involving the private sector at global levels, accessing funding and, through its network of Investment and Technology Promotion Offices, promoting investment and technology transfer. It partners with sectoral associations and chambers of commerce in donor countries. It also works in partnership with local business sector actors, such as micro, small and medium-sized enterprises or farmers' associations, throughout its technical co-operation projects. UNIDO has a further advantage in that it is relatively small and agile and has implementation experience.</p> <p>There is a lack of clarity on UNIDO's overall role within the organisation. Within the staff group, there were different views expressed. One was that the purpose of UNIDO is to support development for industrialisation – to support improved industrialisation as an end in itself. Another view is that UNIDO supports industrialisation for development – to increase industrialisation to build wealth and tax take so that countries are self-sustaining.</p> <p>UNIDO builds on its expertise and convening role in knowledge exchange, using its technical and research knowledge and global, regional and country networks. UNIDO brings member states, financial institutions, the business sector, civil society and other actors together through global and regional fora to exchange knowledge and disseminate information.</p> <p>Since UNIDO's resources are constrained, its interventions are focused on maximising impact with low-cost interventions. For instance, the UNIDO strategy for Latin America and the Caribbean (a region with little UNIDO-related donor investment) focuses on co-operation, so that UNIDO has a role in convening, co-ordinating and providing expertise and policy dialogue to assist development of industrialisation policies. In Cambodia, UNIDO brought in two experts to a workshop on economic zones which helped gain Ministry of Finance funding and support for the policy and decision to become a PCP; UNIDO's access to knowledge and networks was seen to add value.</p>	1, 4, 14, 52, 64, 66, 67

UNIDO's new, more strategic approach to country and partnership working is intended to increase its role in advocacy and policy dialogue with governments and partners. This will require URs/UCRs, historically recruited for technical expertise, to have strong relationship building, political and communication skillsets, as well as expertise in policy development. Not all URs and UCRs have the necessary competencies to meet expectations. Interviews reported that relevant training is being developed.	1, 4, 14, 52, 64, 66, 67
MI 6.2 Evidence confidence	High confidence
MI 6.3: Clear adherence to the commitment in the Busan Partnership for Effective Development Cooperation on use of country systems	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: Clear statement on set of expectations for how the organisation will seek to deliver on the Busan commitment/QCPR statement (as appropriate) on use of country systems within a given time period	2
Element 2: Internal processes (in collaboration with partners) to diagnose the condition of country systems	3
Element 3: Clear procedures for how organisation to respond to address (with partners) concerns identified in country systems	2
Element 4: Reasons for non-use of country systems clearly and transparently communicated	2
Element 5: Internal structures and incentives supportive of greater use of country systems	2
Element 6: Monitoring of the organisation trend on use of country systems and the associated scale of investments being made in strengthening country systems	1
MI 6.3 Analysis	Source document
<p>The MTPF 2018-21 states that UNIDO's work and integrated budget will be aligned with the QCPR. The MTPF 2018-21 also introduces a new objective to strengthen knowledge and institutions, although this focuses more on capacity building and support than use of country systems. GEF projects are clearly based in country systems, since the Operational Strategy of the GEF emphasises country ownership and stakeholder involvement as fundamental operational principles. PCPs are led by the host government and focus on selected priority sectors and areas essential to the country's industrial development agenda. Overall the approach to using country systems is not consistent or clear.</p> <p>The extent to which there is a clear diagnostic for the strength of country systems is not clear (see KPI 5.2). Country programmes reviewed identify sectors and institutions for investment. These assessments are developed with country partners and agreed by them through the government sign-off of country projects and projects. The Morocco PCP is piloting partner mapping as part of pre-PCP analysis to position the PCP more robustly within country systems and institutions. The Technical Cooperation Guidelines emphasise country ownership but do not explicitly provide guidance or direction on use of country systems.</p>	1, 4, 6, 9, 14, 48, 50, 51, 65, 76, 77

<p>There is now a greater focus on responding to country systems through the flagship PCP approach which is based on co-ordination of UNIDO activities and investments with the government and partners. The MTPF 2018-21 period sees a shift being made by UNIDO from its focus on individual project implementation to a focus on scale-up and integration. This shift is intended to achieve a more strategic and long-term approach to strengthen country industrialisation policies, institutions and infrastructure. There remains, even in PCPs, a strong focus on individual projects. Partner survey responses judging the extent to which “UNIDO takes action to build capacity in country systems in Country X where it has judged that country systems are no yet up to a required standard” were relatively negative.</p> <p>Currently UNIDO does not use country systems. The organisation is now considering ways to increase use of project implementation entities (PEEs) and to develop their capacity where required. A pilot programme in China uses a national partner to work in UNIDO systems; large subcontracts are let with waivers on competitive bidding and are therefore comparable to national implementation. This builds on the experience in China of Montreal Protocol projects being implemented by subcontracted firms. UNIDO provides an oversight role only. This is a change in role for UNIDO, and interviewees noted it requires a culture shift away from direct implementation for project managers.</p> <p>No evidence was seen on UNIDO’s monitoring of investment in country systems or of their use. The 2019 mid-term review of the MTPF 2018-21 and related IRPF has introduced new indicators using a behavioural change model. The 2019 revised theory of change for UNIDO includes outcome indicators for strengthening knowledge and institutions which include business practices, technology, policies and standards, knowledge and capacities, investments, and partnerships.</p>	1, 4, 6, 9, 14, 48, 50, 51, 65, 76, 77
MI 6.3 Evidence confidence	High confidence
MI 6.4: Strategies or designs identify synergies, to encourage leverage/catalytic use of resources and avoid fragmentation	Score
Overall MI rating	Satisfactory
Overall MI score	2.60
Element 1: Strategies or designs clearly recognise the importance of synergies and leverage	4
Element 2: Strategies or designs contain clear statements of how duplication/fragmentation will be avoided based on realistic assessment of comparative advantages	2
Element 3: Strategies or designs contain clear statement of where an intervention will add the most value to a wider change	3
Element 4: Strategies or designs contain a clear statement of how leverage will be ensured	2
Element 5: Strategies or designs contain a clear statement of how resources will be used catalytically to stimulate wider change	2

MI 6.4 Analysis	Source document
<p>UNIDO's model of working is explicitly based on collaboration in the MTPF 2018-21 and in the Strategy for Industrial Development Partnerships 2018-21. A key outcome in the 2019 revised IRPF is "reach and reaction" to the "whole spectrum of actors relevant to a country's industrialisation". PCP programmes are explicitly based on engagement with different donors, development partners, the national government and private sector, with the intent to bring these together to leverage and co-ordinate funding and technical resources to achieve ISID. Collaboration with other entities of the United Nations Country Team under the United Nations Development Assistance Framework is stated to be fundamental to UNIDO's working within the MTPF 2018-21 and UNIDO Strategy for Industrial Development Partnerships 2018-21. The partner survey responses showed a very positive view of UNIDO's working in synergy, although a lower level of satisfaction with the coherence of financial cooperation.</p> <p>Country programmes do not explicitly set out how duplication will be avoided. In contrast, the six pilot PCPs are explicitly intended to bring together complementary interventions and projects aligned with national objectives, using UNIDO's expertise and leveraging additional finance from partners. In PCPs, a joint funding programme is developed with government and partners in which each partner, including UNIDO, plays to its strengths. For instance, the Ethiopia PCP focuses on three light industry sectors, because of factors including their potential for generating jobs and attracting private sector investment, and also because they can use UNIDO's specific expertise in these sectors.</p> <p>Project designs are in recent years more explicitly designed to contribute to wider changes in industrialisation and are more strategically placed in relation to national and partner plans. There is an explicit commitment to scale up. For instance, a Montreal Protocol project on replacing refrigerators is designed to be complementary to existing operations and projects in the country and to provide a low-cost, high-impact intervention with a potential for scale-up. Country programmes and project proposals do sometimes state that there will be wider change or scale-up as a result of the intervention, but the detail on how this will be achieved is not clearly given.</p> <p>In some PCPs, such as Morocco and Senegal, there has been noted success in using small amounts of UNIDO seed money to leverage large investments by IFIs and governments. PCPs provide great potential in terms of co-ordination; however, mobilisation of resources can take time, and despite some successes, there has not yet been a major shift with regard to the mobilisation of large-scale public and private investment. The synthesis of evaluations 2015-18 found that project co-financing had been higher than anticipated albeit not clearly monitored and tracked by UNIDO. Designs do not consistently address how/if leverage will be ensured.</p> <p>There are concerns with fragmentation in practice, especially in the non-PCP country programmes. A country programme evaluation found that more effort was required to develop country systems and partnerships to create links and share resources across projects and the country programme. Another found that "the potential for linkages [between supported projects] was not exploited nor pursued with diligent intentionality neither was it attained between them". The 2016 synthesis of evaluations found that "insufficient attention was paid to internal/external synergies" and that there were examples of silo working and missed opportunities for effective co-operation with other programmes and projects. Partners who identified themselves as a peer organisation were more likely to assign less positive ratings to the partner survey question "UNIDO co-operates with development or humanitarian partners to make sure that financial co-operation in Country X is coherent and not fragmented".</p>	<p>1, 4, 6, 9, 16, 33, 41, 51, 52, 65, 71, 75, 76, 78, 79, 80</p>
MI 6.4 Evidence confidence	High confidence

MI 6.5: Key business practices (planning, design, implementation, monitoring and reporting) co-ordinated with other relevant partners (donors, UN agencies, etc.)	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.17
Element 1: Evidence that the organisation has participated in joint planning exercises, such as the UNDAF	3
Element 2: Evidence that the organisation has aligned its programme activities with joint planning instruments, such as UNDAF	2
Element 3: Evidence that the organisation has participated in opportunities for joint programming where these exist	3
Element 4: Evidence that the organisation has participated in joint monitoring and reporting processes with key partners (donor, UN, etc.)	2
Element 5: Evidence of the identification of shared information gaps with partners and strategies developed to address these	1
Element 6: Evidence of participation in the joint planning, management and delivery of evaluation activities	2
MI 6.5 Analysis	Source document
<p>UNIDO participates closely in joint planning with the UN. UNIDO guidance requires that the formulation of programmes and projects is shaped by the need for consistency with UN programming principles and UNIDO's goal of ISID. Typically the UNIDO area of focus is on environmental governance and strengthening productive sectors to promote inclusive growth and local development. There is little engagement with UNCTs in those countries where UNIDO has no/limited presence (although UNIDO works with 156 countries, it has only 38 field offices). Regional chiefs and URs responsible for cluster or sub-regional offices try to co-ordinate with such countries, but their limited capacity means that their engagement is often relatively minimal, despite good effort and intent. Nonetheless, with the UN Development System reforms, the organisation seeks to engage more actively in the UN Sustainable Development Framework and to retain its place within the UNCT in anticipation of future changes within country teams.</p> <p>URs/UCRs are active members of the UNCT in developing UNDAFs, in countries where UNIDO has representation. UNIDO country programmes and PCPs reviewed show alignment between the government, UNDAF, SDG and UNIDO ISID objectives. The partner survey found relatively negative views of UNIDO's alignment of its planning and reporting activities with partners; donors had especially negative views. Discussions are taking place at different levels within UNIDO on the opportunities for UNIDO's role in the UNCT in future, which is not at present clear. URs/UCRs, HQ staff and evaluations note that the extent of effective engagement in the UNDAF and UNCT is closely related to the effectiveness of the individual UR/UCR's proactive leadership skills.</p>	4, 36, 39, 40, 41, 51, 64, 66, 67, 69, 80, 81

<p>Joint programmes have been implemented with a range of UN entities, including ILO and UNCTAD on youth employment; the Food and Agriculture Organization, ILO and the United Nations Development Programme in agro-industrial value chains upgrading programmes; UNEP in environment and energy programmes; as well as UN Women, the International Organization for Migration, UN Habitat and the World Food Programme. These joint programmes have enabled relatively small UNIDO projects to have greater scope and impact through collaboration. Where OneUN or Delivering as One arrangements are in place, these have permitted UNIDO to mobilise additional financial resources. Although these are sometimes small funds, they are significant for UNIDO. An IDDA3 (Third Industrial Development Decade for Africa) joint road map has been developed with several other UN agencies, including regional economic commissions, to facilitate joint programmes and reduce UN fragmentation in Africa. There is a UNIDO collaboration with six UN entities that make joint diagnostic trade assessments which is a USD 200 million operation.</p> <p>Country programmes have country programme steering committees with a membership of country government departments and institutions, including relevant UN entities and donors, to which progress is reported and which has a monitoring and co-ordination function. Country programmes typically have a biannual reporting process to a national steering group/committee. Different donors are responsible for co-ordination, monitoring and evaluation of their own projects, which are then brought together for reporting and review purposes. A monitoring and evaluation system for measuring progress and programme level impact is jointly agreed with the national steering committee. In PCPs, the role of UNIDO is explicitly focused on monitoring and reporting outcomes, results and progress for the PCP.</p> <p>No evidence of information gap analysis was seen in country programmes, context analyses or country programmes.</p> <p>When required, the Independent Evaluation Division is also involved in joint evaluations, for example with sister UN agencies or donors, where the Independent Evaluation Division (IED) provides support. However, few have been undertaken recently.</p>	4, 36, 39, 40, 41, 51, 64, 66, 67, 69, 80, 81
MI 6.5 Evidence confidence	High confidence
MI 6.6: Key information (analysis, budgeting, management, results etc.) shared with strategic/implementation partners on an ongoing basis	Score
Overall MI rating	Satisfactory
Overall MI score	3.20
Element 1: Information on the organisation's website is easily accessible and current	3
Element 2: The organisation has signed up to the International Aid Transparency Initiative or reports through the OECD-DAC systems	4
Element 3: Accurate information is available on analysis, budgeting, management and is in line with IATI or OECD-DAC (Creditor Reporting System, CRS) guidelines	3
Element 4: Evidence that partner queries on analysis, budgeting, management and results are responded to in a timely fashion	3
Element 5: Evidence that information shared is accurate and of good quality	3

MI 6.6 Analysis	Source document
<p>Information on UNIDO's budgeting and management performance is accessible on its webpage under the Open Data Platform (since 2015) related to voluntary contributions (for technical co-operation projects and donors), procurement, publications and IRPF information. For the regular budget, information is available on the public website included in the records of the UNIDO Governing bodies. The final 2020-21 Programme and Budget as recommended by the Industrial Development Board for approval at the 18th session of the UNIDO General Conference can be found under https://www.unido.org/resources-policy-making-organs-industrial-development-board-sessions/industrial-development-board-resumed-forty-seventh-session.</p> <p>UNIDO has a commitment to transparency of information and publishes project and funding data on the Open Data Platform. These show current information in real time. UNIDO joined the International Aid Transparency Initiative (IATI) in 2016 and is committed to its principles. UNIDO has been publishing data since October 2018 on a monthly basis on the IATI website.</p> <p>Reports are made to partners of evaluation findings and lessons. Mid-term and final evaluations are shared with stakeholders. Lessons are also communicated to governments and other stakeholders; briefing materials are prepared for donors and permanent missions. Field offices prepare annual reports and aggregate project information; this is generally for internal use but can also be used as part of ad hoc requests for UN partners or government and other local partners, once any sensitive information has been edited out. Project managers report progress, budgets and workplans to project steering committees, where they are reviewed and queries are addressed. Annual reports and financial statements are submitted to the donor. PCP programme managers report to national steering committees on PCP progress. There was no evidence on the timeliness of responses to partner queries, and partners noted that responses can be slow.</p> <p>The Open Data Platform provides standard high level information; many UNIDO projects also have their own website. The India country evaluation notes, "There is room to expand information sharing across partners both within and beyond the programme", suggesting that more can be done in relation to information to partners. Overall the partner survey shows an average response to UNIDO's information sharing. Those working for UN agencies/IFIs or in the private sector tend to give less positive ratings than those working for non-governmental organisations (NGOs), international NGOs, academia or thinktanks.</p>	1, 4, 17, 45, 61
MI 6.6 Evidence confidence	High confidence
MI 6.7: Clear standards and procedures for accountability to beneficiaries implemented	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.33
Element 1: Explicit statement available on standards and procedures for accountability to beneficiary populations e.g. Accountability to Affected Populations	2
Element 2: Guidance for staff is available on the implementation of the procedures for accountability to beneficiaries	3
Element 3: Training has been conducted on the implementation of procedures for accountability to beneficiaries	2
Element 4: Programming tools explicitly contain the requirement to implement procedures for accountability to beneficiaries	2

Element 5: Approval mechanisms explicitly include the requirement to assess the extent to which procedures for accountability to beneficiaries will be addressed within the intervention	2
Element 6: Monitoring and evaluation procedures explicitly include the requirement to assess the extent to which procedures for accountability to beneficiaries have been addressed within the intervention	3
MI 6.7 Analysis	Source document
<p>Beneficiaries of UNIDO projects are not often well defined. This partly reflects the variety of project types and project purposes supported by UNIDO. Beneficiaries, as defined in documentation and by interviewees, may include some or all of the following: small and medium-sized enterprises; employees; people trained; women; youth; local communities; ministries; governments; the business sector; consumers; and society at large. Processes for accountability are also not well defined.</p> <p>The ESSPP require the project development team to consult with project stakeholders for all UNIDO projects. For projects determined to be Category A or Category B, Public Consultation and Disclosure (PCD) sections must be included in the project. Results of consultations and the relevant documentation will be distributed to key stakeholders and affected groups. For Category A and B projects, consultations with stakeholders take place before the terms of reference (TORs) are finalised. Guidance states that in “identifying stakeholders, the project development team should consider the following: (i) which parties will be adversely affected and are the most vulnerable, and at what stage of project development?; (ii) what the various interests and likely positions of stakeholders?; (iii) what is the optimal sequence of engagement?; and (iv) are there any representative and accountable NGOs and community-based organisations to engage with?” In addition, the ESSPP guidance requires that “[i]n order to fulfil its commitment to accountability to the countries it aims to support, UNIDO will carry out meaningful consultations with the affected communities and all project stakeholders throughout the life of UNIDO projects”. However, the ESSPP were only rolled out from early 2019 for non-GEF projects, so that few projects to date have been required to be compliant with these requirements.</p> <p>Technical Cooperation Guidelines for projects and programmes require project managers to identify target beneficiaries and provide some guidance on how to identify them and to assess whether the intervention will address their problems. The Guidelines require that some beneficiaries should be consulted during the project. Approval functions set out in the Technical Cooperation Guidelines and the ESSPP require beneficiaries and stakeholders to be identified, although this is not always clearly done in practice according to reviewed documentation. Accountability to line ministries, government and partners on the joint steering is provided through the regular project reporting processes; accountability requirements for other beneficiaries is not specified. Training on the use of the Technical Cooperation Guidelines appears to be “on the job”. Training is being provided for the ESSPP as it is rolled out.</p> <p>The 2019 IRPF sets out new indicators for impact and outcomes which may enable a clearer definition of and focus on beneficiaries. The 2019 IRPF appears to identify small and medium-sized enterprises, employees, governments and consumers as potential beneficiaries and uses a methodology which enables projects to identify indicators relevant to their scope and purpose. There is a strong focus in the 2018 UNIDO evaluation manual on beneficiary definition and interaction and on beneficiaries’ and stakeholders’ feedback and perceptions. There is a similar requirement to address these issues in the standard UNIDO TOR for mid-term reviews.</p>	9, 37, 39, 45, 68, 82
MI 6.7 Evidence confidence	High confidence

MI 6.8: Participation with national and other partners in mutual assessments of progress in implementing agreed commitments	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.40
Element 1: Evidence of participation in joint performance reviews of interventions e.g. joint assessments	3
Element 2: Evidence of participation in multi-stakeholder dialogue around joint sectoral or normative commitments	3
Element 3: Evidence of engagement in the production of joint progress statements in the implementation of commitments e.g. joint assessment reports	2
Element 4: Documentation arising from mutual progress assessments contains clear statement of the organisation's contribution, agreed by all partners	2
Element 5: Surveys or other methods applied to assess partner perception of progress	2
MI 6.8 Analysis	Source document
<p>At country level, the project steering committee assesses progress of interventions on a regular basis, usually every six months. Such steering committees consist of line ministries; national and local stakeholders; UNIDO; other relevant UN agencies/IFIs; relevant business representatives; and in some cases donors. Project managers report against the log-frame and also report on budgets, changes and any issues requiring agreement to an adjustment of the project. Countries with country programmes have national steering committees with a similar set of partners to review progress on the country programme. Interviewees noted that not all project managers engage stakeholders well in mutual assessments and feedback. The survey findings indicate lower levels of satisfaction with mutual assessments, one part of synergies with partners.</p> <p>Within PCPs, there is a national multi-sectoral body tasked with co-ordination and review. For instance in Ethiopia, the National Technical Task Force (made up of national bodies) is responsible for the day-to-day operations of the PCP, including reviewing implementation status and challenges, recommending mitigation measures, monitoring progress and reporting on it annually. A UNIDO PCP programme manager is responsible for overseeing and drawing together monitoring information and the progress report for PCPs. At the end of the first phase of the PCP, there is a joint review to take stock of PCP accomplishments and measure the results and contribution to impact of the PCP programme on specific industrial sectors/areas and its contributions to the achievement of ISID and the SDGs, as well as to validate the way forward for the country's industrial development. The contribution of UNIDO is specified in terms of UNIDO project implementation progress and expenditure.</p> <p>PCP programme managers present and discuss findings of the mid-term PCP review with the National Coordination Body and other national stakeholders, and recommendations are agreed and formalised by the body. The UNIDO Evaluation Office finalises evaluation reports for projects and country programmes and shares the latter with internal and external stakeholders, including the relevant management response sheet. The mechanism by which this is agreed by all partners is not clearly specified, and there are no joint assessment reports.</p> <p>Interviewees cautioned that some projects do not engage stakeholders well in mutual assessments and feedback on projects and in agreeing changes to projects.</p> <p>The UNIDO evaluation manual and TOR for mid-term reviews both require an assessment of partner and stakeholder/beneficiary perceptions to be undertaken. UNIDO does not survey partners to elicit their views.</p>	39, 51, 74, 81, 82
MI 6.8 Evidence confidence	High confidence

MI 6.9: Deployment of knowledge base to support programming adjustments, policy dialogue and/or advocacy	Score
Overall MI rating	Satisfactory
Overall MI score	2.83
Element 1: Statement in corporate documentation explicitly recognises the organisation's role in knowledge production	4
Element 2: Evidence of knowledge products produced and utilised by partners to inform action	3
Element 3: Knowledge products generated and applied to inform advocacy at country, regional or global level	2
Element 4: Evidence that knowledge products generated are timely/perceived as timely by partners	3
Element 5: Evidence that knowledge products are perceived as high quality by partners	3
Element 6: Evidence that knowledge products are produced in a format that supports their utility to partners	2
MI 6.9 Analysis	Source document
<p>UNIDO's new fourth strategic priority, adopted in the MTPF 2018-21 is to strengthen knowledge and institutions. The MTPF 2018-21 states, "The emphasis on partnerships and on increasing the development impact of UNIDO's work requires a systematic approach to knowledge management within and beyond the Organisation". The MTPF 2018-21 emphasises UNIDO's plan to increase its focus on analytic and statistical work 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 PCPs, which require country and sector-specific ISID analysis, co-ordination work, institutional support, and, where necessary, capacity building services. This approach is further built on by the 2019 IRPF which states that a fundamental area of influence of UNIDO's efforts is the generation of increased knowledge and understanding of ISID issues.</p> <p>UNIDO has the mandate to collect and produce global industrial statistics. UNIDO's Policy, Research and Statistics Department is responsible for producing a range of well-respected knowledge products, which are widely used by governments and by research institutions to inform analysis and policy. The Industrial Development Report (IDR) is the periodical flagship publication of UNIDO. It is complemented by relevant working papers and studies published on the UNIDO website, for example on women's participation, industrialisation in Africa and least developed countries, migration, and globalisation. UNIDO also maintains and manages five global databases comprising statistics on overall industrial growth, detailed data on business structure and statistics on major indicators of industrial performance by country in a historical time series. Data from these are used by governments and economists in assessing industrial performance and for monitoring six SDG 9 indicators.</p>	1, 2, 5, 6, 9, 14, 35, 41, 68

<p>UNIDO convenes global and regional fora and is part of various networks and platforms which serve as means of sharing best practices and innovative solutions in the field of ISID. These are well attended and provide an opportunity for UNIDO to influence thinking through its studies and experience from country level work and research briefs. UNIDO participates in global fora on industrial statistics and SDG indicators. Statistical country briefs are produced to support country ISID and policy development. At country level, workshops and conferences are used by URs/UCRs to share knowledge on technology and industrialisation, bringing in experts as necessary. Some URs/UCRs who have technical backgrounds have the requisite technical knowledge to do this themselves and support advocacy at country level, but not all URs/UCRs have the necessary skills for advocacy and influencing thinking. The MOPAN partner survey found that partners working for Cambodia and Senegal (both PCP countries) tend to assign higher ratings in the survey for quality of inputs to policy dialogue.</p> <p>UNIDO supports South-South and triangular industrial co-operation for knowledge and technology exchange. UNIDO also has a role in building capacity for effective statistical information, especially in those countries where national statistical offices lack the technical capacity to establish a system in compliance with new statistical standards. This capacity building aspect of UNIDO's work has decreased in recent years due to lack of UNIDO staff capacity. Interviewees noted that project managers and donors do not prioritise production of statistics and data, so resources for these in projects are often inadequate.</p> <p>The IDR is produced on a two-year cycle, and databases are regularly updated. Statistical databases are available online and on CD-ROMs, with some annual and quarterly reports as PDFs; working papers and studies are accessed online or by PDF download.</p>	1, 2, 5, 6, 9, 14, 35, 41, 68
MI 6.9 Evidence confidence	High confidence

PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson-learning

KPI 7: The focus on results is strong, transparent and explicitly geared towards function	KPI score
Unsatisfactory	2.08
<p>UNIDO has initiated several improvements to its performance management. However, most of these efforts have yet to bear fruit. The integration of results and resources, attempted for the first time in the current MTPF, is an important achievement even though several inconsistencies between the MTPF and the IRPF persist and remain unaddressed. New systems and tools are currently under development to further support RBM in UNIDO. The leadership of the organisation is strongly committed to RBM and has consistently expressed that commitment in external documents and internal instructions. This has not led to significant improvements in the RBM culture for several reasons:</p> <ul style="list-style-type: none"> • The results management system, including the monitoring and evaluation functions, are underfunded and not adequately resourced. • Management structures, which emphasise sectorial approaches, stand in the way of planning, tracking, and reporting country-wide and regional results. • Performance measurement is inadequate with absent theories of change, ambiguous results statement formulations, missing baseline data, vague indicators and an overall lack of an RBM culture. As a result, performance data does not trigger any perceivable change in direction. 	

- Overall there is a significant mismatch between the resources and capacities UNIDO commands and the ambition of its results and targets, in as much as they are clearly articulated.

RBM theory and practice in UNIDO have followed a path of “isomorphic mimicry”, which means that UNIDO has copied RBM approaches without fully internalising their purpose and without regards to achieving full functionality. Hence, the organisation derives very little benefit from its considerable RBM efforts.

For a specialised agency with high technical competency, it is somewhat surprising that few attempts have been made to capture UNIDO’s contribution to results through technical indicators. Interviews reveal that it is that same technical competence and the different substantive approaches used across units that prevent internal agreement on how substantive indicators (e.g. CO2 emissions avoided) could be calculated and tracked across UNIDO. These methodological disagreements stand in the way of more substantive measurements that would speak to the organisation’s achievements and contribution.

UNIDO’s technical co-operation portfolio is dominated by GEF implementation, and GEF projects are credited with good RBM practices by internal and external evaluations and reviews. In the corporate aggregate, it is unclear how these projects, which are individually approved by the GEF Council at various times, fit in with UNIDO’s results frameworks. In fact, interviews suggest that UNIDO regards itself as a project implementer on behalf of the GEF, and consequently the “fit” of these projects as part of UNIDO’s own strategic direction is not really considered. Since GEF projects are dealt with on an individual basis, the lack of any aggregation of results is not perceived by the organisation.

The PCP approach is an important attempt to bring together interventions conceived and managed across several HQ units and to make them relevant and trackable at country level. Initial feedback on this pilot approach is promising, as it would help overcome significant shortcomings with regards to the planning and reporting of results. However, at this stage the PCP approach is still very limited and does not address the lack of regional and global strategies designed to support the achievement of specific SDGs.

MI 7.1: Leadership ensures application of an organisation-wide RBM approach	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.33
Element 1: Corporate commitment to a results culture is made clear in strategic planning documents	4
Element 2: Clear requirements/incentives in place for the use of an RBM approach in planning and programming	2
Element 3: Guidance for setting results targets and developing indicators is clear and accessible to all staff	2
Element 4: Tools and methods for measuring and managing results are available	3
Element 5: Adequate resources are allocated to the RBM system	1
Element 6: All relevant staff are trained in RBM approaches and methods	2

MI 7.1 Analysis	Source document
<p>The organisation's commitment to a results culture is consistently articulated in internal and external strategic planning documents. UNIDO defines RBM as "a broad management strategy aiming at improving management effectiveness and accountability by defining realistic expected results, monitoring progress toward their achievement, integrating lessons learned into management decisions and reporting". The MTPF 2018-21 states that "UNIDO fully recognizes the importance of quality and evidence-based information for decision-making and programme design. The MTPF thus includes a strong focus on improved RBM and monitoring systems to analyse and report the progress in organisational performance at all levels of the Organisation". The IRPF aspires to make UNIDO "a results-oriented, transparent, efficient, and trusted Organisation and partner in the SDGs era". The MTR of the MTPF introduces clear organisational outcomes and impact areas to inform the next generation IRPF. The QAF policy issued in 2019 has the objective "to strengthen UNIDO's policy of results-based management (RBM), and consequently the quality of its products, services, and processes".</p> <p>While the use of an RBM approach is prescribed by the leadership and governance of the organisation, audits and evaluations point to limited compliance. The 44th session of the IDB "unambiguously called for applying RBM for tracking UNIDO's contribution to the 2030 Agenda and the Sustainable Development Goals". In interviews, it was stressed that the organisation is aware of significant inconsistencies between MTPF and IRPF, and UNIDO's RBM practice was described as a "work in progress". Outside the GEF portfolio, which has very specific RBM requirements due to the funding source, it was unclear to what extent RBM practice is really required or expected, beyond the cosmetic.</p> <p>Guidance for setting results targets at corporate level largely follows the SDG approach as UNIDO is the custodian agency for six industry-related indicators under SDG 9. However, evaluations and audits point out significant weaknesses to results target setting at corporate, regional and country levels. The 2012-15 synthesis of evaluations found significant shortcomings in the formulation of results statements, indicators and monitoring frameworks, including the following areas for improvement:</p> <ul style="list-style-type: none"> • The quality of about 25% of the Logical Framework Matrix was rated below satisfactory by evaluation reports. • Risks and assumptions were not mentioned in more than 20% of the evaluation reports and were moderately or highly unsatisfactory in over 40% of the cases. • SMART indicators were defined in about 40% of the projects, albeit mostly at output and activity levels. • Monitoring and evaluation (M&E) was clearly defined in only about 40% of the projects. <p>Several tools and methods for measuring and managing results have been introduced and refined at corporate level; their utility and use at regional and country levels is less clear. According to the Report to the External Auditor for 2017, a set of new tools to guide staff and dedicated training are required, and the limited level of RBM knowledge is echoed by both the 2012-15 and the 2015-18 syntheses of evaluations. Evaluations and audits point to significant under-resourcing of the RBM system at regional and country levels. The 2012-15 and 2015-18 syntheses of evaluations both point to weak or missing M&E systems and have proposed a search for more joined-up in-house support to project managers on M&E, particularly at country level. Documents suggest that training of staff has been partial and that uptake of RBM practices is limited.</p>	<p>1, 2, 6, 7, 8, 9, 10, 13, 16, 21, 25, 33, 34, 39, 71, 75, 83</p>
MI 7.1 Evidence confidence	High confidence

MI 7.2: Corporate strategies, including country strategies, based on a sound RBM focus and logic	Score
Overall MI rating	Satisfactory
Overall MI score	2.80
Element 1: Organisation-wide plans and strategies include results frameworks	4
Element 2: Clear linkages exist between the different layers of the results framework, from project through to country and corporate level	2
Element 3: An annual report on performance is discussed with the governing bodies	4
Element 4: Corporate strategies are updated regularly	2
Element 5: The annual corporate reports show progress over time and note areas of strong performance as well as deviations between planned and actual results	2
MI 7.2 Analysis	Source document
<p>Organisation-wide plans and strategies include results frameworks.</p> <p>Evaluations, audits and reviews point to inconsistencies in how different tiers of corporate results are linked, as well as how corporate and country level results cascade. Theories of change and results chains were frequently found to be unclear or missing at country level. There are weak linkages between results and resources, and global and country level work.</p> <p>Annual reports covering performance are submitted to governing bodies; however, audits recommend better use of indicators, baselines and targets. According to the Internal Control Framework, “UNIDO is one of the ‘best practice’ organisations mentioned by the JIU [UN Joint Inspection Unit] with regard to the status and consideration given to its reports by the governing bodies”.</p> <p>There is evidence that corporate strategies relating to UNIDO’s results are updated, both from one programme cycle to the next, as well as within a programme cycle. The MTPF was reviewed at mid-term, but neither results nor targets were modified. Updates to the Programme and Budget appear to reflect changes in resources without any corresponding adjustment to the targeted results.</p> <p>Documents point to weaknesses in the annual corporate reporting process with regards to clear progress measures and results linkage. The 2017 and 2018 annual reports show progress against SDG indicators and note UNIDO’s delivery of results; however, they do not bridge the gap between organisational results and the global state-of-play on industrialisation.</p>	1, 5, 7, 8, 11, 13, 20, 33, 52, 64
MI 7.2 Evidence confidence	High confidence
MI 7.3: Results targets set based on a sound evidence base and logic	Score
Overall MI rating	Highly unsatisfactory
Overall MI score	1.50
Element 1: Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher order objectives	2
Element 2: Indicators are relevant to the expected result to enable measurement of the degree of goal achievement	2
Element 3: Development of baselines is mandatory for new interventions	1
Element 4: Results targets are regularly reviewed and adjusted when needed	1

MI 7.3 Analysis	Source document
<p>Documents point to significant weaknesses in the formulation of indicators and targets. UNIDO has recognised this weakness and is in the process of developing more robust indicators and targets, particularly at the Tier 2 level. Evaluations consistently point out that indicators are not specific, measurable, achievable, relevant or timebound.</p> <p>The relevance of indicators, particularly at Tier 2 level, is questionable, as they fundamentally only track the number of countries UNIDO services, without any clear indication to the degree of success or the quality of support. Evaluations found indicator targets to be unrealistic given UNIDO's capacity and resources.</p> <p>IRPF largely has baseline data in place; however, evaluations point out that baselines data is frequently missing at regional and country levels. Moreover, projects typically contain no plans on how baseline data will be established.</p> <p>Documents point to weaknesses in the design of results targets and the use of data to review and adjust them. In fact, there is little evidence that changes in the operating environment, aside from the resource availability, trigger any changes to the level of ambition expressed through targets.</p>	8, 9, 13, 17, 18, 19, 33, 39, 75, 84
MI 7.3 Evidence confidence	High confidence
MI 7.4: Monitoring systems generate high quality and useful performance data	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.00
Element 1: The corporate monitoring system is adequately resourced	2
Element 2: Monitoring systems generate data at output and outcome level of the results chain	2
Element 3: Reporting structures are clear	2
Element 4: Reporting processes ensure timely data for key corporate reporting, and planning	2
Element 5: A system for ensuring data quality exists	2
Element 6: Data adequately captures key corporate results	2
Element 7: Adequate resources are allocated to the monitoring system	2
MI 7.4 Analysis	Source document
<p>While there appears to be a strong commitment to resource the corporate monitoring system, audits point to weaknesses in its implementation. From interviews, it is apparent that the overall lack of resources has led to significant weaknesses in the corporate monitoring system.</p> <p>At corporate level, monitoring systems generate some data; however, linkage to regional and country levels is less clear. The need for better data at corporate level was recognised by UNIDO. The independent audit observed on Level 2 indicators: "These mainly statistical indicators do not reflect the relation between successful projects and their specific effects on a country's development. As a consequence, they neither provide for strong evidence that projects have actually contributed effectively to UNIDO's strategic goals nor can they show how their effects develop over time".</p>	1, 2, 11, 13, 17, 25, 33-35, 64, 74, 75, 85

<p>Evidence shows that several inconsistencies between the MTPF and IRPF persist. The mid-term review of the MTPF has not addressed these inconsistencies. From interviews, it is apparent that the tracking, consolidation and reporting of progress and results across country, regional and global levels are limited to statistical data because agreement on substantive organisation-wide indicators has not been reached.</p> <p>Documents point to strong reporting commitments, but evaluations and audits point to the weaknesses in the aggregation of data for corporate reporting and planning. While formal compliance with reporting deadlines appears high, the actual content and utility of reports remain variable.</p> <p>While a system for ensuring data quality exists, evaluations and audits highlight its limitations. In particular, the quality of project log-frames and evaluation reports are frequently found to be unsatisfactory. Documents also point to significant data gaps and results alignment issues.</p>	<p>1, 2, 11, 13, 17, 25, 33-35, 64, 74, 75, 85</p>
MI 7.4 Evidence confidence	High confidence
MI 7.5: Performance data transparently applied in planning and decision-making	Score
Overall MI rating	Unsatisfactory
Overall MI score	1.75
Element 1: Planning documents are clearly based on performance data	2
Element 2: Proposed adjustments to interventions are clearly informed by performance data	1
Element 3: At corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate	2
Element 4: Performance data support dialogue in partnerships at global, regional and country level	2
MI 7.5 Analysis	Source document
<p>Documents highlight the challenge of using corporate, aggregated performance data for planning. Due to the lack of a clear theory of change and baseline data, the utility of performance data is limited. The external auditors in 2018 recommended that UNIDO “[i]nitiate a review of the current MTPF structure and the causal relationship of the outputs, outcome and impact, as well as risks and assumptions to determine how the theory of change (TOC) can be presented with clarity to improve measurability, allow the analysis and aggregation of results and improve results accountability”.</p> <p>From the documents, it is not clear that adjustments to corporate level results are taking place at all. The mid-term review of the MTPF did not include any assessment of progress based on performance data and proposed no adjustments of substantive targets.</p> <p>At corporate level, such reviews take place, but documents point to the limits in the quality of the data. While the formal approach of a scorecard exists, the overall lack of results data limits its use to basic compliance and resource utilisation issues.</p> <p>Evaluations point to weaknesses in the quality of performance data at regional and country levels. Outside of PCP countries, UNIDO’s structure does not allow for the consolidation of performance data and results at country and regional levels, as the management responsibility for projects is dispersed across several HQ units.</p>	<p>5, 7, 8, 13, 25, 33, 51, 52, 75</p>
MI 7.5 Evidence confidence	High confidence

KPI 8: The organisation applies evidence-based planning and programming	KPI score
Unsatisfactory	2.43
<p>The operational independence of the evaluation function is well documented. The introduction of an Audit Advisory Committee, which covers audit, evaluations and investigations, was perceived as a very positive step in developing the new evaluation charter, which in the future will be directly approved by the IDB. The major limitations regarding the effectiveness of the evaluation functions are: (a) the shortcomings in the M&E systems across UNIDO; and (b) the severe lack of resources to perform that function. The evaluation charter and policy set out a high-quality process for how evaluations should be conducted, which was reviewed and found to be compliant with United Nations Evaluation Group (UNEG) norms and standards.</p> <p>Overall the quality of evaluations is found to be high, but evaluation coverage is limited. At present only an average of three country evaluations are undertaken per biennium. While every evaluation is accompanied by a management response, ownership and follow-up on recommendations is uneven, and particularly recommendations targeting issues beyond individual projects receive little attention. UNIDO has accumulated over 1 500 evaluation recommendations, but the database is an insufficient tool for tracking and learning. The same issue found in several evaluations is tracked several times, which leads to duplication and challenges in closing out recommendations. While project design templates call for the integration of lessons from evaluations, no tools or systems are in place, and the primary sources of learning are formal briefing sessions and one-on-one conversations between project managers and designated resource persons. While UNIDO has no adequate system to track project performance beyond budget implementation rates, it is unclear how poorly performing interventions could be identified and what actions project managers and UNIDO Representatives could realistically take given the limits imposed by extra-budgetary project level funding.</p>	
MI 8.1: A corporate independent evaluation function exists	Score
Overall MI rating	Satisfactory
Overall MI score	2.86
Element 1: The evaluation function is independent from other management functions such as planning and managing development assistance (operational independence)	4
Element 2: The Head of evaluation reports directly to the Governing Body of the organisation (Structural independence)	2
Element 3: The evaluation office has full discretion in deciding the evaluation programme	3
Element 4: A separate budget line (approved by the Governing Body) ensures budgetary independence	2
Element 5: The central evaluation programme is fully funded by core funds	1
Element 6: Evaluations are submitted directly for consideration at the appropriate level of decision-making pertaining to the subject of evaluation	4
Element 7: Evaluators are able to conduct their work throughout the evaluation without undue interference by those involved in implementing the unit of analysis being evaluated (Behavioural independence)	4
MI 8.1 Analysis	Source document
The operational independence of the evaluation function is well documented. The evaluation policy states that “the institutional arrangements for evaluation ensure independence of the evaluation function so as to fulfil its accountability role”. The charter furthermore stresses that “the work of EIO shall remain free from undue influence or interference by management, staff or any party related or external to the Organisation”.	7, 13, 22, 25, 39, 52, 83, 86

<p>The Director of the Office of Evaluation and Internal Oversight formally reports to the Director General of UNIDO; however, interviewees have stressed that reports by the office are submitted to the Industrial Development Board unaltered.</p> <p>The evaluation programme is prepared in a consultative fashion: “The biannual evaluation work programme describes the planned activities of IED over a given UNIDO biennium. IED drafts this work programme at the beginning of the biennium in consultation with UNIDO line management, project managers and country team leaders, thereafter, submitting it for approval to the “Executive Board” of UNIDO [i.e. senior management]”. In several instances, project evaluations are mandated from the outside (i.e. funding source), which formally limits the independence of IEO.</p> <p>Practically speaking, the most significant limitation is the overall lack of funding for the evaluation function. While the biennial budget contains a dedicated appropriation line, the total amount is not adequate to live up to the corporate commitment on evaluation. The majority of funding for evaluations is derived from extra-budgetary projects if they include provisions for evaluations. Evaluation team staff resources are very small and for two years were comprised of only two people, weakening the role of evaluation in UNIDO.</p> <p>Evaluations are submitted to the relevant project manager or other managers for consideration.</p> <p>In interviews, it was stressed that questions of resourcing aside, the work of the evaluation office has been consistently facilitated by management and that no interference in the work of the office has taken place so far.</p>	7, 13, 22, 25, 39, 52, 83, 86
MI 8.1 Evidence confidence	High confidence
MI 8.2: Consistent, independent evaluation of results (coverage)	Score
Overall MI rating	Satisfactory
Overall MI score	2.60
Element 1: An evaluation policy describes the principles to ensure coverage, quality and use of findings, including in decentralised evaluations	4
Element 2: The policy/an evaluation manual guides the implementation of the different categories of evaluations, such as strategic, thematic, corporate level evaluations, as well as decentralised evaluations	4
Element 3: A prioritised and funded evaluation plan covering the organisation’s planning and budgeting cycle is available	2
Element 4: The annual evaluation plan presents a systematic and periodic coverage of the organisation’s Interventions, reflecting key priorities	1
Element 5: Evidence from sample countries demonstrate that the policy is being implemented	2
MI 8.2 Analysis	Source document
The latest evaluation policy dates from 2018 and was complemented by the charter of the Office of Evaluation and Internal Oversight in 2019, which benefitted from inputs by the Audit Advisory Committee and the evaluation manual issued in 2018, which provides detailed guidance on UNIDO evaluations. The policy and charter use a risk-informed approach. The policy is based on UNEG principles.	25, 39, 52, 83, 86

<p>Different types of evaluations are foreseen by the policy, such as thematic, country, country programme and cross-cutting evaluations. Decentralised evaluations are not included, as consistent with UNIDO's centralised structure. The IED plays a role in providing guidance to project evaluations.</p> <p>The biennial work Programme and Budget for evaluation is approved by UNIDO's senior management (the "Executive Board") and has ranged between EUR 600 000 and EUR 700 000 since 2008. For the 2018/19 biennium, this has translated into 3 thematic evaluations, 3 country evaluations and 81 project evaluations funded from project budgets. The work programme is not prioritised, although it does provide a breakdown by year. The limited budget constrains the level of coverage, in particular of countries.</p> <p>Interviews revealed that, while the policy is risk informed, only about 20-30% of high-risk areas can be covered due to a lack of funding.</p> <p>Evaluations carried out to date (2019) predate the 2018 evaluation policy and charter.</p>	25, 39, 52, 83, 86
MI 8.2 Evidence confidence	High confidence
MI 8.3: Systems are applied to ensure the quality of evaluations	Score
Overall MI rating	Highly satisfactory
Overall MI score	3.60
Element 1: Evaluations are based on design, planning and implementation processes that are inherently quality oriented	4
Element 2: Evaluations use appropriate methodologies for data-collection, analysis and interpretation	3
Element 3: Evaluation reports present in a complete and balanced way the evidence, findings, conclusions, and where relevant, recommendations	3
Element 4: The methodology presented includes the methodological limitations and concerns	4
Element 5: A process exists to ensure the quality of all evaluations, including decentralised evaluations	4
MI 8.3 Analysis	Source document
<p>Documents contain clear reference to evaluations being inherently quality oriented as found by the UNEG peer reviews. The 2018 evaluation policy and manual provide clear guidance on quality standards and conform to UNEG standards. The 2015-18 synthesis of evaluations points out that that "there is variability in rating between project evaluations" (75), as evaluations were not always consistent before the introduction of the 2018 evaluation manual.</p> <p>Also, due to overall shortcomings in M&E systems, the portfolio and project data in UNIDO are not uniformly available. In addition, interviews revealed that monitoring at country level is very limited because of capacity constraints, in terms of tools, systems and resources. This point was also noted in the evaluation of partnership with donors (2017).</p> <p>In the country evaluations (4) and thematic evaluations (3) reviewed, there is a clear attempt to present evidence, findings and conclusions in a balanced way, as seen in both syntheses of evaluation reports, and evaluation reports contain clear references to limitations and concerns. Recommendations are included appropriately. Given the funding mix of UNIDO, a high proportion of larger projects are funded by the GEF, which follow their own standards. These are aligned with UNIDO's standards.</p>	39, 44, 52, 75, 83, 86

A peer review of the evaluation function in 2010 found that UNIDO's evaluation quality checklist aims to ensure the quality of UNIDO evaluations and that quality assurance follows UNEG norms and standards. The 2018 policy sets out high level guidance and commitments to ensuring the quality of all evaluations. Given UNIDO's structure, decentralised evaluations are rarely undertaken.	39, 44, 52, 75, 83, 86
MI 8.3 Evidence confidence	High confidence
MI 8.4: Mandatory demonstration of the evidence base to design new interventions	Score
Overall MI rating	Unsatisfactory
Overall MI score	1.80
Element 1: A formal requirement exists to demonstrate how lessons from past interventions have been taken into account in the design of new interventions	3
Element 2: Clear feedback loops exist to feed lessons into new interventions design	2
Element 3: There is evidence that lessons from past interventions have informed new interventions	2
Element 4: Incentives exist to apply lessons learnt to new interventions	1
Element 5: The number/share of new operations designs that draw on lessons from evaluative approaches is made public	1
MI 8.4 Analysis	Source document
<p>A requirement to consider lessons from evaluations formally exists. However, documents highlight the limitations in how lessons learned are incorporated into new projects. Practically, not much uptake is evident due to the partial evaluation coverage and the lack of tools that allow access to, and learning from, project evaluations.</p> <p>UNIDO is contemplating the creation of a database of evaluation recommendations but has not yet put it in place. Most learning from evaluation happens through briefing sessions; however, the extent of uptake of lessons largely depends on who happens to attend the briefing sessions, as was explained in interviews. Individual evaluations speak to lessons that were taken up in the project design, but that appears to be more by accident than by design.</p> <p>Documents do not speak to any incentives to apply lessons learned to new interventions, nor to any new operational designs that draw on lessons. Interviews confirmed that neither incentives nor new approaches based on evaluation findings are in place.</p> <p>How lessons from evaluations are incorporated into new operations designs is not discernible and not published in a consistent fashion.</p>	4, 10, 12, 34, 64, 86
MI 8.4 Evidence confidence	High confidence
MI 8.5: Poorly performing interventions proactively identified, tracked and addressed	Score
Overall MI rating	Highly unsatisfactory
Overall MI score	1.00
Element 1: A system exists to identify poorly performing interventions	1
Element 2: Regular reporting tracks the status and evolution of poorly performing interventions	1
Element 3: A process for addressing the poor performance exists, with evidence of its use	1
Element 4: The process clearly delineates the responsibility to take action	1

MI 8.5 Analysis	Source document
<p>The documents reviewed do not contain any clear definition of poor performance that goes beyond budget implementation rates. The Executive Dashboard is intended to play a role in identifying poorly performing projects, but its use and usability remain unclear.</p> <p>In interviews, it was stressed that project managers and UNIDO Representatives are expected to play a role in the identification of poorly performing interventions but, given the overall shortcomings in monitoring, it appears they receive little system support.</p> <p>The primary entry point appears to be six-monthly discussions at HQ on the status of projects based on information available in HQ systems; however, these discussions seem to be divorced from any review of risks. A printout of risks is distributed to departments, but in interviews the utility of the risk log was seen as rather limited.</p> <p>The Internal Control Framework stipulates that “continuous monitoring of internal controls is built into the normal, recurring operating activities of the Organisation”; however, in practical terms it is unclear what actions would be expected in response to observed poor performance.</p> <p>In interviews, it was stressed that given the dominant influence of individually-funded projects, reallocation of resources from one project to another is not feasible. Government counterparts are at the same time UNIDO’s primary partners, implementation conduit and a major source of project risks; hence, project managers have little room of manoeuvre in practice.</p>	7, 10
MI 8.5 Evidence confidence	Medium confidence
MI 8.6: Clear accountability system ensures responses and follow-up to and use of evaluation recommendations	Score
Overall MI rating	Satisfactory
Overall MI score	2.80
Element 1: Evaluation reports include a management response (or has one attached or associated with it)	4
Element 2: Management responses include an action plan and/or agreement clearly stating responsibilities and accountabilities	4
Element 3: A timeline for implementation of key recommendations is proposed	4
Element 4: A system exists to regularly track status of implementation	2
Element 5: An annual report on the status of use and implementation of evaluation recommendations is made public	0
MI 8.6 Analysis	Source document
<p>In all the reviewed cases, a management response was presented together with the evaluation. In about 90% of cases, management accepts the evaluation findings and commits to take specific actions.</p> <p>The management response includes clear reference to action plans, timelines and accountabilities (from a review of six management responses).</p> <p>Timelines for implementation are included stating responsibilities.</p>	7, 39, 79, 86, 87

<p>While evaluation findings are tracked, the process of closing out evaluations findings is unclear. As a consequence, a large proportion of evaluation findings remains unaddressed. Moreover, the system does not recognise if an evaluation finding was previously recorded as part of an earlier evaluation, which leads to duplicate recommendations in the tracking system. The ownership of evaluation recommendations specific to projects is typically with the project manager or the UNIDO Representative; however, ownership of institutional issues is often unclear and not effectively picked up.</p> <p>There is no published annual report on the status and use of evaluation recommendations. A new database with 1 500 independent evaluation lessons learned has been set up, to which project managers have access (see also 8.7).</p>	7, 39, 79, 86, 87
MI 8.6 Evidence confidence	High confidence
MI 8.7: Uptake of lessons learned and best practices from evaluations and other reports	Score
Overall MI rating	Unsatisfactory
Overall MI score	2.33
Element 1: A complete and current repository of evaluations and their recommendations is available for use	4
Element 2: A mechanism for distilling and disseminating lessons learned internally exists	3
Element 3: A dissemination mechanism to partners, peers and other stakeholders is available and employed	2
Element 4: A system is available and used to track the uptake of lessons learned	2
Element 5: Evidence is available that lessons learned and good practices are being applied	1
Element 6: A corporate policy for Disclosure of information exists and is also applied to evaluations	2
MI 8.7 Analysis	Source document
<p>A new database with 1 500 independent evaluation lessons learned, to which project managers have access, has been set up, but has not been used so far (see also 8.6).</p> <p>All evaluations and the management responses are available online in principle, although no formal policy on information disclosure exists.</p> <p>The primary mechanism for distilling and disseminating lessons learned, aside from the tracking of individual recommendations, is a periodic synthesis report that takes stock of four years' worth of evaluations and presents overall findings. The two latest ones were 2015-18 and 2012-15.</p> <p>There is no systematic process for dissemination of lessons, although individual evaluations are shared with relevant stakeholders and are published online.</p> <p>There is little formal evidence on how evaluations are considered as part of project design beyond the anecdotal. In most instances, learning is based on individual conversations, for instance through designated resource persons on gender, social and environmental safeguards, partnerships, etc. For example, no systematic analysis of the 1 500 accumulated evaluation recommendations has been undertaken so far.</p>	7, 14, 86, 88
MI 8.7 Evidence confidence	High confidence

RESULTS

Achievement of relevant, inclusive and sustainable contributions to humanitarian and development results in an efficient way

KPI 9: Development and humanitarian objectives are achieved, and results contribute to normative and cross-cutting goals	KPI score
Unsatisfactory	2.00
<p>The sample of documents used to assess the achievement of results consisted of seven terminal and mid-term evaluations, two evaluation synthesis reports, two annual reports and the mid-term review of the MTPF 2018-21. The mid-term review of the MTPF contains the organisational theory of change and describes impact pathways. To better convey UNIDO's performance story, a new, actor-based behavioural change model was adopted. To advance inclusive and sustainable industrial development, four strategic priorities have been defined (see MI 1.1): (a) Advancing economic competitiveness; (b) Creating shared prosperity; (c) Safeguarding the environment; and (d) Strengthening knowledge and institutions. The 2018 annual report, which was presented together with the mid-term review of the MTPF, presents global progress (Level 1) measured through 11 SDG indicators that were also incorporated into the IRPF. The emerging picture is somewhat mixed and highlights the complexity of measuring and presenting indicator data disaggregated by country classification. While UNIDO aptly portrays the state-of-play with regards to SDG progress and the role of ISID, the linkage with its work can only be inferred.</p> <p>UNIDO is currently working on a new set of corporate results indicators (Level 2), as the current indicators simply track the number of countries that received UNIDO support without any further substantive information. The conceptual relationships among MTPF strategic priorities, priority areas, IRPF levels and results areas, core functions, impacts, and outcomes are not always clear or consistently described. Looking across all the evaluation evidence, it is apparent that UNIDO contributes positively to the outcomes defined in its programmes and aligned with strategic priority (d) Strengthening knowledge and institutions, but its contribution to higher results (Level 2) is less documented and clear. The GEF portfolio, which is largely aligned with strategic priority (c) Safeguarding the environment, is somewhat an exception since the funding source requires impact tracking (e.g. reduction of emissions or disposal of toxins in tons), and hence UNIDO's contribution to impacts is more explicit.</p> <p>None of the IRPF indicators track normative work of UNIDO directly even though norms and standards feature prominently as one of the four core functions. From interviews it is apparent that UNIDO is grappling with the unresolved tension between its role as project implementer (in particular given the dominant GEF portfolio) on the one hand, and selected member states' interest in policy issues and technology transfer, on the other hand. The IDR could be a significant contribution to normative debate, but from interviews it is apparent that its reach and influence, both internally and externally, is limited.</p> <p>The 2018 external audit acknowledged that "UNIDO has reached an impressive intensity and diversity of performance assessment activities" (13); however, it also raised doubts that "UNIDO's contribution to global ISID goals can be credibly demonstrated".</p> <p>Going forward, UNIDO is investing significant efforts and resources into its new Programme for Country Partnership as an innovative model to accelerate inclusive and sustainable industrial development. As noted by the independent mid-term evaluation, the PCP seeks to build synergies with government and partner interventions and is meant to mobilise partners and resources to achieve larger development impact; however, no explicit theory of change was formulated when launching the PCP (N.B.: the 2018 annual report includes an illustration of the PCP results framework). Several aspects of the PCP approach appear promising, and UNIDO's PCP was judged to be "on the right track" (44) (e.g. role as advisor/co-ordinator and the mobilisation of parallel funded activities); however, its contribution to development results is estimated to be smaller than planned due to the ambitious targets and timeframes, as well as the challenges in mobilising large-scale public and private resources.</p> <p>With regards to cross-cutting goals, gender equality and environment feature explicitly in project design and results reporting. However, human rights and governance are only implicitly considered as part of the concept of ISID.</p>	

MI 9.1: Interventions assessed as having achieved their stated development and/or humanitarian objectives and attained expected results	Score
MI rating	Unsatisfactory
MI score	2.00
MI 9.1 Analysis	Source document
<p>UNIDO is making significant contributions in several of its areas of expertise. Evaluations suggest that projects frequently achieve their intended outputs; however, the interventions are often too isolated or not scalable enough to trigger outcome level change in countries.</p> <p>UNIDO's annual reporting successfully portrays the global state of industrial development using SDG indicators, as well as the organisation's achievements in its four core functions (i.e. technical co-operation, policy analysis and advice, norms and standards, and convening and partnerships). However, the contribution link between UNIDO's achievements and their contribution to global results is not articulated.</p> <p>The 2015-18 synthesis of evaluations notes that across 53 evaluations "some level of progress towards impact" could be observed, but predominantly at local level and only with regards to direct beneficiaries. To achieve broader impact, the replication, scaling-up and broader adoption of UNIDO's work would be necessary. The 2012-15 synthesis of evaluations found in relation to effectiveness that some country programmes were of "limited coverage (project results affecting some people but being too small in scale to have outreach in terms of poverty reduction/economic recovery)". Even in cases of successful projects, their impact is limited due to severe underfunding.</p> <p>An example in case is the 2018 evaluation of the Nigeria Country Programme, which found that "UNIDO's interventions during the CP period assessed have contributed to development changes in Nigeria. Stakeholders and beneficiaries reported that the projects and activities have contributed to changes and benefits for the long term – for the country and or development results". It also stated that the CP has made fair efforts to contribute to the Nigerian economy. The volume and scale of productive activities supported have been small in relation to the size and depth of the problem but have potential for impact especially in agri-business and agro-industrial development" (34).</p> <p>A recommendation from the 2017 mid-term evaluation of the UNIDO's PCP is that "[it] is on the right track (country-owned and consistent with the Agenda 2030 for Sustainable Development and with UNIDO ISID policy) and UNIDO should carry the concept forward to foster achievement of SDG 9, albeit fine-tuning the approach and incorporating the following recommendations as well as the lessons learned of the pilot phase" (44).</p>	11, 20, 25, 33, 34, 44, 71, 75, 85
MI 9.1 Evidence confidence	High confidence
MI 9.2: Interventions assessed as having realised the expected positive benefits for target group members	Score
MI rating	Satisfactory
MI score	3.00

MI 9.2 Analysis	Source document
<p>UNIDO's interventions tend to support government partners in fulfilling their mandates in the first instance. In interviews, staff pointed out that the alignment with and support of government is seen as the primary target of UNIDO's projects. While several projects directly identify and deliver results for beneficiaries, evaluations point out that lacking monitoring data limits the extent to which further inferences can be made.</p> <p>The 2015-18 synthesis of evaluations found that the majority of evaluated projects were relevant to beneficiaries. It pointed out that the identification of beneficiaries is a significant source of delays in the design and early implementation of projects, which suggests some lack of clarity on who target groups are. However, regarding impact and results for beneficiaries, there is weak evidence: "Lack of detailed monitoring data to be able to assess outcomes and impact was often seen as a challenge to make evidence-based statements on impact" (75).</p> <p>An independent evaluation of the Nigeria Country Programme described UNIDO's support to its target groups and found the organisation to be "recognized throughout the country, valued for its technical expertise in industrial development, sought and appreciated for its support. Its knowledge of the country and region as well as its specialised mandate constitutes its comparative advantage in the country" (34).</p> <p>In Thailand, "some of the potentially relevant stakeholders have not been engaged right from the start of the project", and "some projects with limited budget and time frame have set ambitious targets and created unrealistic expectations" (71).</p>	11, 33, 34, 71, 75
MI 9.2 Evidence confidence	Medium confidence
MI 9.3: Interventions assessed as having contributed to significant changes in national development policies and programmes (policy and capacity impacts), or needed system reforms	Score
MI rating	Unsatisfactory
MI score	2.00
MI 9.3 Analysis	Source document
<p>The 2015-18 synthesis of evaluations points out that policy and legislative change is often an objective of UNIDO's projects; however, the findings confirm that efforts to create policy change are not matched up with behaviour change or increased public awareness, which limits impact. Moreover, UNIDO's project implementation can be divorced from the local context, which puts the chance of successful policy and legislative change in question. The 2012-15 synthesis of evaluations also stressed the need to better link policy change efforts with downstream implementation to achieve impact. The mid-term review of the MTPF states that government commitment to industrial policy change is a pre-requisite for impact but was less clear on how UNIDO helps bring about such government commitment.</p> <p>Individual evaluations suggest that UNIDO interventions are largely embedded in and foster national policies; however, evidence is not always conclusive to what extent UNIDO interventions contribute to changes in national development policies and programmes or how clearly such a contribution is conceived in the project design. The mid-term evaluation of UNIDO's PCP found, "Ownership and alignment of the PCP to national development plans are such, that governments do not perceive the PCP as a UNIDO planning tool, but rather as their own instrument to pursue part of the industrial development agenda" (44).</p>	6, 11, 34, 44, 71, 75, 85

<p>UNIDO has helped raise standards in Chad's gum arabic production. As per the 2017 annual report, "Chad is the world's second-largest producer of gum Arabic ... By raising quality standards in the sector, UNIDO is helping Chad create a more diversified economic base and unlocking the potential of a key industry whose growth can bring significant benefits to the population. A UNIDO project on building commercial capacity in the sector, funded by the Enhanced Integrated Framework, has helped businesses in the sector improve standards, increase productivity, access new markets and provide greater, more reliable employment to local communities" (11).</p> <p>UNIDO is also working towards clean energy and energy efficiency in Iran, making a contribution to the government's long-term energy-efficiency strategy. The Annual Report 2017 explains: "Launched in 2012 with co-funding from the GEF and the government, the six-year project is targeting the country's petrochemicals, cement, oil, and iron and steel sectors, which together account for over 70 per cent of energy consumption. By providing training, facilitating access to finance, sharing energy-efficiency good practices, and supporting policy development, the project is positively influencing ISID in line with the Government's priorities" (11).</p> <p>According to the Nigeria Country Programme evaluation, "National institutions with responsibility for supporting and maintaining quality and standards have been strengthened and or created. However, the policy instruments, although ready have not yet been approved and adopted by the government. There was insufficient evidence to assess the degree to which the CP outcomes have influenced trade although the commitment to make this happen was strongly declared in the creation of the Zero Reject Committee" (34).</p> <p>The evaluation of countries in the Latin America and the Caribbean (LAC) region suggests, "Monitoring and evaluation of projects during implementation is an aspect to improve in many cases. Most importantly, documentation of results was systematically scarce, with evaluation reports in most cases being the only documented evidence" (85).</p> <p>In Thailand, "UNIDO is perceived to be occupying the driver's seat as a result of which the national counterparts tend to depend heavily on the initiatives taken by UNIDO. The evaluation assesses the project to have a very narrow focus on the pilot initiative without giving due attention to the long-term policy changes needed to ensure sustainable production and use of solid biofuels" (71). The evaluation of the Thailand Country Programme also found with regards to the GEF portfolio that "[m]any of the projects, however, appear to be UNIDO-driven, with weak ownership at the institutional level and limited engagement and participation during the project formulation and implementation phases" (71).</p>	<p>6, 11, 34, 44, 71, 75, 85</p>
MI 9.3 Evidence confidence	High confidence
MI 9.4: Interventions assessed as having helped improve gender equality and the empowerment of women	Score
MI rating	Unsatisfactory
MI score	2.00

MI 9.4 Analysis	Source document
<p>While there is a strong corporate commitment to the incorporation of gender into programmatic interventions (see MIs 2.1a and 5.5), the implementation and measurement of gender equality in interventions is uneven, as documented by evaluations. This partly reflects the time lag in impact on results between introducing the Strategy for Gender Equality (2016-19) and the 2018 policy on mainstreaming gender and seeing their effect translated into results. Project evaluations included in the 2015-18 synthesis of evaluations predated UNIDO's gender policy.</p> <p>The ESSPP, introduced in 2019 will help strengthen results for gender. It states, "In accordance with the UNIDO Policy on Gender Equality and the Empowerment of Women, UNIDO seeks to identify and integrate the different needs, constraints, contributions and priorities of women and men into its project designs. Where possible, UNIDO will enhance the positive gender impacts of projects by developing mitigation measures to reduce any potential gender-specific and disproportionate adverse gender impacts".</p> <p>According to the Gender Strategy, "While important goals in their own right, gender equality and women's empowerment are key to UNIDO's goal of achieving inclusive and sustainable industrial development (ISID)" (29).</p> <p>UNIDO's 2017 annual report notes how women and young people have been involved in productive activities. In particular, it notes that "[t]hrough a broad range of job creation and entrepreneurship initiatives, UNIDO helps give women and young people the tools to grasp economic opportunities and increase their contribution to social and economic development" (11).</p> <p>The 2015-18 synthesis of evaluations found that 57% of evaluation reports addressed gender equality. However, only 29% of the projects reported progress on gender equality issues. Women were consciously included at all stages of the project, as far as possible.</p> <p>The low proportion of completed projects with KPIs that define gender-related performance contributes to the difficulty UNIDO has in showing projects' performance for gender equality. Future evaluations and evaluation syntheses should be better able to demonstrate performance in relation to gender.</p> <p>An evaluation of countries in the LAC region generally found project documents not to refer to specific gender-related objectives, stating that some donors, e.g. the GEF, require explicit consideration of gender aspects as essential project components. Projects have also not had significant assessed impact on women as beneficiaries. In Colombia, the evaluation noted "that most initiatives need to reinforce efforts for gender inclusion. In the future, it would be necessary to ensure that the projects contemplate aspects of gender integration. UNIDO should ensure and facilitate its projects to address the Organisation's recent guidelines on gender mainstreaming and to take advantage of local gender expertise in the UN Women office located in Colombia" (73).</p> <p>Gender has not been found to be a particularly strong priority in PCP pilots.</p>	11, 16, 29, 33, 37, 44, 73
MI 9.4 Evidence confidence	High confidence
MI 9.5: Interventions assessed as having helped improve environmental sustainability/ helped tackle the effects of climate change	Score
MI rating	Satisfactory
MI score	3.00

MI 9.5 Analysis	Source document
<p>As noted in MI 2.1b, safeguarding the environment is one of UNIDO's four strategic priorities. Implementation of GEF projects is a dominant aspect of the extra-budgetary project portfolio. The mid-term review of the MTPF highlights the cross-cutting causal relationship between environment, on the one hand, and poverty, food, health and other SDG-related results, on the other hand.</p> <p>The 2015-18 synthesis of evaluations found that 65% of projects included an environmental contribution. The majority of the project sample identified safeguarding the environment as their primary programmatic contribution. The report also found that the close relationship between economic and environmental objectives (e.g. agro-business) led to positive environmental contributions in primarily economic projects.</p> <p>UNIDO's work in the area of environment and energy has been recognised as significant, and UNIDO's impact could be even higher if project budgets were designed and implemented more broadly. The 2012-15 synthesis of evaluations found that "[b]udget shortage was at times reported to explain why no broader environmental impact measurement was conducted" in the evaluated programmes.</p> <p>UNIDO won the Ozone Award "for its extraordinary work on implementing projects to phase out methyl bromide, a highly toxic gas once used extensively in agro-industry to control a wide variety of pests", as highlighted in the 2017 annual report. The annual report also explains how UNIDO has been working over the last ten years to help governments and companies implement energy management systems, which are widely considered the best way to ensure sustainable energy efficiency.</p> <p>The 2018 evaluation of the Nigeria Country Programme explains how the country programme has supported the government with the domestication of international environmental commitments. The evaluation found the effectiveness of the thematic area of safeguarding the environment to be "good", based on a four-point rating scale of very good, good, fair and poor.</p>	6, 11, 33, 34, 37, 75
MI 9.5 Evidence confidence	High confidence
MI 9.6: Interventions assessed as having helped improve good governance (as defined in 2.1c)	Score
MI rating	No evidence
MI score	No evidence
MI 9.6 Analysis	Source document
<p>UNIDO indirectly contributes to good governance by reaffirming with national partners that only lawful conduct and activities relevant to inclusive and sustainable industrial development are supported by UNIDO. However, the issue of governance is not mentioned in the MTPF or its mid-term review. While UNIDO does not have any specific mandate in the area of governance, ISID builds on an assumption of governance; however, its planned activities and project design contain no criteria intended to promote or ensure good governance. No data is collected for good governance, and therefore there is no evidence on this indicator.</p>	6, 33, 37, 61, 75
MI 9.6 Evidence confidence	High confidence

MI 9.7: Interventions assessed as having helped improve human rights	Score
MI rating	No evidence
MI score	No evidence
MI 9.7 Analysis	Source document
The concept of human rights, or even rights more broadly, is not explicitly mentioned in the MTPF, its mid-term review or annual reporting. Results indicators in the annual report include poverty reduction and food security but actually refer to projects categorised as relevant to these issues, not results. Although ISID is built on a core concept which encompasses social and economic human rights, results related to ISID are not collected. No data is collected for human rights related to ISID, and therefore there is no evidence.	1-4, 6, 11, 19-22, 29, 35, 37, 40, 41, 75
MI 9.7 Evidence confidence	High confidence
KPI 10: Interventions are relevant to the needs and priorities of partner countries and beneficiaries, and the organisation works towards results in areas within its mandate	KPI score
Unsatisfactory	2.33
<p>While the Millennium Development Goals were silent on issues related to industrial development, several SDGs now explicitly or implicitly reference industrial development (e.g. SDGs 7, 8, 9 and 12). Hence, the relevance of UNIDO's mandate has become more apparent. The 2015-18 synthesis assessed all evaluated projects as relevant, and 87% of them (46 out of 53) were found to be highly or substantially relevant to the target beneficiaries, donors and UNIDO.</p> <p>Nevertheless, several aspects limit the relevance of UNIDO's projects. First, interviews have revealed confusion on who UNIDO's beneficiaries are. Governmental partners are frequently mentioned as primary beneficiaries, in particular with regards to capacity building and policy advice, at the expense of a broader concept of beneficiaries that is more in line with the 2030 Agenda. The dominance of GEF implementation as part of technical co-operation further complicates the issue, as relevance to the funding source and its commitments come into play.</p> <p>Second, interviewees disagree on the value that projects can add, which is largely due to their small scale and their pilot nature. So, while the immediate knowledge products of projects might have some relevance to national stakeholders, the projects themselves tend to be of little consequence for whether or not national results are achieved.</p> <p>Third, while UNIDO has learned and documented several best practices that feed into its projects, the insufficient adaptation of project design from one country context to another limits the project's relevance. As evaluations have pointed out, this is particularly true in cases where UNIDO has limited or no country presence and where the portfolio of projects is insufficiently coherent to achieve national results.</p> <p>Finally, the relevance of UNIDO's projects is also hampered when outcomes are not achieved at project closure and no further monitoring on their achievement is done. Even in cases where UNIDO interventions may have triggered change at the outcome level, the lack of monitoring and reporting, in the minds of national stakeholders (according to UNIDO's own synthesis of evaluations), diminishes UNIDO's relevance.</p>	
MI 10.1: Interventions assessed as having responded to the needs/priorities of target groups	Score
MI rating	Unsatisfactory
MI score	2.00

MI 10.1 Analysis	Source document
<p>Documents suggest that UNIDO's interventions respond to the needs and priorities of target groups within the context of inclusive and sustainable industrial development. However, as noted under MI 9.2, there is no clear definition of target groups and no internal consensus on who UNIDO's main beneficiaries are. As a result, it is not clear how designs have been made relevant to their needs. UNIDO's primary interlocutor at country level is ministries. So in most instances, the organisation does not respond to the needs of target groups directly but supports national governments in fulfilling this function. The lack of monitoring data inhibits more concrete inferences to what extent target groups are being served successfully.</p> <p>As part of a guiding principle on "transparency and inclusivity", UNIDO's ESSPP indicate that "UNIDO is committed to ensuring that throughout the environmental and social assessment process, the project development team engages in meaningful and transparent consultation with affected communities, particularly with vulnerable groups, to ensure that they can participate in a free, prior and informed manner in decisions about avoiding or managing environmental or social impacts" (37).</p> <p>Annex II of the "programme and project formulation and approval function" DGB describes the process of consultation with national stakeholders to ensure full alignment with national and regional priorities. Field offices under PPF (Department of Programmes, Partnerships and Field Integration) and HQ play a leading role to ensure that any new initiative at the stage of identification is aligned with national priorities. Also, the PCP Policy and Guidelines respond to the needs and priorities of partner countries and include undertaking a country diagnostic to identify the most relevant areas of intervention, as well as synergies and co-operation. The aim is to ensure that each partner in the field focuses on, and contributes in line with, its comparative advantage.</p> <p>A mid-term evaluation of the PCP found it is on the right track to meet the PCP objective "to extend the impact of UNIDO's technical cooperation and accelerate inclusive and sustainable industrial development in Member States". It explains how the PCP is fully in line and consistent with the UNIDO ISID mandate and suggests that "UNIDO should carry the PCP approach forward to foster achievement of SDG 9 as it unites the features put forward in the Agenda 2030 for sustainable development, i.e. country leadership and partnerships" (44).</p> <p>Within its findings on sustainability, the synthesis of evaluations notes, "An active role of counterparts in implementation, alignment to national plans and capacity building efforts were expected to contribute to the chances for sustainability. Working with institutions that are part of the national system (e.g., vocational training institutions that are part of the national education system) was seen as factor supporting the likelihood of (financial) sustainability". The country evaluation of Thailand concurred that that project was "of high relevance to the government and enjoys strong ownership of the main institutional partner" (33).</p>	16, 33, 36, 37, 44, 51, 68, 71
MI 10.1 Evidence confidence	Medium confidence
MI 10.2: Interventions assessed as having helped contribute to the realisation of national development goals and objectives	Score
MI rating	Satisfactory
MI score	3.00

MI 10.2 Analysis	Source document
<p>Evaluations suggest that UNIDO's interventions contribute to national development goals and objectives. However, the degree to which the organisation played a catalytic role is less apparent. The mid-term review of the MTPF stressed national ownership and policy commitment as essential to bring about transformational change but is less clear on how UNIDO's interventions can play a part (e.g. no mention of advocacy).</p> <p>The 2015-18 synthesis of evaluations pointed out that UNIDO's presence plays a significant role in achieving strategic alignment and coherence between the UNIDO portfolio and national priorities. Nonetheless, the report points out that UNIDO projects are not sufficiently designed for scale and scope to bring about national development goals and objectives. The 2012-15 synthesis of evaluations pointed out that while UNIDO projects produce valuable studies, survey data and policy advice, many projects are greatly underfunded, which limits their ability to contribute effectively to national development goals and objectives.</p> <p>According to the evaluation of the Colombia Country Programme, "Government institutions indicate that the industrial policy advice of UNIDO has in several cases influenced the development of a general vision for the industrial sector of the country or of the regions and has achieved the adoption of specific sectoral master plans" (73) and, in Thailand, projects developed by UNIDO "were found to be generally relevant in terms of both UNIDO's thematic priorities as well as Thailand's national priorities" (71).</p> <p>An evaluation of the PCP found it was "very much perceived by pilot country governments as a modality to enhance the impact of UNIDO compared with the standard UNIDO country programmes" (44). The 2012-15 synthesis of evaluations noted that sustainability largely depended on the size of the government counterpart and its ability to make programmes or policy permanent (e.g. through budget allocations).</p>	14, 33, 44, 71, 73, 75
MI 10.2 Evidence confidence	High confidence
MI 10.3: Results assessed as having been delivered as part of a coherent response to an identified problem	Score
MI rating	Unsatisfactory
MI score	2.00
MI 10.3 Analysis	Source document
<p>While UNIDO's interventions are generally evaluated as technically sound, the extent to which they are a well-designed response to an identified problem is less apparent, as the use of explicit theories of change is limited. The 2015-18 synthesis of evaluations found that most UNIDO projects directly influence the knowledge, attitude or skills of those involved in the project (i.e. Level 4 according to Bennett's Hierarchy) but rarely influence higher levels that lead to changes in practice or behaviour. Issues of coherence in UNIDO's portfolio limit their collective effectiveness in response to national development challenges. In addition, due to limited funding, projects often only target one very specific element of the identified problem, which might be a necessary but overall insufficient condition to trigger the achievement of results.</p>	33, 44, 75

<p>When discussing UNIDO's contribution to development results, the 2017 mid-term evaluation of the PCP states, "Based on the theory of change analysis, it seems likely that the PCP's contribution to development results will be smaller by 2020 than what was originally planned. This is because targets and timeframes were very ambitious in the first place. In addition, the mobilization of large-scale public and private resources is more challenging and time consuming than anticipated".</p> <p>For pilot/demonstration projects, the 2012-15 synthesis of evaluations suggests that "the importance of conducting feasibility studies in the preparation stage was highlighted to increase chances for impact and replication in case of positive results (guiding the move from "project" to "business operation"). In general, any project aimed at establishing an institution or enterprise was reported to need a solid feasibility study or business plan during the inception phase".</p>	33, 44, 75
MI 10.3 Evidence confidence	High confidence
KPI 11: Results are delivered efficiently	KPI score
Unsatisfactory	2.50
<p>UNIDO operates in a highly resource-constrained environment. While this has led the organisation to stress resource efficiency, the driver is typically an effort to avoid costs and not necessarily the optimisation of resources. From interviews, it became apparent that key functions often go unfilled for significant periods due to budget constraints, which has affected the efficiency of design and delivery of projects. These structural deficits were also highlighted in the 2018 external auditor's report, which found that "the lack of sufficient funds for UNIDO's core activities is a serious impediment for structural development in the organisation that could improve efficiency and reduce risk".</p> <p>Documents point to challenges and risks in the efficient implementation of projects, not least due to centralised implementation and decision-making. From interviews, it is also clear that the workload distribution at HQ related to the implementation to projects is uneven, both horizontally (i.e. comparing units) and vertically (i.e. looking at distribution of roles within units). This is mirrored by the finding of the 2018 external auditor's report which concluded that the Internal Control Framework, which is at the heart of a division of labour, is outdated, as the co-operation and collaboration among UNIDO actors is fragmented and ambiguous. Even though workload tracking was recently introduced, no consistent data on workload exist on which to base informed decisions.</p> <p>The 2015-18 synthesis of evaluations determined that a project could still achieve some success if it was well designed but poorly implemented. For 41 out of the 53 evaluated projects, efficiency was rated moderately satisfactory or higher, while 12 were rated moderately unsatisfactory. Projects were rated lowest against this criterion among the standard evaluation criteria. Inadequate review of the country context tended to result in unexpected costs and slow implementation and to lead to other challenges. A significant hindrance to project efficiency was time delays. Such delays were experienced in 65% of the evaluated projects, and 34% of these projects faced delays of greater than 2 years.</p> <p>Key constraining factors included (i) factors outside of UNIDO's direct control that hindered efficiency of project implementation, such as funding mobilisation from and delays with project partners; (ii) procurement and equipment issues; (iii) monitoring of co-financing; (iv) delays as a result of endorsement and project approval by national stakeholders, administrative and management issues, fund transfers, lack of information and full disclosure at the start of the project, and lengthy procurement processes; (v) operational models that are too reliant on international experts with a high cost of technical input; and (vi) lack of uniformity in processes.</p>	
MI 11.1: Interventions assessed as resource/cost-efficient	Score
MI rating	Satisfactory
MI score	3.00

MI 11.1 Analysis	Source document
<p>The 2015-18 synthesis of evaluations looked at resource efficiency within the boundaries of the chosen project design but did not look at the efficiency of different programmatic approaches to deliver results. From that perspective, the report is somewhat narrow. The 2018 external auditor's report reiterated that the overall resource-constrained environment does not allow UNIDO to improve its practices and to make the necessary investments that would lead to higher efficiency.</p> <p>The 2012-15 synthesis of evaluations explains the concept of "implementation in isolation" which "refers to lost opportunities for effective synergies in case of silo type ('one by one') project implementation including missed opportunities to pool resources across projects". The synthesis found that overall linkages and synergies among programmes and projects was not systematic (33).</p> <p>The mid-term evaluation of the PCP found there to be "significant risk that the pilot PCPs currently under implementation will not meet the expectations ... because the objectives in the pilots are very ambitious and the expectations are very high" (44). Regarding the PCP working modality, the evaluation indicates that the PCP leadership from the UNIDO side should be at the country level to ensure efficiency and effectiveness, since the PCPs require significant management and implementation capacities to move from concept to implementation and execution.</p>	25, 33, 44, 75
MI 11.1 Evidence confidence	High confidence
MI 11.2: Implementation and results assessed as having been achieved on time (given the context, in the case of humanitarian programming)	Score
MI rating	Unsatisfactory
MI score	2.00
MI 11.2 Analysis	Source document
<p>Evaluations point to several challenges and risks related to the timely implementation of interventions that are frequently based on implementation choices and setup, as noted in MI 5.7. The 2015-18 synthesis of evaluations points out that projects are often designed with unrealistic timelines given their size and ambition. This often leads to less time being spent on initial analysis and planning, which then negatively impacts implementation, leading to significant delays. Major no-cost extensions are seen as an indicator that original timelines were not realistic. In addition, delays are a significant challenge, even though some of them could have been anticipated with effective project risk management (i.e. project approval delays). The 2012-15 synthesis of evaluations found implementation delays to occur due to the following reasons:</p> <ul style="list-style-type: none"> • UNIDO centralised decision-making • time needed to transfer funds from HQ to the field via sometimes multiple layers (HQ-regional-country levels) • cumbersome procurement procedures to purchase equipment and procurement planning not anticipating the length of the procurement process • turnover in Vienna-based project managers • delays in UNIDO/donor funding or in counterpart contributions. <p>Short timelines and "unrealistic timeframes resulted in overoptimistic durations and the actual implementation duration being frequently exceeded". Also, "[i]n post-conflict situations, contextual factors (security issues) affected the speed of project implementation and were often underestimated".</p>	33, 44, 71, 75

<p>As an additional factor for delays, the evaluation of the PCP found that “resource mobilisation is a lengthy time-consuming process. While there are some positive signs and advanced negotiations, a ‘Copernican’ shift with regard to the mobilization of large-scale public and private investment has yet to take place. The limited resources mobilized – or the long timeframe to do so – constitutes a challenge for the PCPs”.</p> <p>In Thailand, it was found that “[s]ome projects have not secured the committed co-funding, thus leading to delays in implementation and compromising the outputs both in terms of quantity and quality” and also that “[t]ime delay in execution could have been avoided to some extent by putting in place a more formal project management unit that ensures timely monitoring of the progress made by the project”.</p>		33, 44, 71, 75
MI 11.2 Evidence confidence		High confidence
KPI 12: Results are sustainable		KPI score
Unsatisfactory		2.00
<p>Several conceptual and systemic issues challenge the sustainability of results supported by UNIDO. The extent to which policy change, for instance new industrial policies, is indicative of a new level of industrial development having been achieved, is debated within UNIDO. The systematic tracking of project results typically does not extend beyond the duration of projects, which severely limits data on the sustainability of results.</p> <p>The ownership of projects at country level presents several challenges: On the one hand, UNIDO is not necessarily given credit or even identified as a contributor to nationally-driven policy change, which might lead to under-reporting of UNIDO's contribution. On the other hand, the lack of national ownership severely impacts results sustainability, as exemplified by the Peru PCP, which had to be restarted close to a dozen times due to changes in local leadership. Overall the PCP mid-term evaluation points to several shortcoming with regards to the buy-in of national stakeholders that limits the future success and sustainability of the approach. While in principle the approach is reaffirmed by the mid-term evaluation, several conceptual and structural issues need to be addressed before the PCP should be rolled out to more countries as part of an official co-operation modality. UNIDO in its management response to the mid-term evaluation largely accepted these recommendations.</p> <p>As noted by the 2015-18 synthesis of evaluations, “many UNIDO projects are pilot or demonstration projects” (75) which makes sustainability inherently more challenging. Co-financing was identified as a key ingredient for increased sustainability; however, UNIDO projects were found to consistently understate co-financing, partially due to a lack of systematic tracking. Of 53 evaluated projects, only 17 reported co-financing by programme governments or the private sector at completion. Comparing the 2012-15 synthesis of evaluations with those conducted between 2015-18, a marked improvement in sustainability is apparent; however, about 18% of evaluated projects continue to struggle with sustainability. Generic or poor project design was particularly noted as a major factor contributing to the lack of sustainability, as only 45% of successful projects were rated to have satisfactory or better project design.</p>		
MI 12.1: Benefits assessed as continuing or likely to continue after project or program completion or there are effective measures to link the humanitarian relief operations to recovery, to resilience and eventually to longer-term developmental results		Score
MI rating		Highly unsatisfactory
MI score		1.00

MI 12.1 Analysis	Source document
<p>There is limited evidence that the benefits of some projects are likely to continue, or at least have the potential to continue. A synthesis of evaluations conducted between 2012 and 2015 found the “likelihood of sustainability was rated likely and highly likely in only about 20 to 30% of the evaluated projects” (33). A similar synthesis of evaluation conducted between 2015 and 2018 ranked the sustainability of 40 projects as satisfactory or moderately satisfactory, while 9 projects were rated unsatisfactory or moderately unsatisfactory. While this shift in sustainability from the earlier to the later synthesis report is a marked improvement, about 18% of evaluated projects continue to struggle with sustainability.</p> <p>Part of the problem is seen to lie in the lack of a strategy that generates sustainable long-term results and the “lack of an impact and sustainability perspective in the formulation of the initiatives that have affected the sustainability of the same” (33) and the lack of attention to the long-term policy changes required. A country evaluation noted that “despite the promising project designs – there was limited evidence on the extent to which the long-term, continued sustainability of sector-wide processes are actually being achieved due to the short-term objectives of some projects” (71). Fragmentation and a piecemeal approach are other factors that are a limitation to impact and sustainability.</p> <p>A GEF evaluation of programmatic approaches suggests UNIDO’s substantive approaches are relevant for enterprises directly following UNIDO training, but weak in generating replication beyond these enterprises.</p>	6, 14, 33, 34, 44, 52, 71, 75, 89
MI 12.1 Evidence confidence	High confidence
MI 12.2: Interventions assessed as having built sufficient institutional and/or community capacity for sustainability, or have been absorbed by government	Score
MI rating	Satisfactory
MI score	3.00
MI 12.2 Analysis	Source document
<p>UNIDO’s contribution to capacity development is often positive even though their concept is unclear and often limited to skills building. “Evidence suggests that capacity development has been particularly successful ... whereby positive, sector-wide results being achieved on the ground can be attributed to UNIDO training/capacity development interventions” (75). The 2015-18 synthesis of evaluations highlighted UNIDO’s ability to build capacity as a key element of project sustainability. Of the 29 most successful projects evaluated, around half effectively built the capacity of relevant stakeholders, businesses and government departments. There are some powerful examples of projects triggering institutional changes, with 74% of evaluated projects indicating positive changes in the area of capacity building.</p> <p>The 2012-15 synthesis of evaluations notes that working with system institutions, such as vocational training institutions, was a factor supporting the likelihood of financial sustainability, although it does not set out how many programmes achieved this.</p> <p>In Vietnam, the Eco-Industrial Parks concept has had success, and is based on training for companies, investors and governmental departments. In Thailand, a national institution has used experience from a UNIDO-supported project to take an institutional approach to strengthen laboratory capacity.</p>	11, 14, 33, 34, 52, 71, 75

In other countries, while there was acknowledgement of capacity building, introduction of an integrated capacity development approach was identified as an outstanding need.	11, 14, 33, 34, 52, 71, 75
MI 12.2 Evidence confidence	High confidence
MI 12.3: Interventions assessed as having strengthened the enabling environment for development	Score
MI rating	Unsatisfactory
MI score	2.00
MI 12.3 Analysis	Source document
<p>Several evaluations noted the impact of previous programmes on sustained change which strengthens the environment of development. However, these appear to be rather isolated examples. In these examples, country programmes are built on pre-existing programmes, suggesting that a longer time scale is necessary to have real lasting impact. For instance, “Of note are the longer-term investments from previous programmes that are now contributing to wide transformational change in India such as the cluster development approach and chemical and waste management related to implementation of [the] Stockholm Convention”.</p> <p>The 2015-18 synthesis of evaluations reports mixed results with projects more focused on delivering technology or introducing innovations and less concerned with broader changes to the enabling environment; however, due to limited data, the findings were not conclusive.</p> <p>Several programmes are focused on developing policy. For instance in Lebanon, the UNIDO strategic intervention in support of industrial parks created a platform for ISID partnerships which resulted in the government securing significant infrastructure financing. In Peru, UNIDO is supporting development of a national industry policy.</p> <p>There are also findings that while UNIDO has high aims in the PCPs which are intended to be transformational in building ISID and country capacity, these are often over ambitious, and that a greater clarity on results is needed. The Colombia country evaluation identified a lack of capacity building and of development of reforms and knowledge to sustain large-scale transformations. A country evaluation “assesses the project to have a very narrow focus on the pilot initiative without giving due attention to the long-term policy changes needed to ensure sustainable production and use of solid biofuels in Thailand”.</p>	11, 14, 34, 44, 52, 71, 75
MI 12.3 Evidence confidence	High confidence

Annex 2. List of documents

All documents listed below are UNIDO publications or official open access documents, unless indicated otherwise.

1. UNIDO, *Medium-term programme framework, 2018-2021. Comprehensive proposals by the Director General*, Vienna: UNIDO Industrial Development Board, 2017.
2. UNIDO, *Medium-term programme framework, 2016-2019: Proposal by the Director General*, Vienna: Industrial Development Board and Programme Budget Committee, 2015.
3. UNIDO, *Lima Declaration: Towards Inclusive and Sustainable Industrial Development*, Lima: United Nations Industrial Development Organization, 2013.
4. UNIDO, *Field Handbook*. Vienna: United Nations Industrial Development Organization, 2018.
5. UNIDO, *Medium-term programme framework 2018-2021: Proposal on "Strengthening knowledge and institutions": Note by the Secretariat*, Vienna: United Nations Industrial Development Organization, 2017.
6. UNIDO, *Mid-term review of the medium-term programme framework, 2018-2021*, Vienna: Industrial Development Board and Programme Budget Committee, 2019.
7. UNIDO Secretariat, *Director General's Bulletin: Internal Control Framework*. Vienna: Industrial Development Board and Programme Budget Committee, 2010.
8. UNIDO Secretariat, *Integrated results and performance framework: Definition of indicators and setting of targets: Note by the Secretariat*, Vienna: UNIDO Programme and Budget Committee, 2018.
9. UNIDO, *Updated integrated results and performance framework*, Vienna: UNIDO Programme and Budget Committee, 2019.
10. UNIDO Secretariat, *Director General's Bulletin: UNIDO Quality Assurance Framework (QAF)*, Vienna: United Nations Industrial Development Organization, 2019.
11. UNIDO, *Annual Report 2017*, Vienna: United Nations Industrial Development Organization, 2018.
12. UNIDO, *Director General's Bulletin: UNIDO Policy on Management for Integration and Scale-up of Results*, Vienna: United Nations Industrial Development Organization, 2019.
13. UNIDO, *Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2018*, Vienna: UNIDO Industrial Development Board and Programme Budget Committee, 2019.
14. UNIDO Secretariat, *Director General's Bulletin: UNIDO Policy on Partnerships for Industrial Development*, Vienna: United Nations Industrial Development Organization, 2019.
15. UNIDO Secretariat, *Director General's Bulletin: UNIDO Policy on South-South and Triangular Industrial Cooperation*, Vienna: United Nations Industrial Development Organization, 2019.
16. UNIDO Secretariat, *Director General's Bulletin: UNIDO Policy on the Programme for Country Partnership*, Vienna: United Nations Industrial Development Organization, 2018.
17. UNIDO, *Updated integrated results and performance framework*, Vienna: UNIDO Programme and Budget Committee, 2017.
18. UNIDO, *Decisions and resolutions adopted by the General Conference at its seventeenth session*, Vienna: UNIDO General Conference, 2017.
19. UNIDO, *Updated indicators and metadata for the integrated results and performance framework: Note by the Secretariat*, Vienna: UNIDO Industrial Development Board, 2016.
20. UNIDO, *Annual Report 2018*, Vienna: United Nations Industrial Development Organization, 2019.
21. UNIDO, *Programme and Budget 2018-2019*, Vienna: UNIDO Industrial Development Board and Programme Budget Committee, 2017.
22. UNIDO, *Programme and Budget 2020-2021*, Vienna: UNIDO Industrial Development Board and Programme Budget Committee, 2019.
23. UNIDO, *Financial Regulations and Rules*, Vienna: United Nations Industrial Development Organization, n.d.

24. UNIDO, *Financial Situation of UNIDO: Report by the Director General*, Vienna: Industrial Development Board and Programme Budget Committee, 2019.
25. UNIDO, *Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2017*, Vienna: UNIDO Industrial Development Board and Programme Budget Committee, 2018.
26. UNIDO, *Mobilization of financial resources: Report by the Director General*, Vienna: Industrial Development Board and Programme Budget Committee, 2018.
27. UNIDO, *Medium-term investment plan 2018-2021: Report by the Director General*, Vienna: UNIDO Industrial Development Board and Programme Budget Committee, 2018.
28. UNIDO Secretariat, *Director General's Bulletin: Policy on Gender Equality and the Empowerment of Women*, Vienna: United Nations Industrial Development Organization, 2015.
29. UNIDO, *Gender Equality and Empowerment of Women Strategy 2016-2019*, Vienna: UNIDO General Conference, 2015.
30. UNIDO, *UNIDO Gender Parity Action Plan (2018-2023)*, Vienna: United Nations Industrial Development Organization, n.d.
31. UNIDO, *Mid-Term Review of the Implementation of the UNIDO Policy (2015) and Strategy (2016-2019) on Gender Equality and the Empowerment of Women*, Vienna: United Nations Industrial Development Organization, n.d.
32. UNIDO, *Medium-term programme framework, 2018-2021: Comprehensive Proposals by the Director General*, Vienna: UNIDO Industrial Development Board, 2017.
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34. UNIDO Independent Evaluation Division, *Independent Country Evaluation: Federal Republic of Nigeria Volume 1*, Vienna: United Nations Industrial Development Organization, 2018.
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38. UNIDO, *UNIDO activities in energy and the environment: Report by the Director General*, Vienna: UNIDO Industrial Development Board, 2018.
39. UNIDO Independent Evaluation Division, *Evaluation Manual*, Vienna: United Nations Industrial Development Organization, 2018.
40. UNIDO response to the Nordic Trust Fund and World Bank Survey 2016, *Nordic Trust Fund Annual Progress Report 2016: Knowledge and Learning for Human Rights and Development*, Washington, DC: World Bank, 2016.
41. UNIDO Secretariat, *Director General's Bulletin: UNIDO Policy on Business Sector Partnerships*, Vienna: United Nations Industrial Development Organization, 2017.
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44. UNIDO Independent Evaluation Division, *Independent mid-term Evaluation of UNIDO's Programme for Country Partnership (PCP)*, Vienna: United Nations Industrial Development Organization, 2017.
45. UNIDO Secretariat, *Director General's Administrative Instruction No. 17/Rev.1: Guidelines for the Technical Cooperation Programme and Project Cycle*, Vienna: United Nations Industrial Development Organization, 2006.
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48. UNIDO Secretariat, *Director General's Bulletin: Terms of Reference for UNIDO Field Offices*, Vienna: United Nations Industrial Development Organization, 2018.
49. UNIDO Secretariat, *Administrative Instruction: Human Resource Management Framework (HRMF)*, Vienna: United Nations Industrial Development Organization, 2015.
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52. UNIDO Office of Evaluation and Internal Oversight, *Independent Country Programme Evaluation Republic of India*, Vienna: United Nations Industrial Development Organization, 2018.
53. UNIDO, *Terms of Reference for UNIDO Budget System*, (unpublished), n.d.
54. UNIDO Secretariat, *Director General's Bulletin: Charter of the Office of Internal Oversight and Ethics of UNIDO*, Vienna: United Nations Industrial Development Organization, 2017.
55. UNIDO Secretariat, *Director General's Bulletin: Charter of the Office of Evaluation and Internal Oversight*, Vienna: United Nations Industrial Development Organization, 2019.
56. UNIDO Office of Evaluation and Internal Oversight, *Internal Audit Report: Audit of the Payments Process*, Vienna: United Nations Industrial Development Organization, 2018.
57. UNIDO Office of Internal Oversight and Ethics, *Internal Audit Report: Audit of Ethiopia Regional Office and Partnerships*, Vienna: United Nations Industrial Development Organization, 2017.
58. UNIDO, *Information Note: Internal Audit Report Submission to Member States*, Vienna: United Nations Industrial Development Organization, 2018.
59. UNIDO, *Internal oversight activities: Report by the Director of the Office of Evaluation and Internal Oversight*, Vienna: UNIDO Industrial Development Board, 2019.
60. UNIDO Secretariat, *Director General's Bulletin: UNIDO Enterprise Risk Management Policy*, Vienna: United Nations Industrial Development Organization, 2013.
61. UNIDO Secretariat, *Director General's Bulletin: Policy on Fraud Awareness and Prevention*, Vienna: United Nations Industrial Development Organization, 2013.
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64. UNIDO, *Country Programme for Inclusive and Sustainable Industrial Development in Nigeria 2018-2022*, Vienna: United Nations Industrial Development Organization, 2018.
65. UNIDO, *Programme for Country Partnerships: Ethiopia*, Vienna: United Nations Industrial Development Organization, 2014.
66. UNIDO, *UNIDO Country Programme 2018-2020: to promote inclusive and sustainable industrial development in Bangladesh*, Vienna: United Nations Industrial Development Organization, 2018.
67. UNIDO, *Cambodia Country Programme 2016-2020 for Inclusive and Sustainable Industrial Development*, Vienna: United Nations Industrial Development Organization, 2016.
68. UNIDO, *PCP Country Diagnostic Methodology*, Vienna: United Nations Industrial Development Organization, n.d.
69. UN, *United Nations Strategic Framework (UNSF) Lebanon 2017-2020*, New York: United Nations, n.d.
70. UNIDO Secretariat, *Director General's Administrative Instruction No. 3: Technical Cooperation (TC) programme/project revisions, budget revisions and extensions including funds availability controls*, Vienna: United Nations Industrial Development Organization, 2016.
71. UNIDO Independent Evaluation Division, *Independent UNIDO Country Evaluation: The Kingdom of Thailand*, Vienna: United Nations Industrial Development Organization, 2016.
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74. UNIDO, *Programme for Country Partnership for Ethiopia 2017 Progress Report*, Vienna: United Nations Industrial Development Organization, 2017.
75. UNIDO Office of Evaluation and Internal Oversight, *Synthesis of UNIDO Independent Evaluations: 2015-2018 Zero Draft Report*, Vienna: United Nations Industrial Development Organization, 2019.
76. UNIDO, *Pilot Project for the substitution of old domestic/commercial refrigeration appliances to new energy efficient products in Mexico*, Vienna: United Nations Industrial Development Organization, n.d.
77. UNIDO, *UNIDO in the UN System Wide Coherence and Delivering as one: A multi-pronged approach to achieving common goals*, Vienna: United Nations Industrial Development Organization, n.d.
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79. UNIDO, *Background document: UNIDO Management response to the recommendations of the Independent Mid-term evaluation of the Programme for Country Partnership*, Vienna: United Nations Industrial Development Organization, n.d.
80. UNIDO, *UNIDO Strategy for Industrial Development Partnerships 2018-2021*, Vienna: United Nations Industrial Development Organization, n.d.
81. UNIDO, *Progress Report of Country Programmes in Cambodia (from November 2016 to November 2017)*, Vienna: United Nations Industrial Development Organization, 2017.
82. UNIDO, *Guidance for the preparation of Terms of Reference (TOR) for mid-term reviews of UNIDO projects*, Vienna: United Nations Industrial Development Organization, 2019.
83. UNIDO Independent Evaluation Division, *Work Programme and Provisional Budget for 2018/2019*, Vienna: United Nations Industrial Development Organization, 2018.
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87. UNIDO Independent Evaluation Division, *Independent Mid-term Evaluation of UNIDO's Programme for Country Partnership (PCP) Management Response Sheet*, Vienna: United Nations Industrial Development Organization, n.d.
88. UNIDO, *Evaluation activities: Note by the Director of the Office of Evaluation and Internal Oversight*, Vienna: UNIDO Industrial Development Board, 2018.
89. GEF Independent Evaluation Office, *Evaluation of Programmatic approaches in the GEF*, Washington, DC: Global Environment Facility, 2018.

Annex 3. Results of the 2019 MOPAN external partner survey

The online survey was administered by MOPAN and was conducted over a period of seven weeks in 2019, starting on 23 May and closing on 6 July.

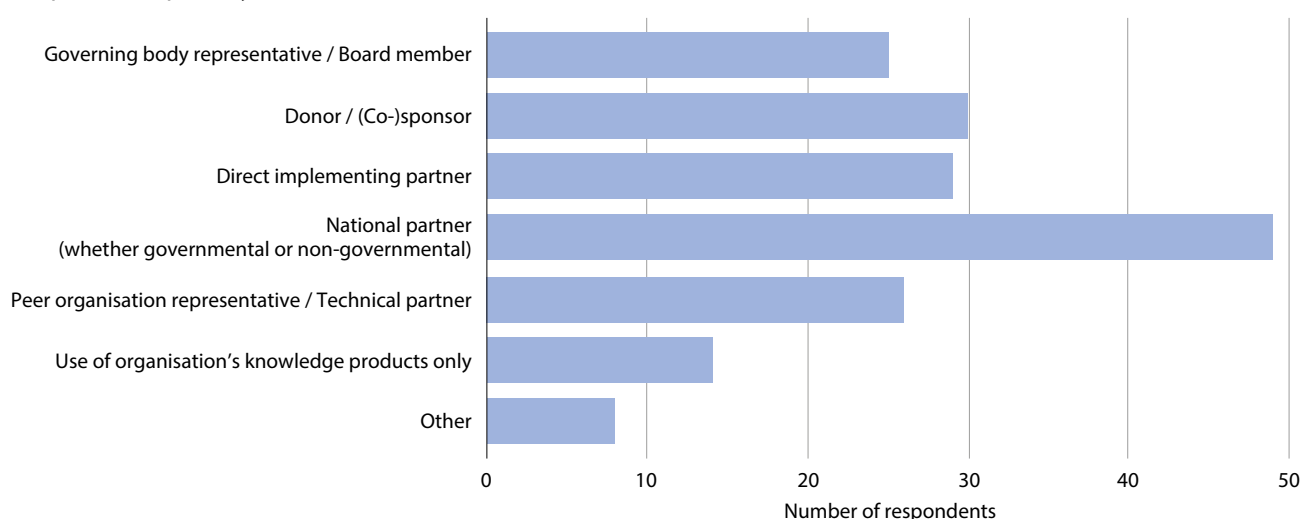
Number of respondents: **181**

Effective sample size: **511**

Survey response rate: **35%**

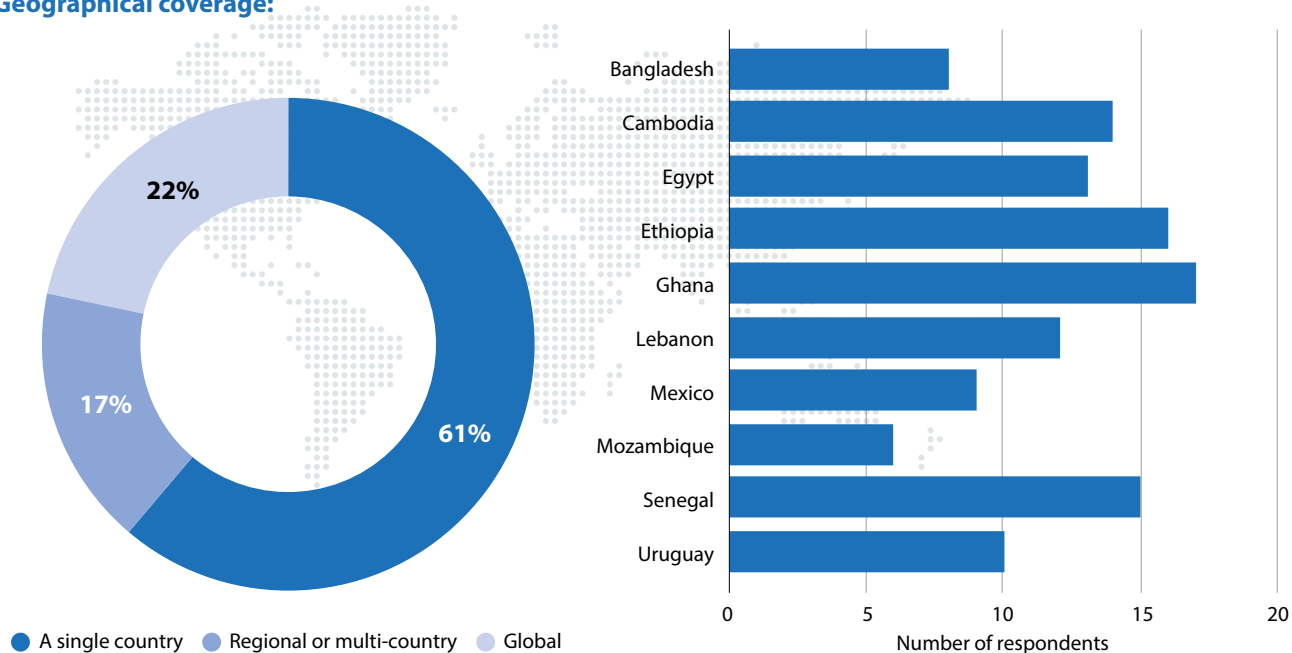
Respondent profile:

Respondents' primary role vis-à-vis UNIDO:



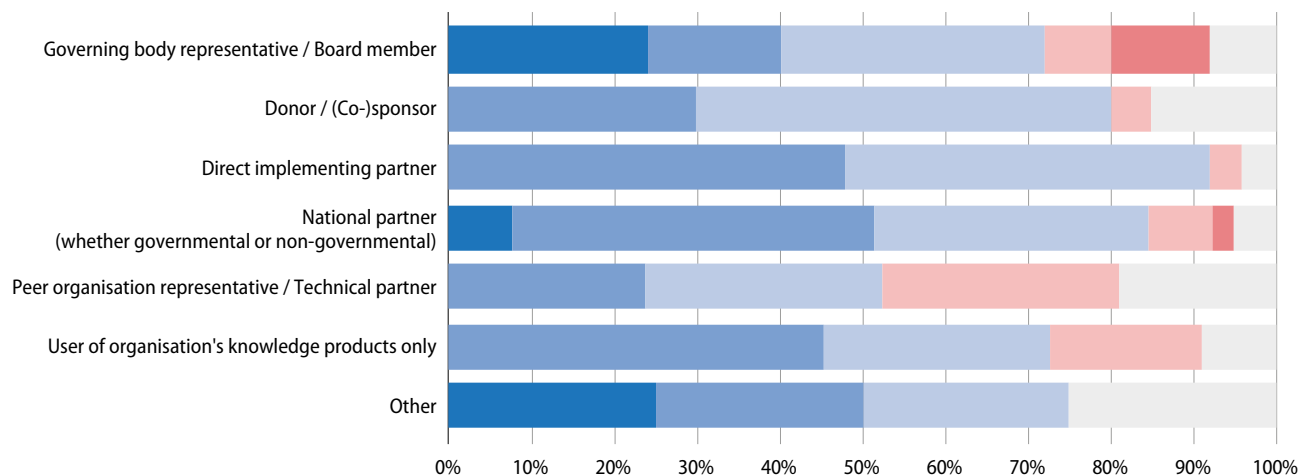
Note: In this question where multiple responses might be possible, respondents were instructed to select their **primary role** and to answer all subsequent questions in the survey in line with that answer. For example, if a respondent was a donor / board member and selected donor in the questions above, their answers to all questions in the rest of the survey would be from that perspective.

Geographical coverage:

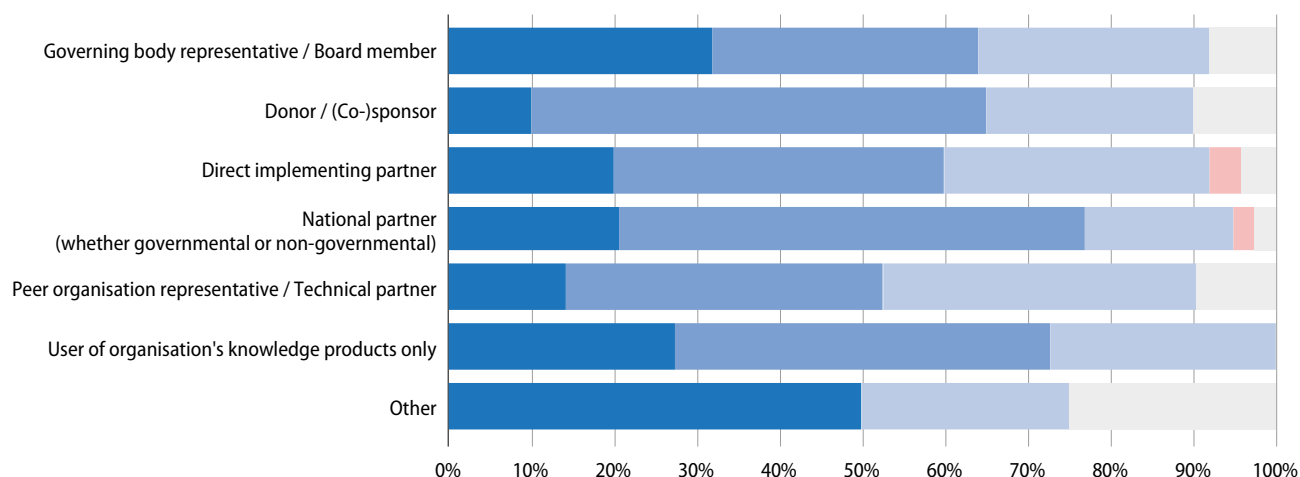


STAFFING

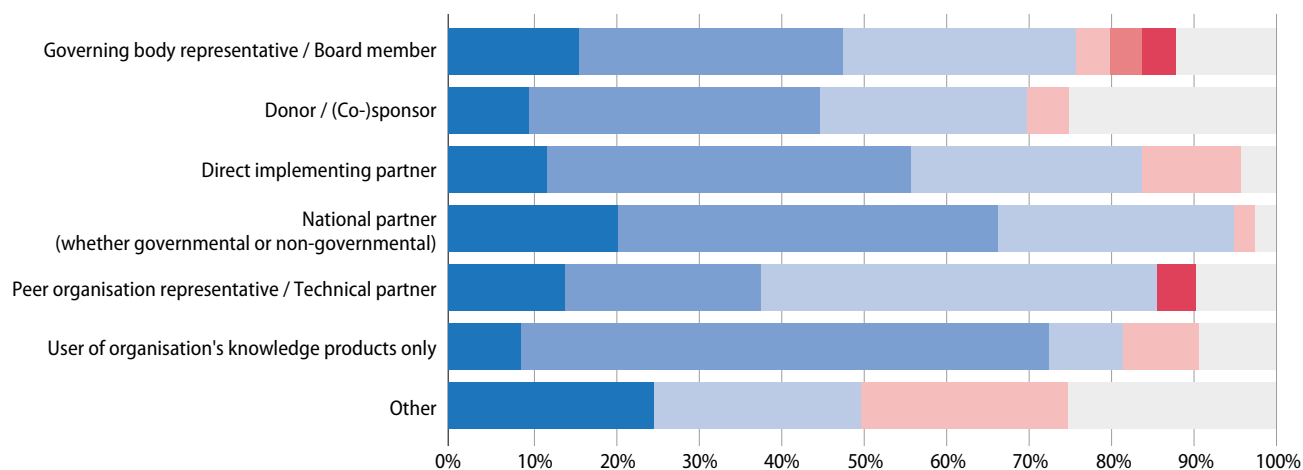
UNIDO has sufficient staffing to deliver results



UNIDO has sufficiently skilled and experienced staff

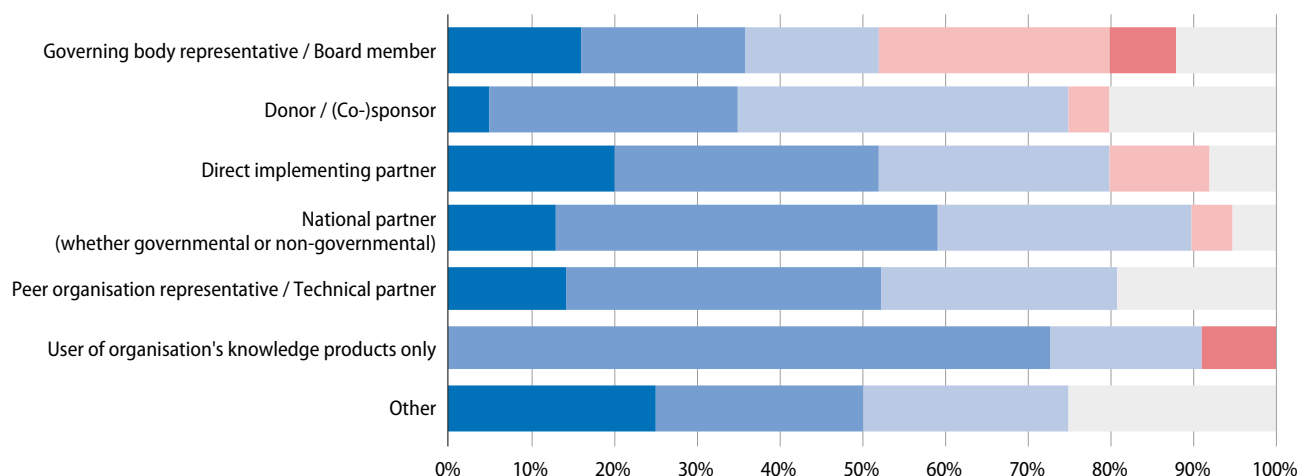


UNIDO has sufficient continuity of staff to build relationships



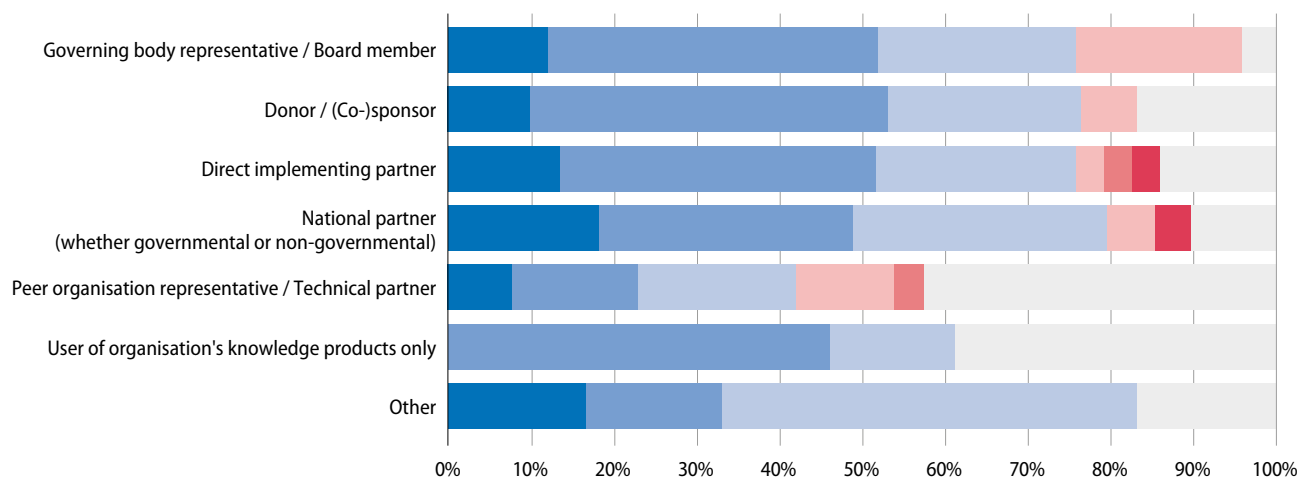
■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

UNIDO's staff can make critical strategic and programming decisions locally

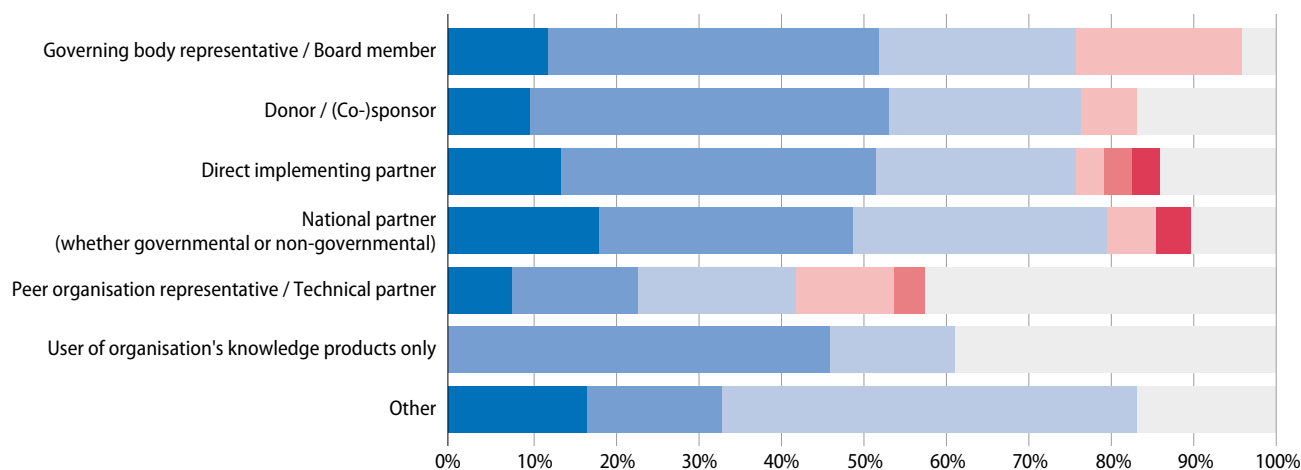


MANAGING FINANCIAL RESOURCES

UNIDO provides transparent criteria for financial resource allocation

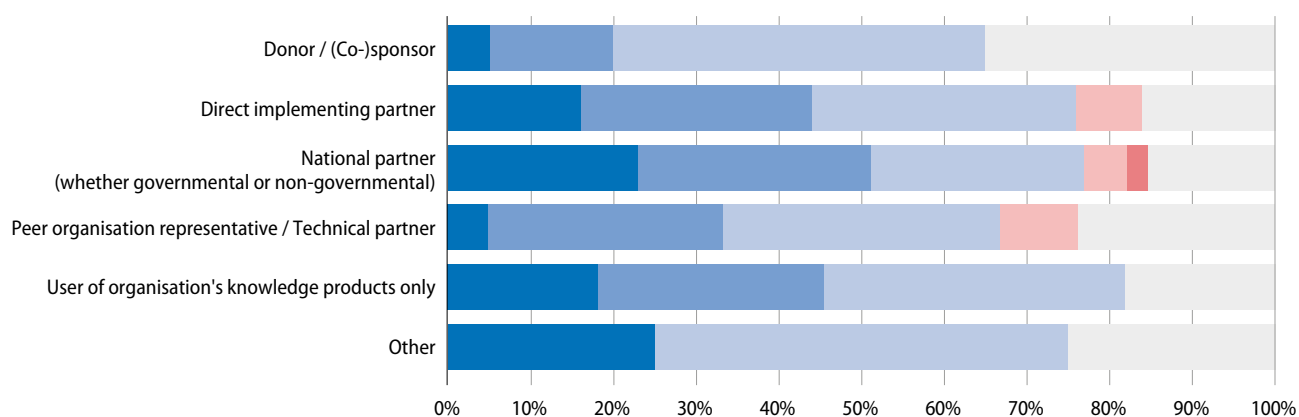


UNIDO provides predictable financial allocations, disbursements and payments

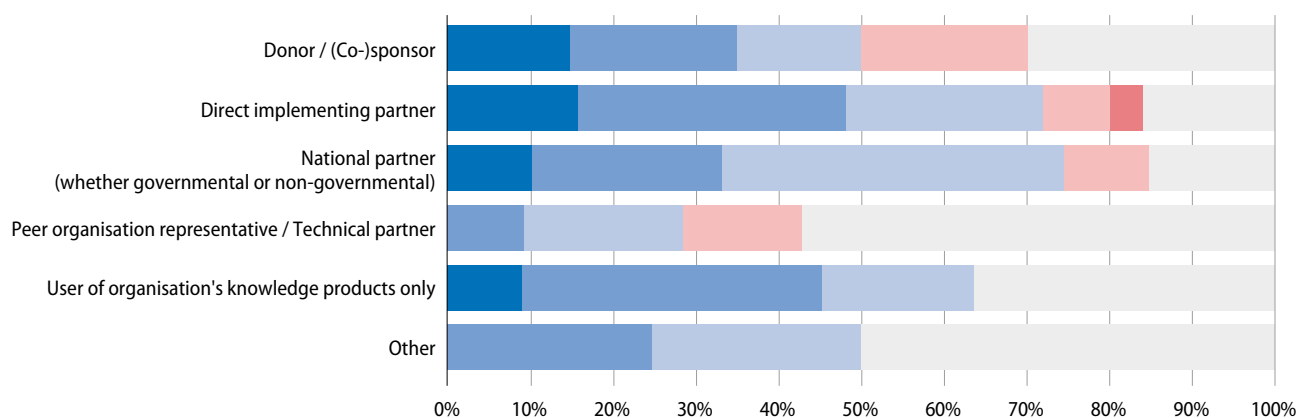


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

UNIDO's financial cooperation is coherent/not fragmented

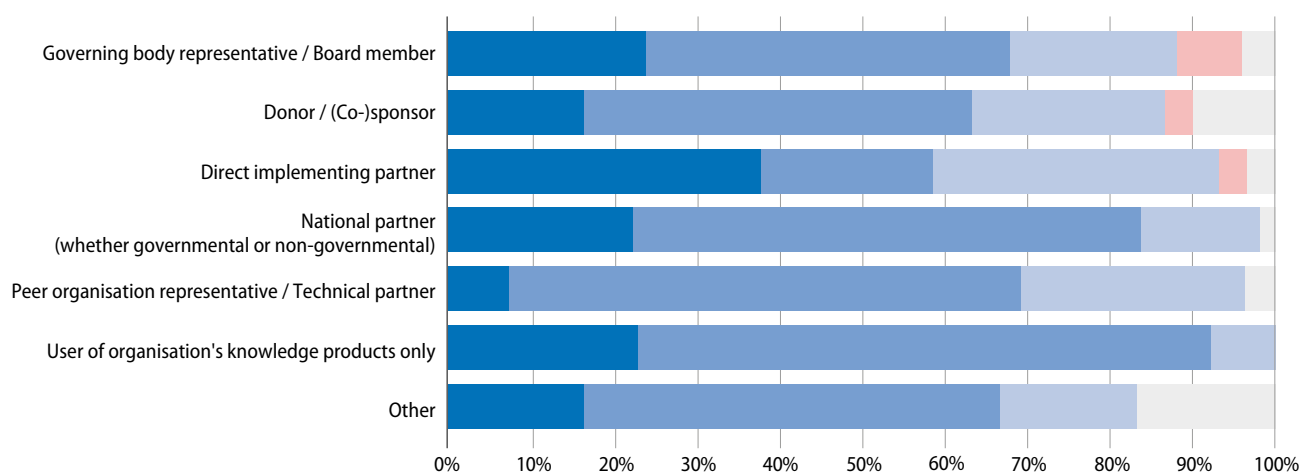


UNIDO has flexible resources



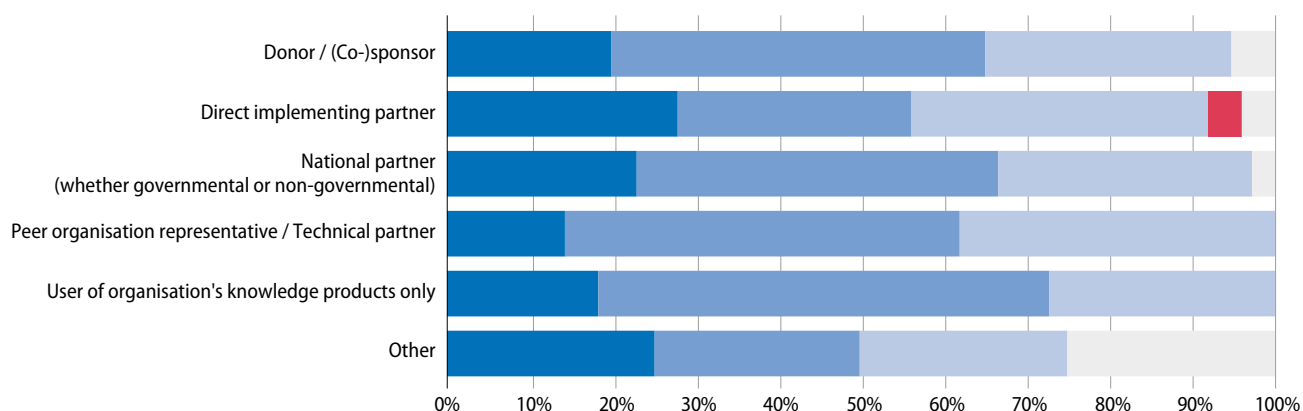
INTERVENTIONS (programmes, projects and normative work)

UNIDO's Interventions fit national programmes and results of partner countries

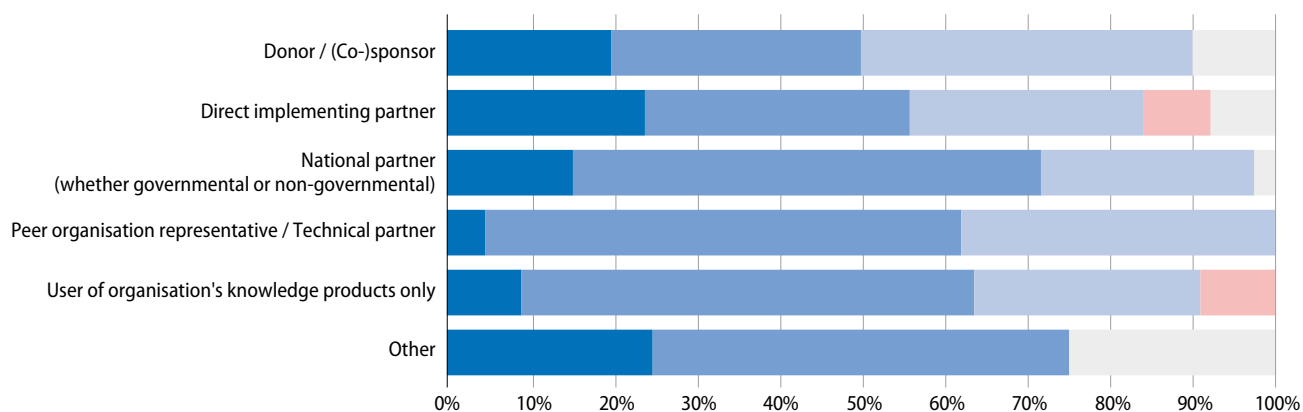


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

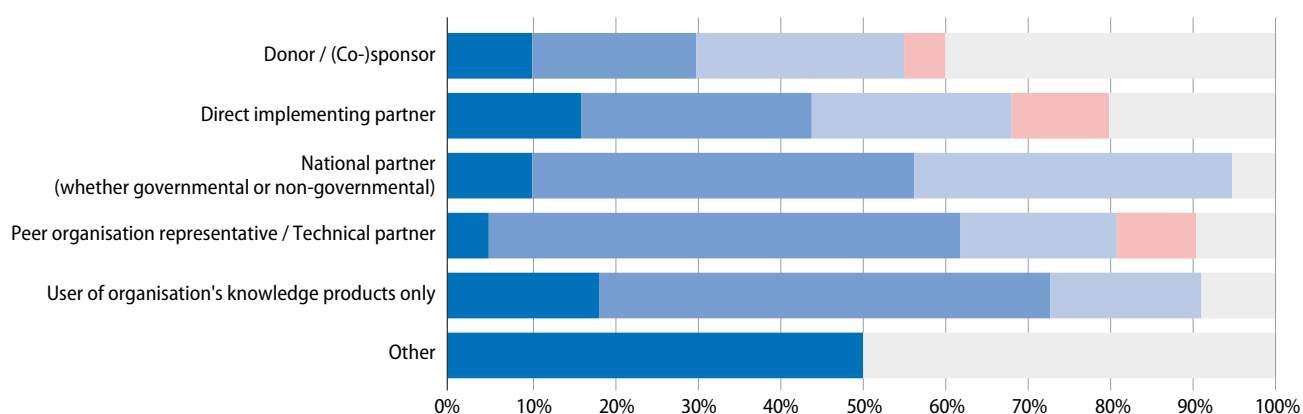
UNIDO's interventions are tailored to the needs of the local context



UNIDO has a clear understanding of comparative advantage

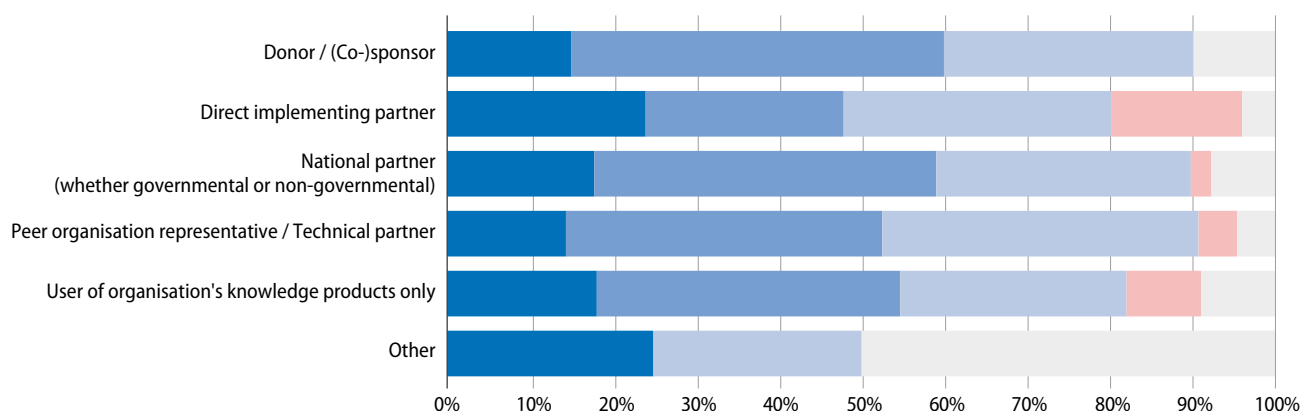


UNIDO is adaptive to changes in context

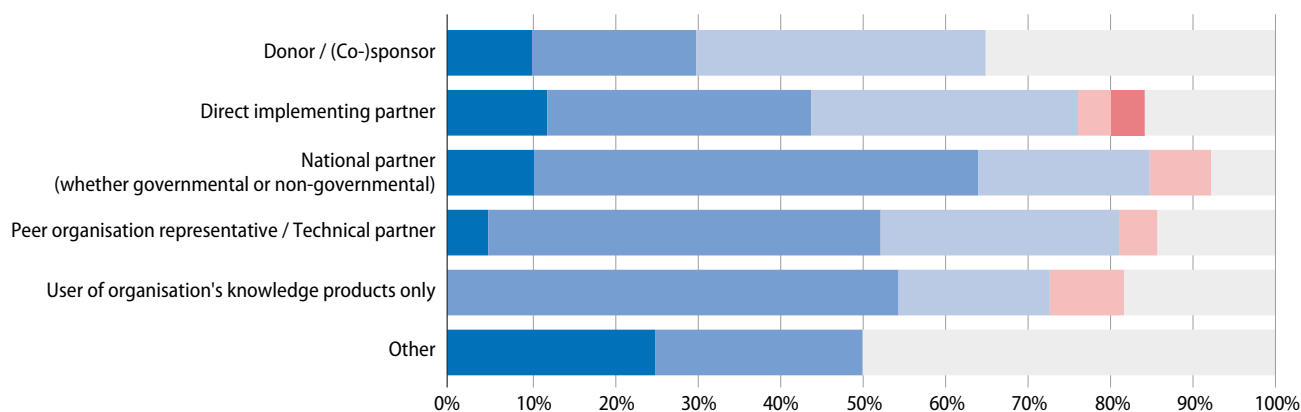


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

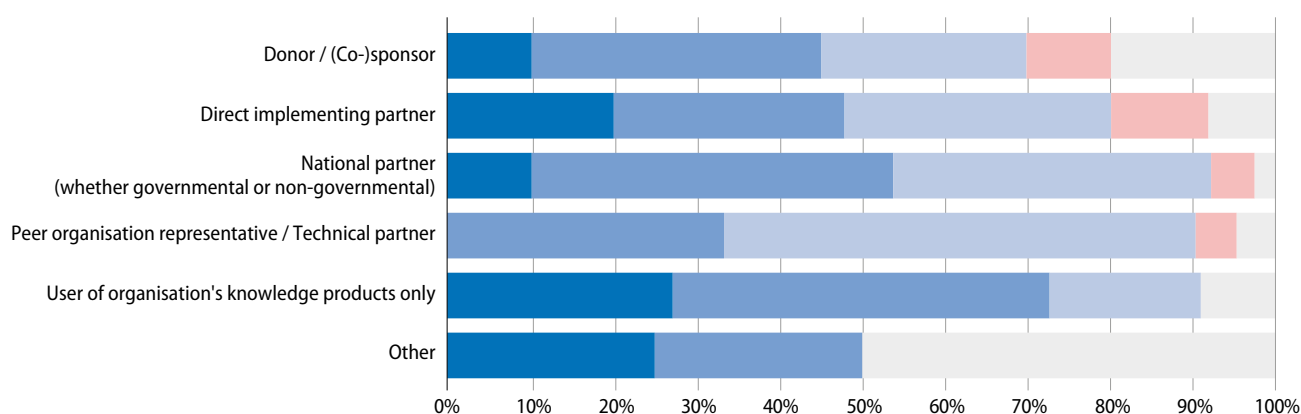
UNIDO is realistic in its assessment of national and regional capacities



UNIDO appropriately manages risk in a given context

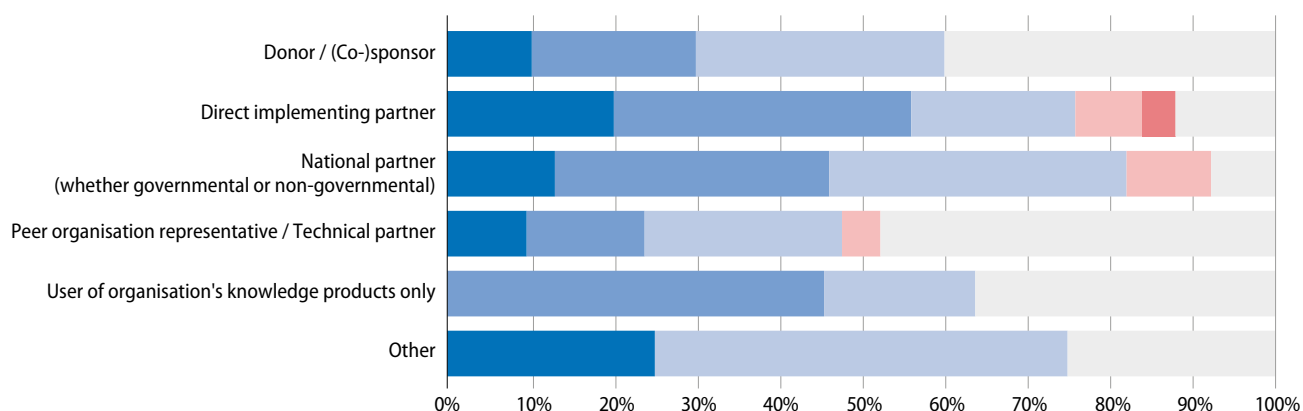


UNIDO's Interventions are implemented to sustain impact over time

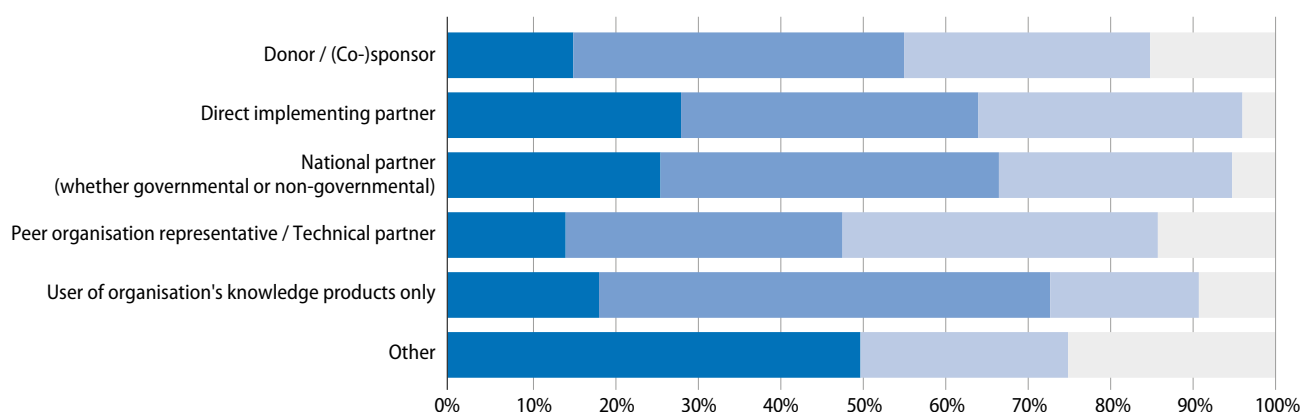


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

UNIDO has an adequate number and quality of project support field visits in country



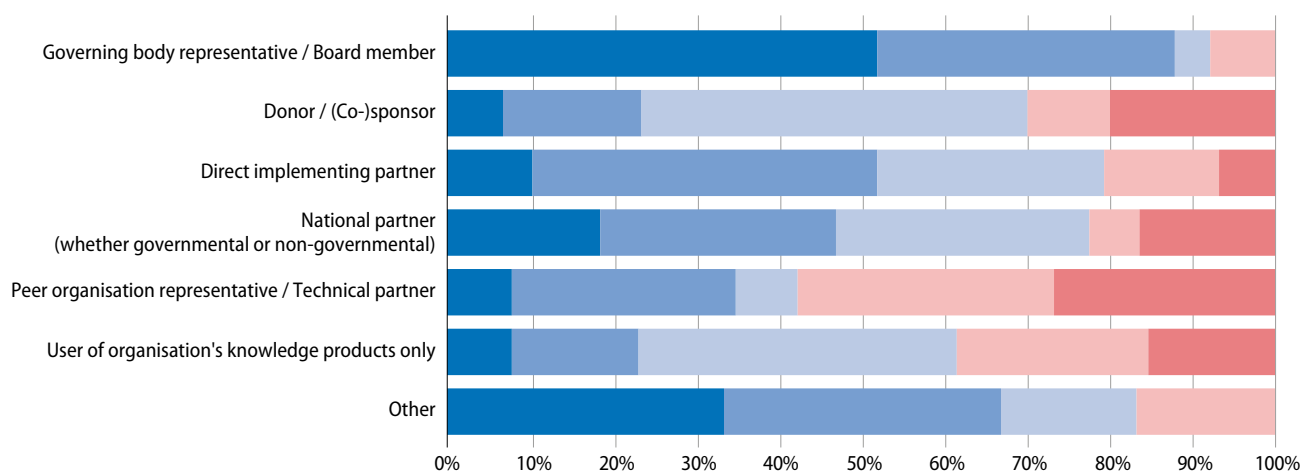
UNIDO's technical advice brings relevant experiences and best practices



■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

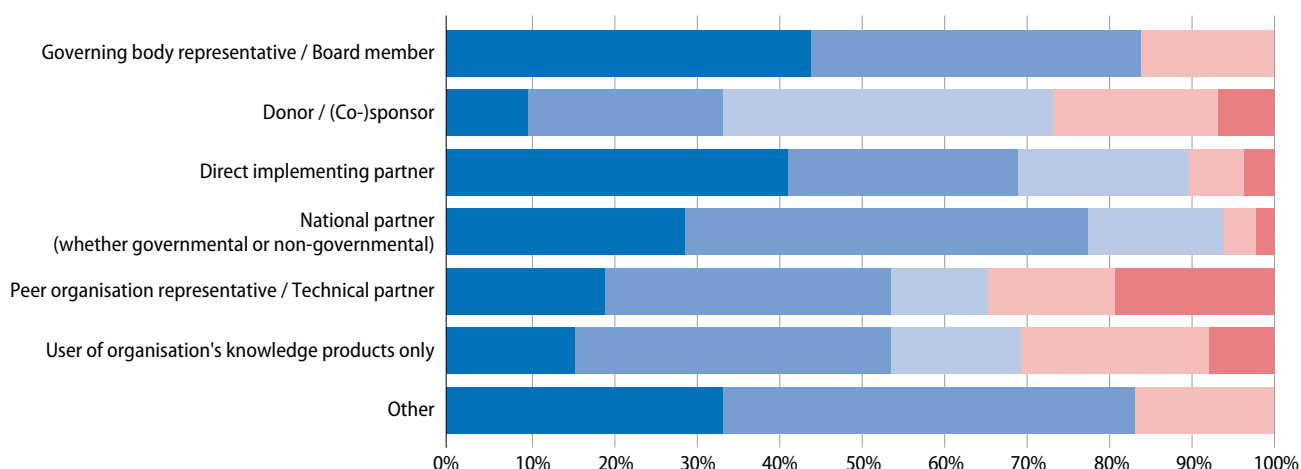
INTERVENTIONS (cross-cutting issues and familiarity)

Familiarity with the gender equality strategy of UNIDO

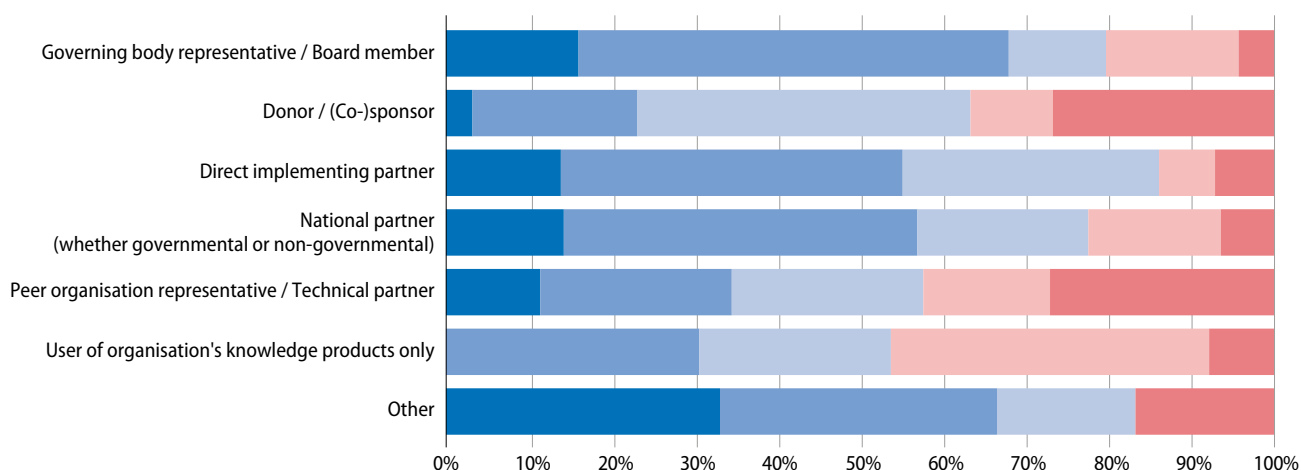


■ Know it very well
 ■ Know a fair amount about it
 ■ Know just a little about it
 ■ Heard of but know almost nothing about it
 ■ Never heard of it

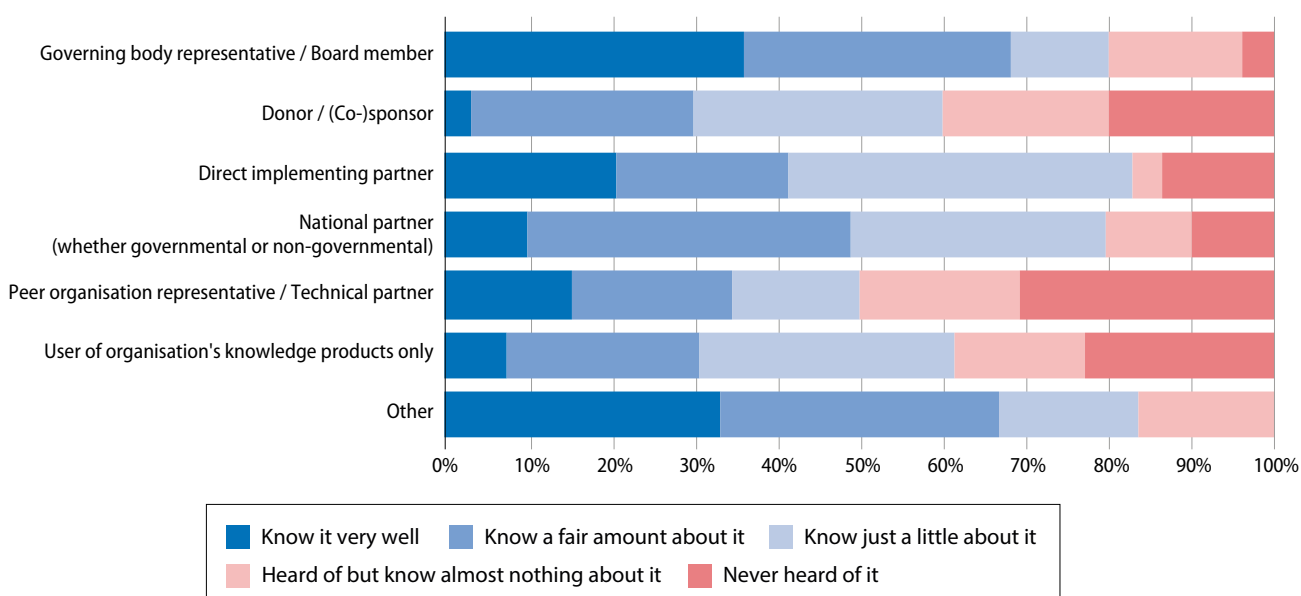
Familiarity with the environmental sustainability strategy of UNIDO, including addressing climate change



Familiarity with the strategy of UNIDO setting out how it intends to engage with promoting good governance

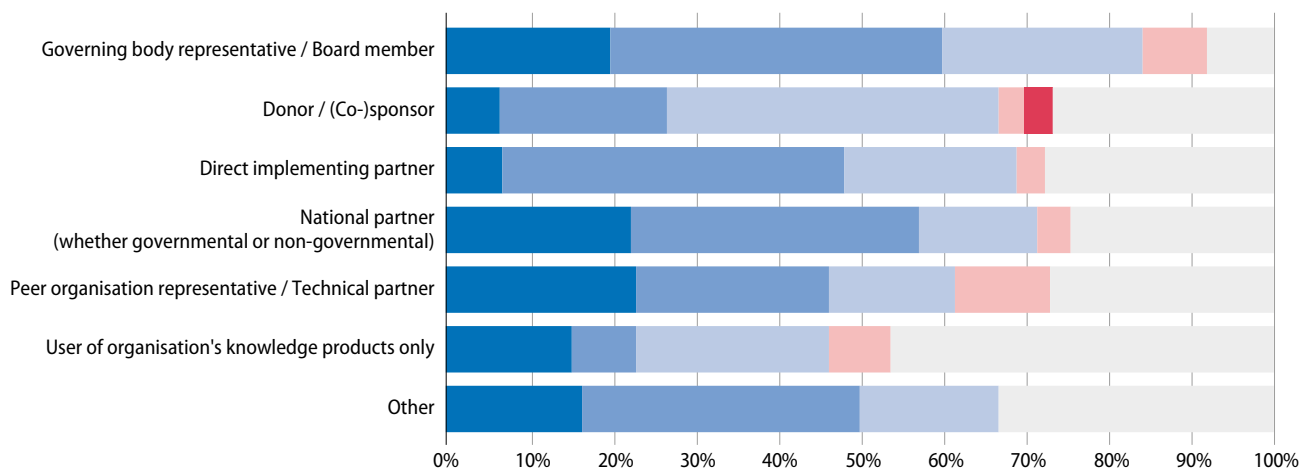


Familiarity with how UNIDO addresses inequality and human rights through its work to reduce poverty, and labour standards in its normative and policy work

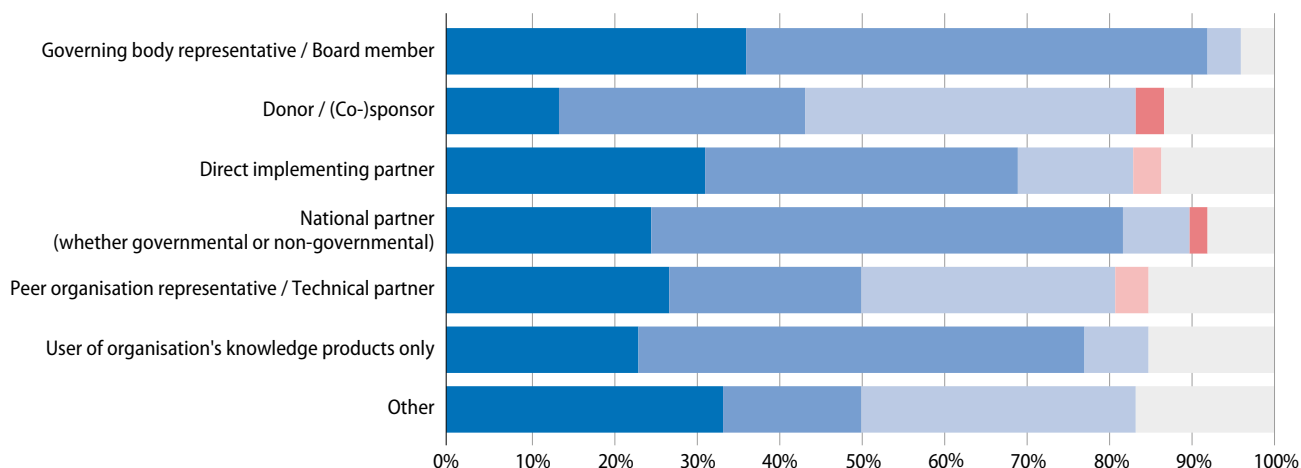


INTERVENTIONS (cross-cutting issues and organisational performance)

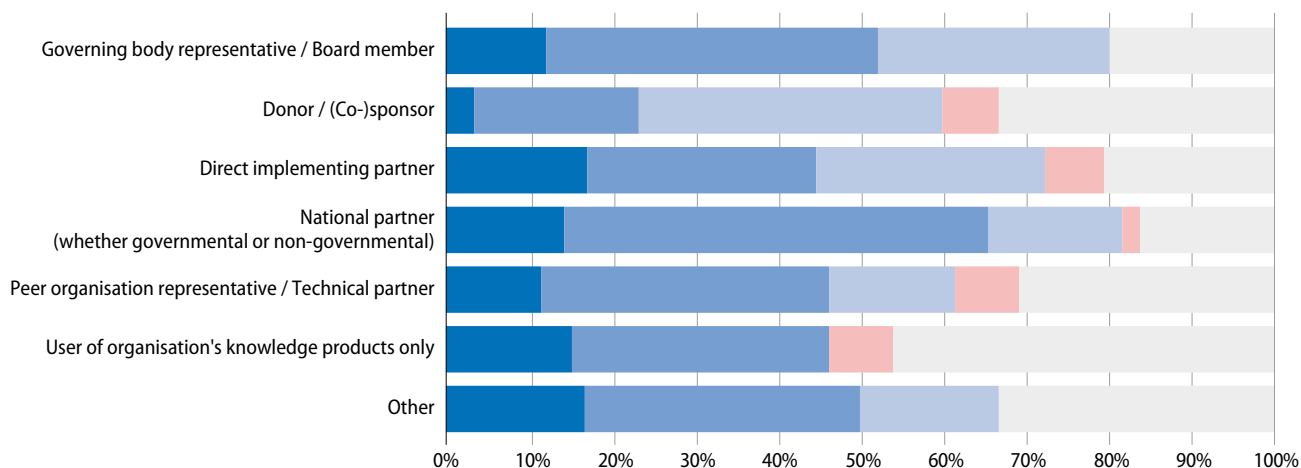
UNIDO promotes gender equality



UNIDO promotes environmental sustainability and addresses climate change

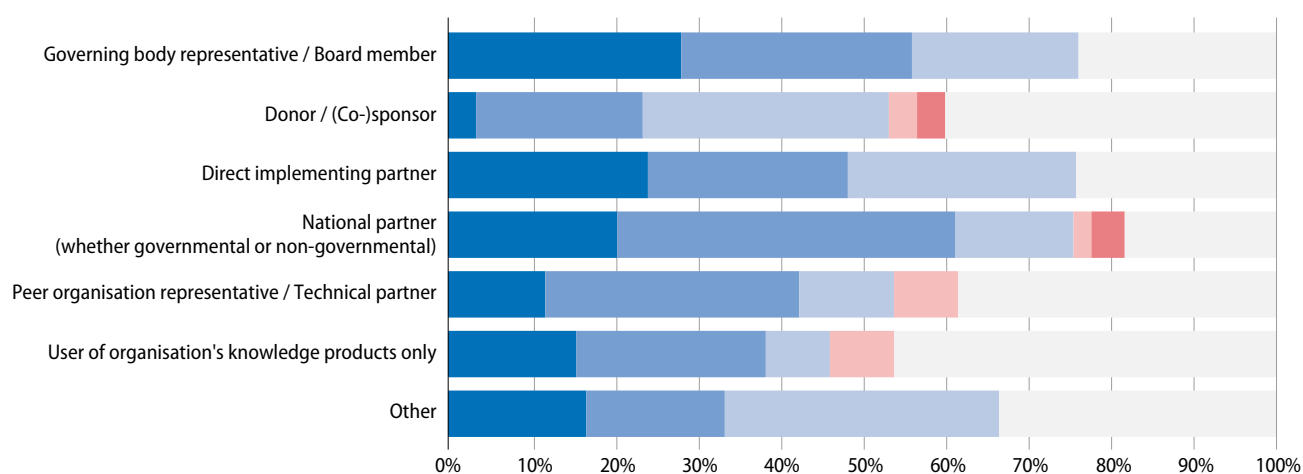


UNIDO promotes principles of good governance



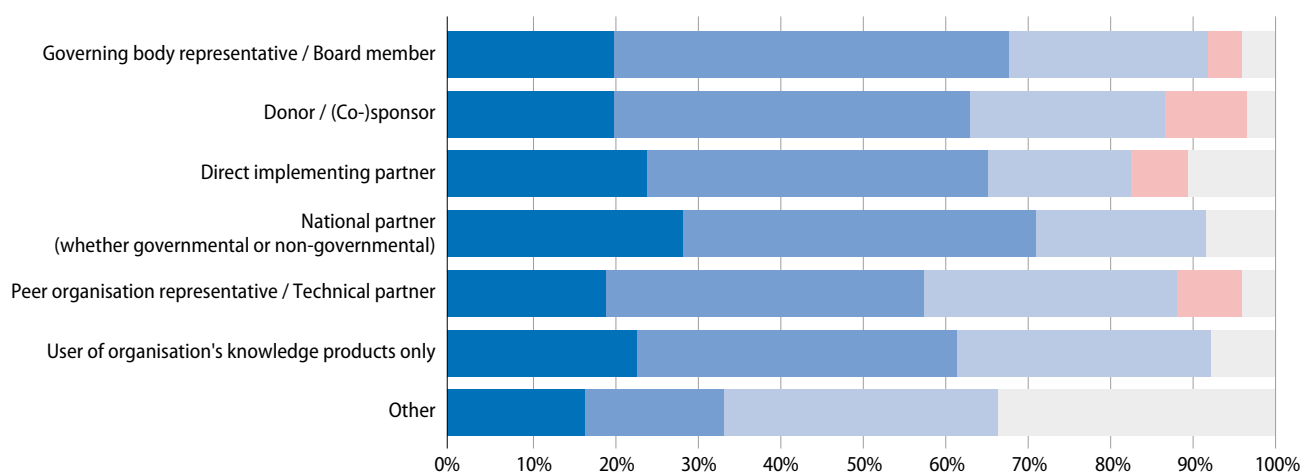
■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

UNIDO promotes human rights

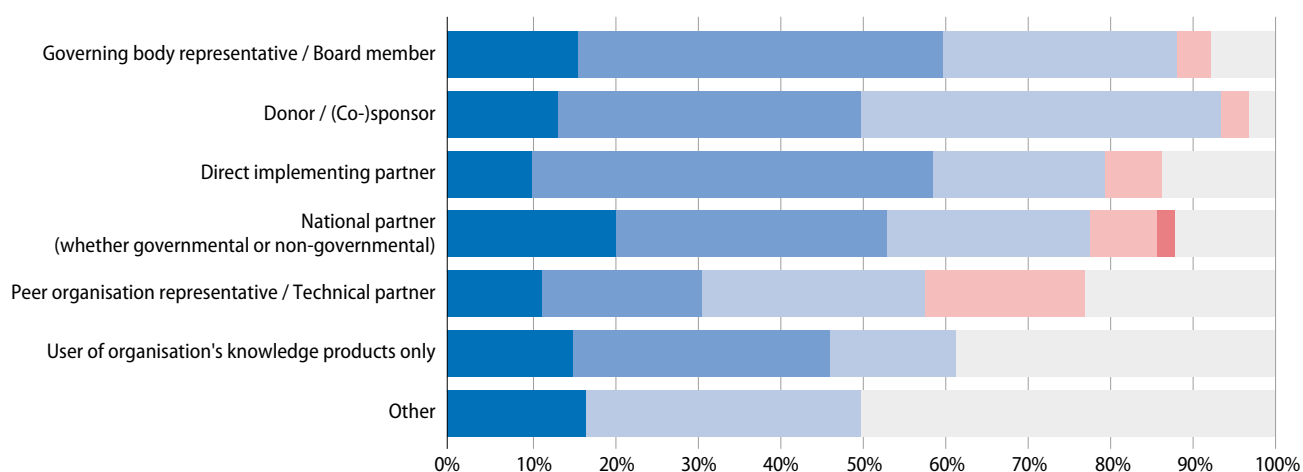


MANAGING RELATIONSHIPS

UNIDO prioritises working in synergy and partnerships

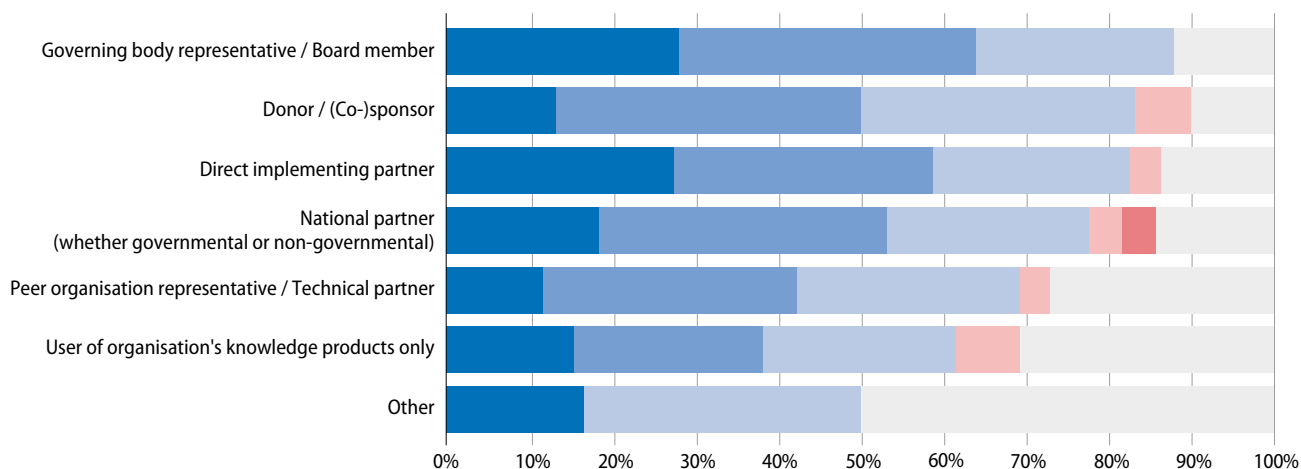


UNIDO shares key information with partners on an ongoing basis

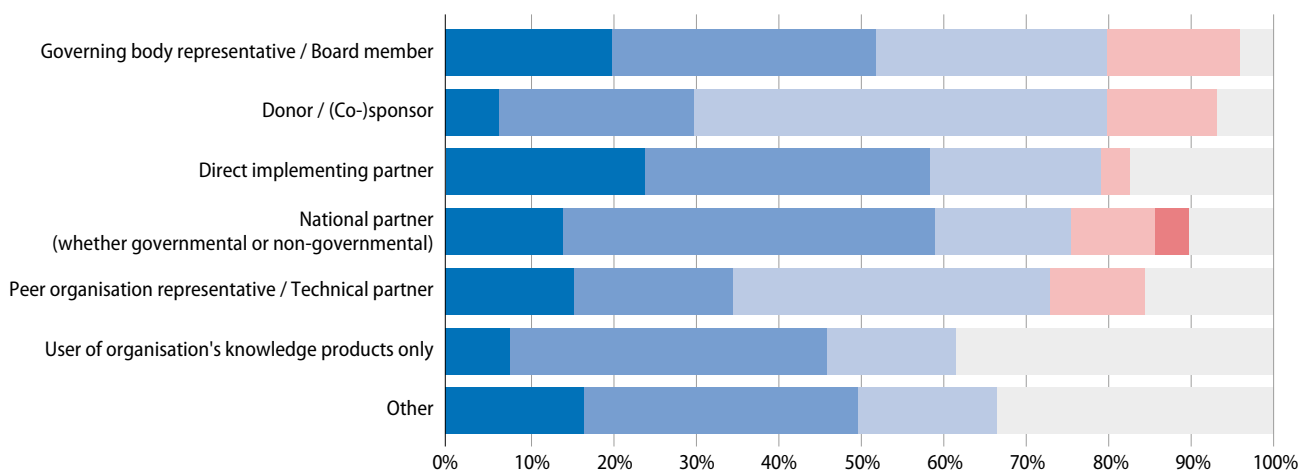


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

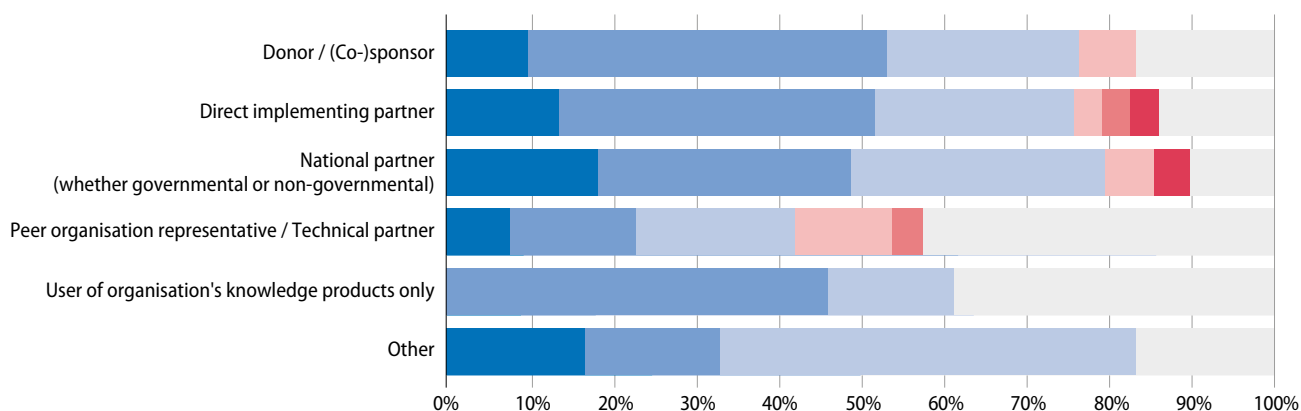
UNIDO uses regular review points with partners to identify challenges



UNIDO organisational procedures are synergised with partners

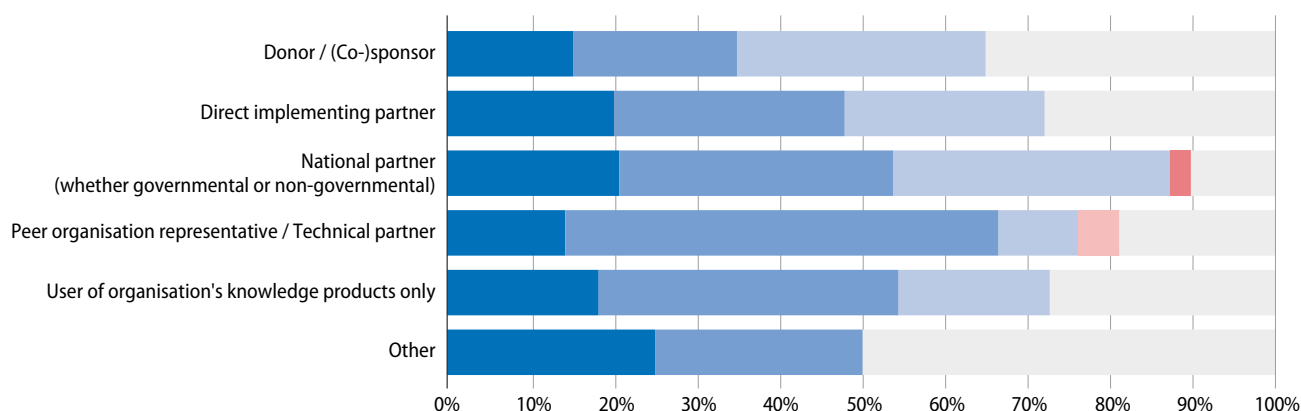


UNIDO provides high quality inputs to country or regional dialogue

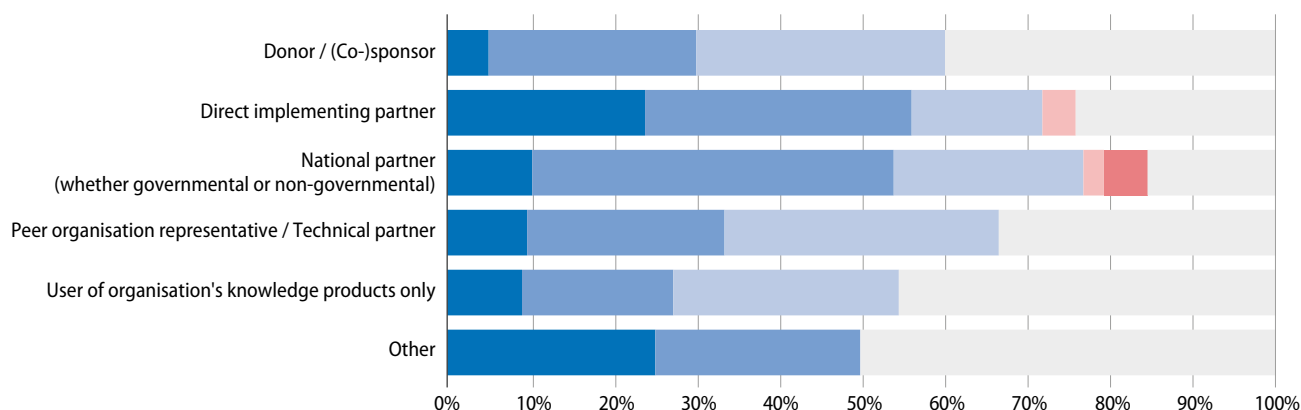


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

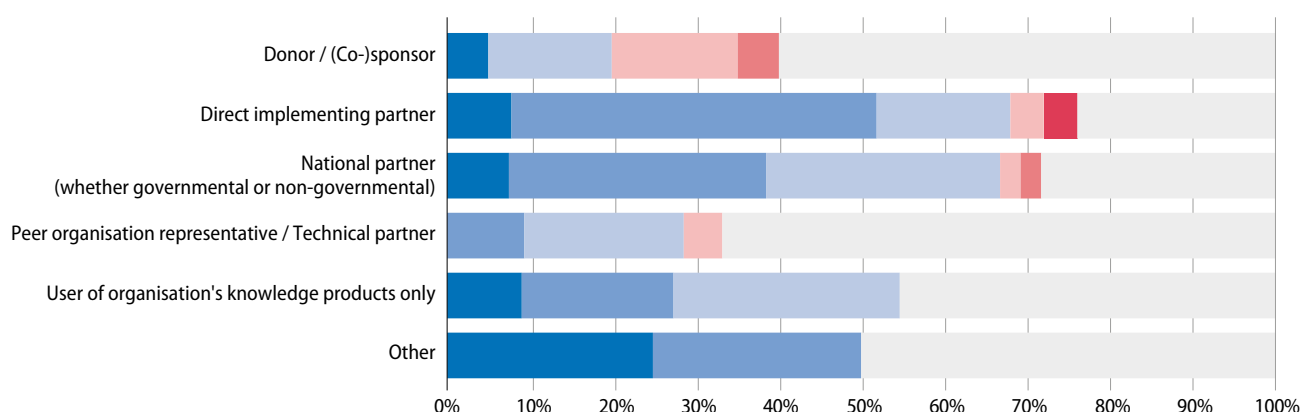
UNIDO's views are well respected in country or regional policy dialogue



UNIDO conducts mutual assessments of progress with national and regional partners

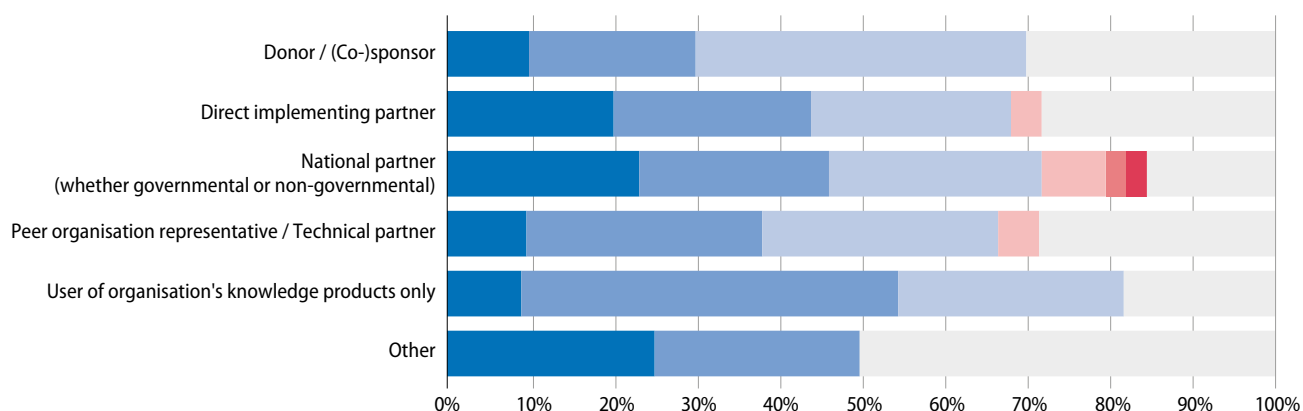


UNIDO channels resources through country systems as the default option

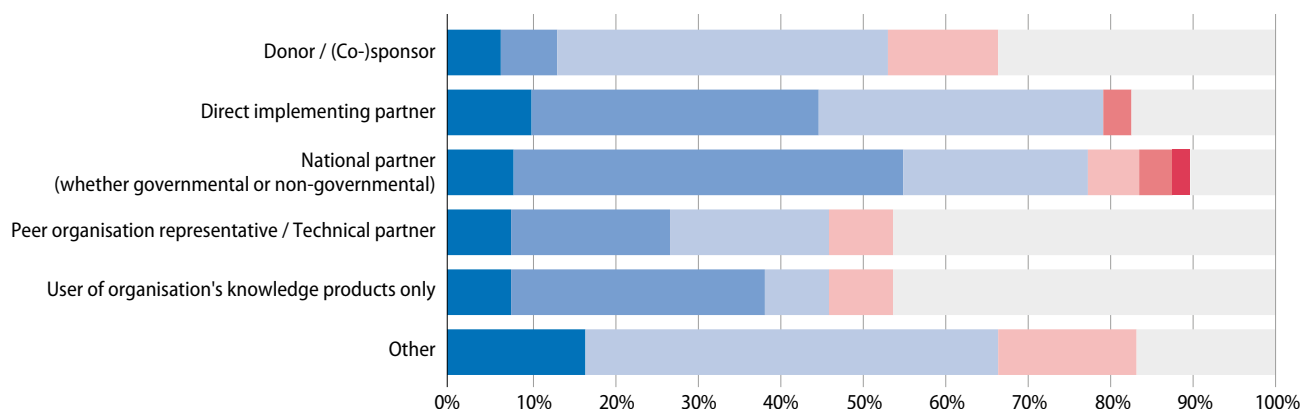


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

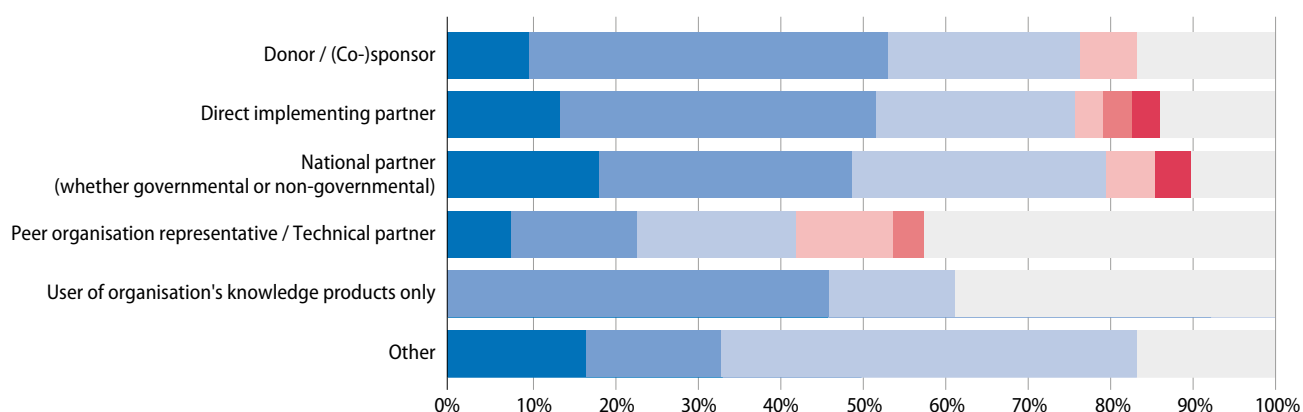
UNIDO builds capacity in countries where systems are not up to the required standard



UNIDO's organisational procedures do not cause delays for implementing partners



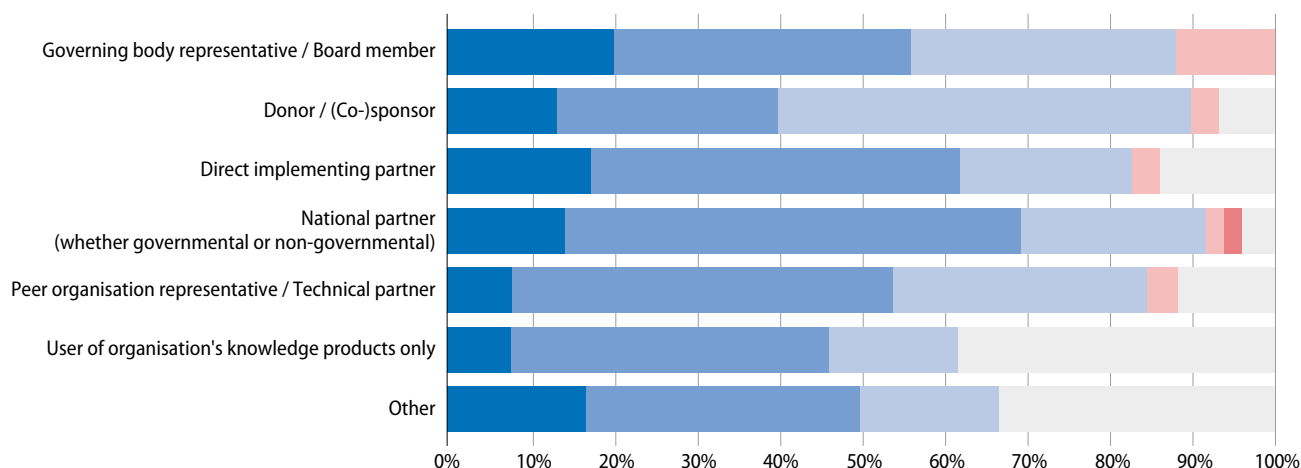
UNIDO's knowledge products are useful for my work



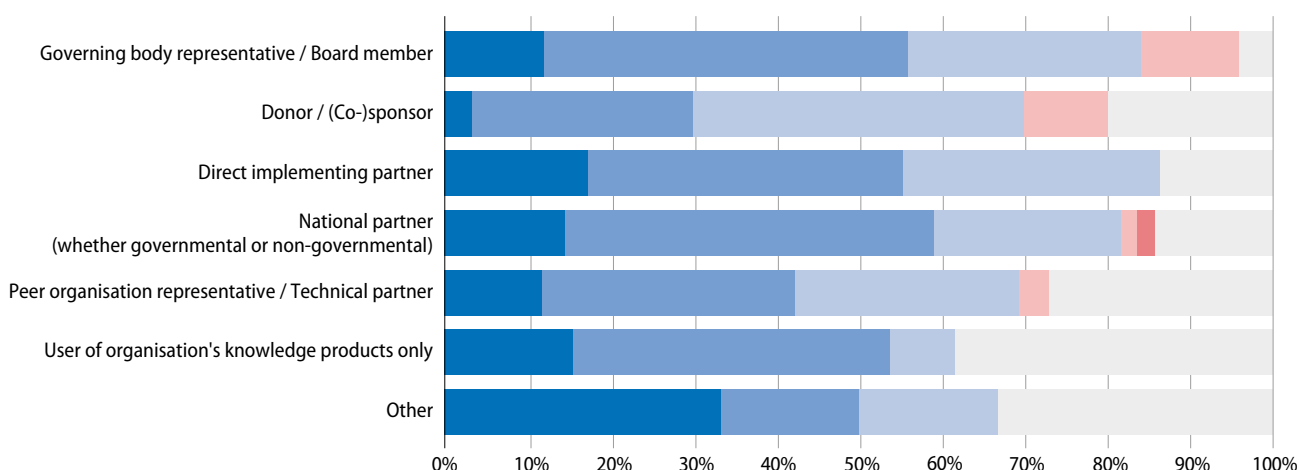
■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

PERFORMANCE MANAGEMENT

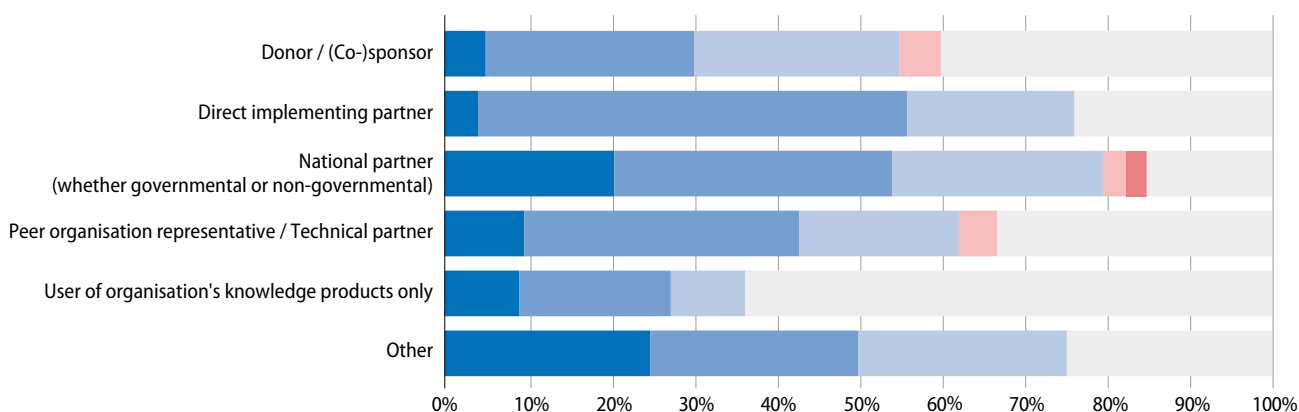
UNIDO prioritises a results-based approach



UNIDO uses robust performance data when designing and implementing interventions



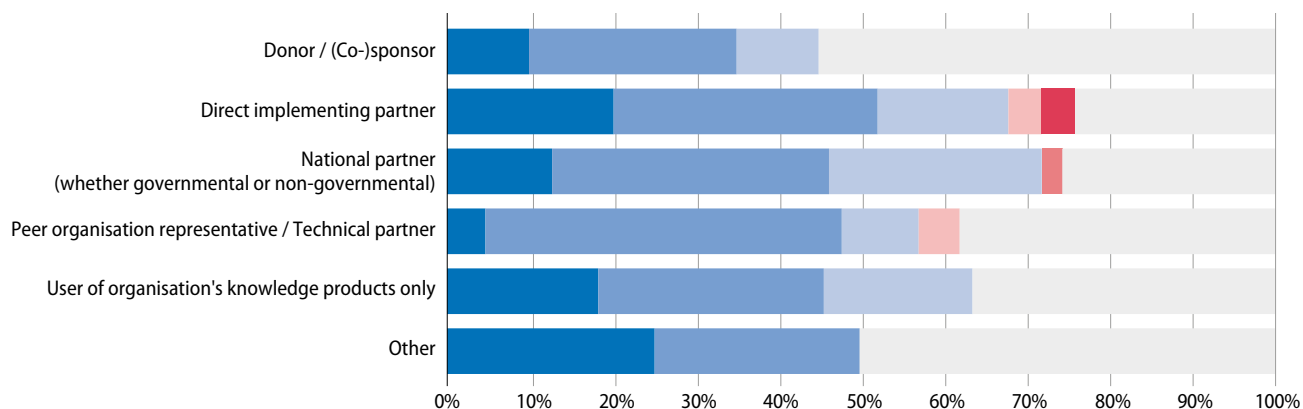
UNIDO bases its policy and strategy decisions on robust performance data



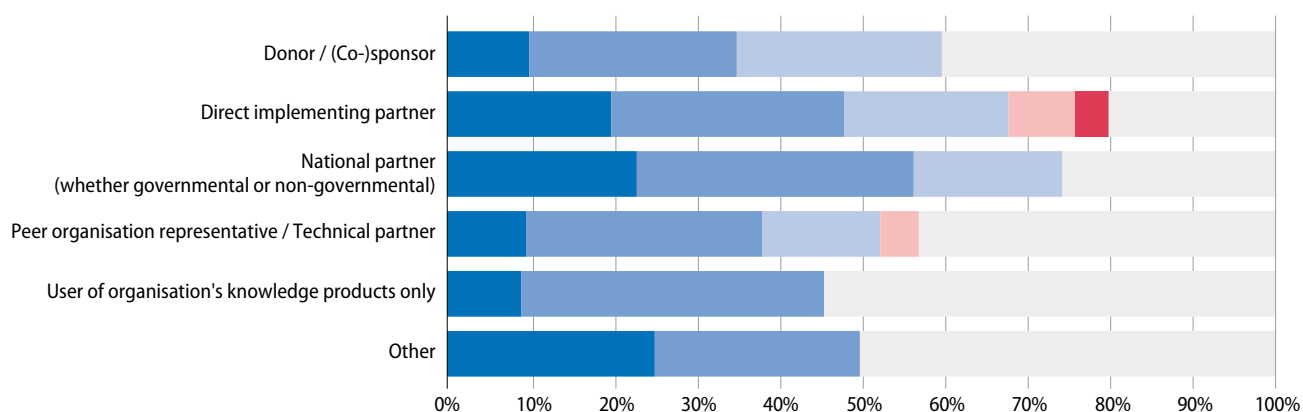
■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

EVIDENCE BASE FOR PLANNING AND PROGRAMMING

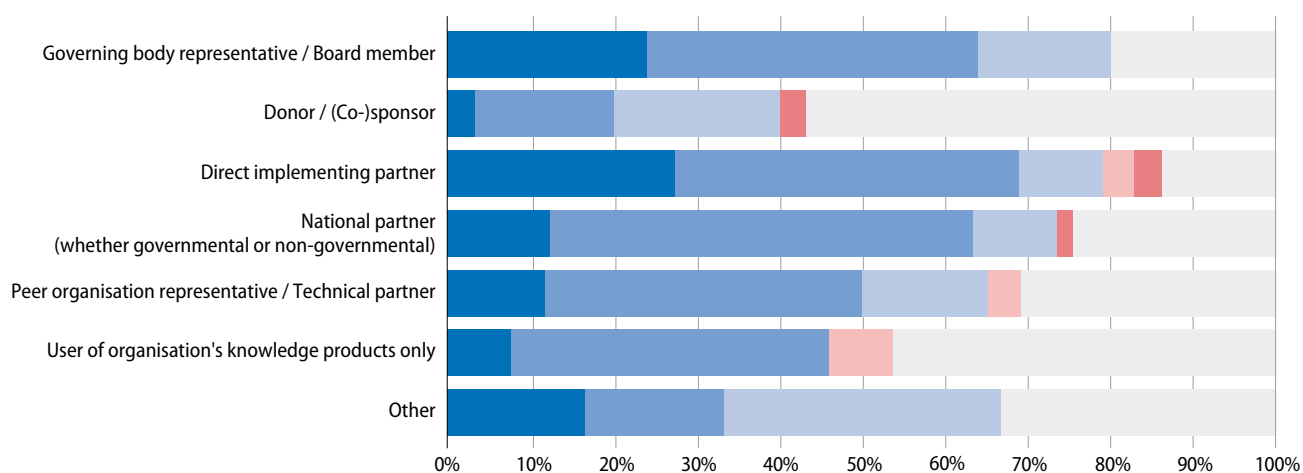
UNIDO clearly states which of its interventions must be evaluated



Where required, UNIDO ensures that evaluations are carried out

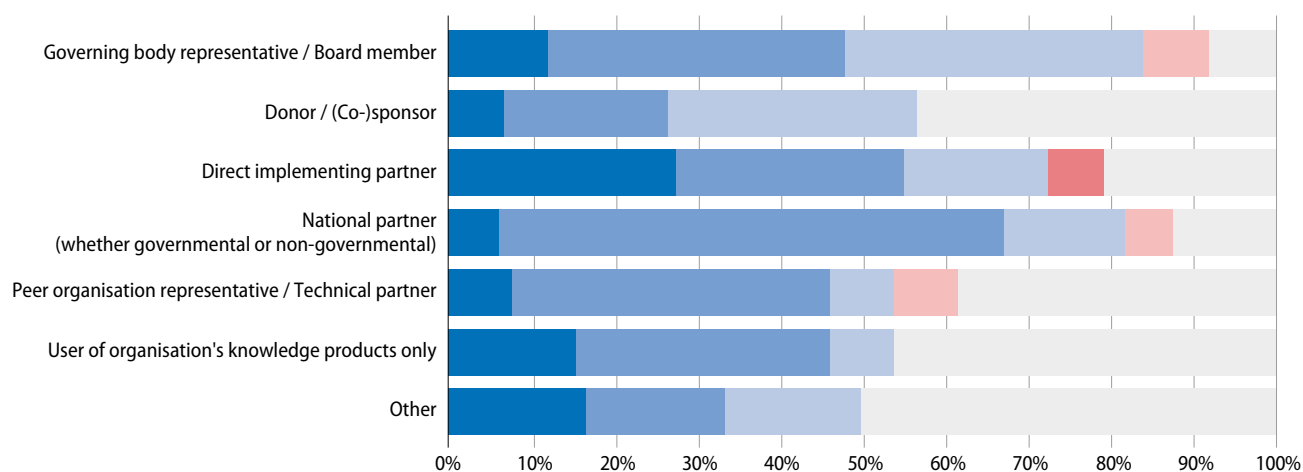


UNIDO participates in joint evaluations at the country and regional levels

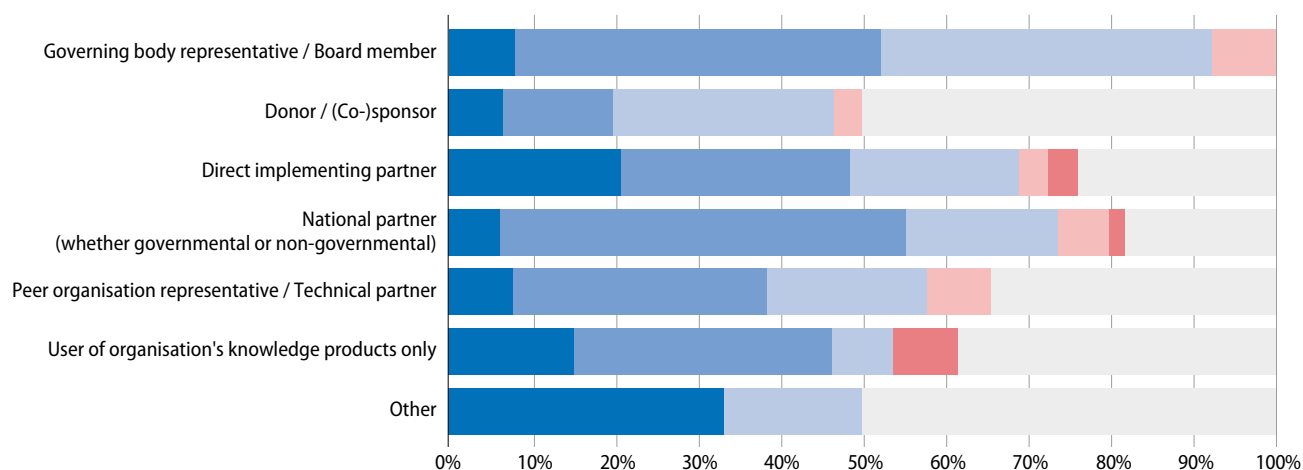


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

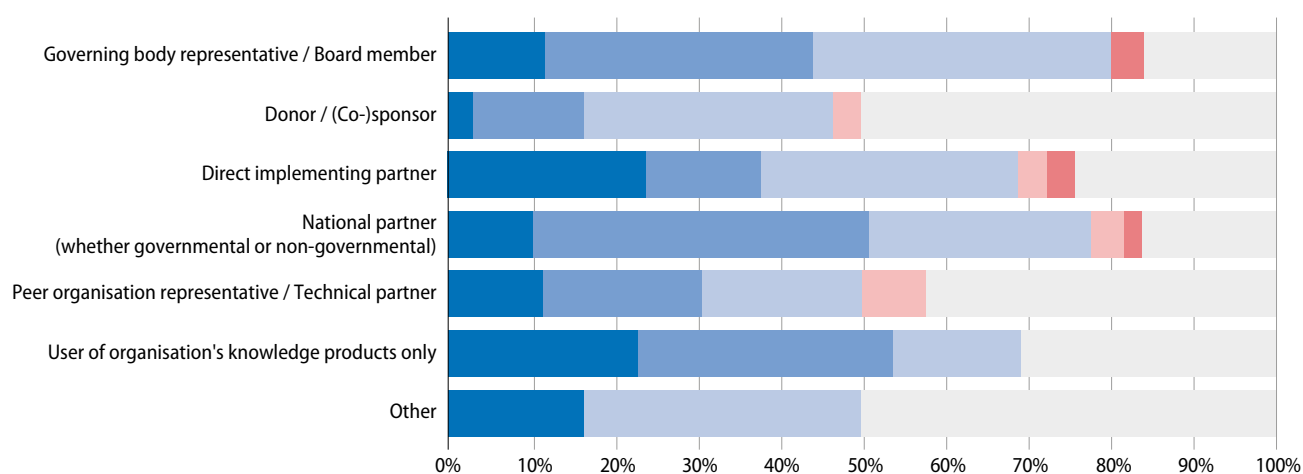
UNIDO intervention designs contain a statement of the evidence base



UNIDO identifies under-performing interventions

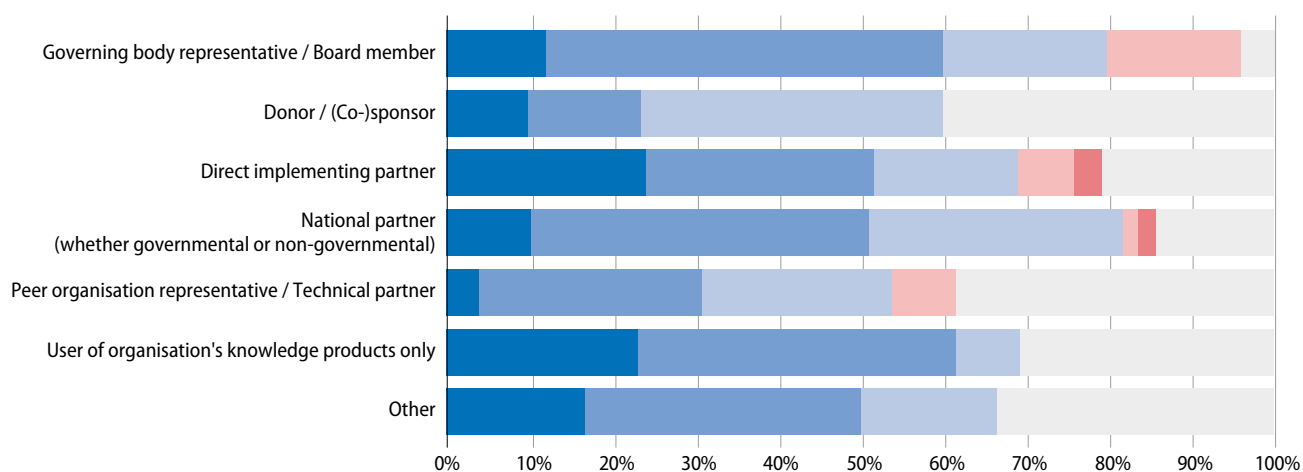


UNIDO addresses any under-performing areas of intervention

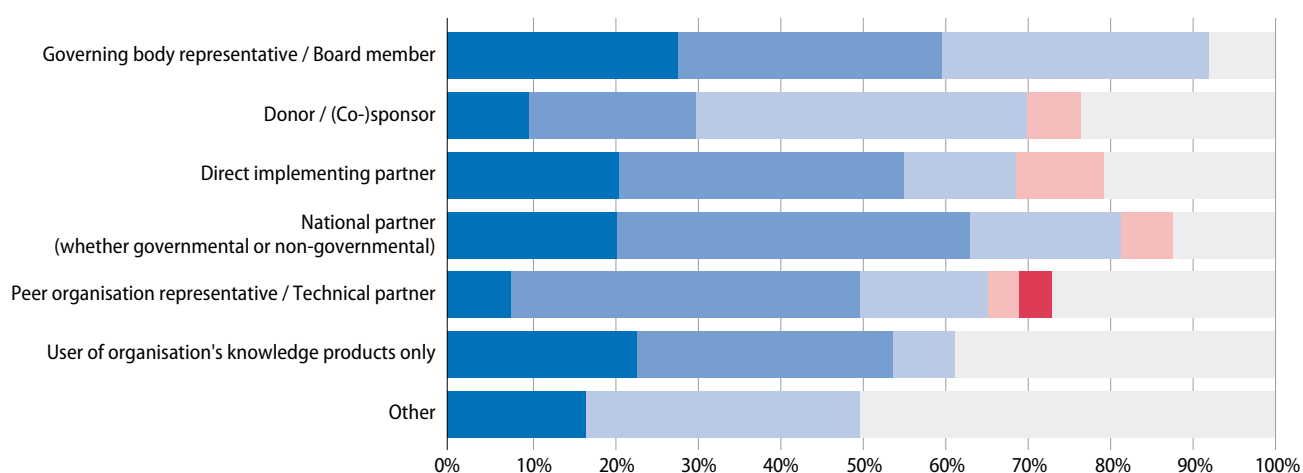


■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion

UNIDO follows up evaluation recommendations systematically



UNIDO learns lessons from experience rather than repeating the same mistakes



■ Excellent
 ■ Very good
 ■ Fairly good
 ■ Fairly poor
 ■ Very poor
 ■ Extremely poor
 ■ Don't know / No opinion



For any questions or comments,
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secretariat@mopanonline.org
www.mopanonline.org