

# UNIDO

United Nations Industrial Development Programme

## 1. Facts and figures

**Type of organisation:** UN specialised agency

**Established in:** 1966

**Headquarters:** Vienna

**Number of country offices:** 39 country and regional offices and three liaison offices in Brussels, Geneva and New York

**Head of organisation:** Director-General Li Yong (China)

**Date of Board meetings in 2013:**  
Programme and Budget Committee 22–24 May, Industrial Development Board (IDB) 24–27 June, General Conference (Special Session for appointment of new Director-General) 28 June and General Conference 2–6 December

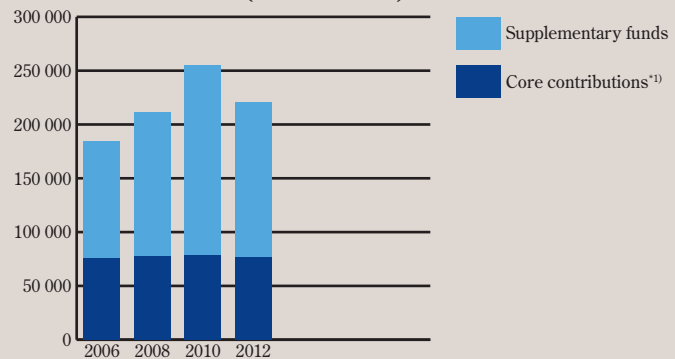
**Norway's representation on Board:** IDB

**Number of Norwegian staff:** One permanent employee, one temporary consultant

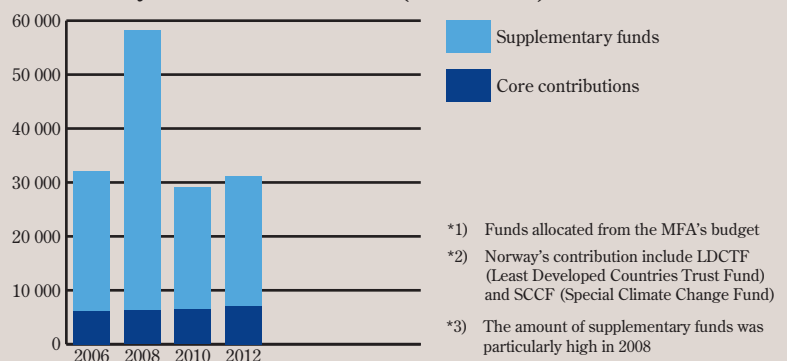
**Competent ministry:** Norwegian Ministry of Foreign Affairs

**Website:** [www.unido.org](http://www.unido.org)

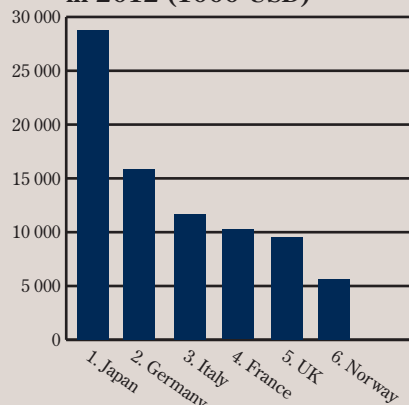
**Total revenues (1000 EURO)**



**Norway's contributions<sup>\*1)\*2)\*3)</sup> (1000 NOK)**



**The five largest donors, and Norway, in 2012 (1000 USD)**



NORWEGIAN MINISTRY  
OF FOREIGN AFFAIRS

## Mandate and areas of activity

The task of the United Nations Industrial Development Organization (UNIDO) is to promote sustainable industrial development in poor countries and economies in transition. UNIDO also works to improve standards of living in these countries. The organisation is intended to serve as a global forum for industrial knowledge, and to contribute technical support for and assist in the implementation of projects.

UNIDO's programme framework for 2010–2013 emphasises the following topics: South–South cooperation, jobs for young people, the participation of women in industrial development, clean energy and access to energy for the poor, cooperation with other organisations (UN and others) and the private sector, and capacity-building through development and training.

UNIDO's work is focused on three thematic priorities:

1. Poverty reduction through productive activities
2. Trade capacity-building
3. Environment and energy

## Results achieved in 2012

In the thematic area of reducing poverty by providing assistance for productive activities, UNIDO's programme framework emphasises support for industrial policy frameworks, in addition to facilitating public–private cooperation, network-building for small and medium-sized companies and agricultural development. In accordance with its programme framework for 2010–2013, UNIDO has, among other things:

- Established Subcontracting and Partnership Exchange Centres (SPXs) in ten African countries. With assistance from UNIDO, 150 companies were either established or expanded, creating a total of 800 new jobs.
- In partnership with Hewlett-Packard in Asia and Latin America trained 270 lecturers and 42,000 students and created 17,000 jobs.
- Increased market access and improved raw-material supplies for 70 small-scale producers of food oil in Ethiopia through a joint project with ILO and FAO.

In the thematic area of trade capacity-building, UNIDO particularly supports efforts to ensure compliance with international trade standards, quality assurance and market adaptation. UNIDO is the UN system's foremost supplier of this type of technical assistance, which is especially targeted towards small and medium-sized enterprises. The

basic principle is that increased productivity and economic growth are dependent on small and medium-sized enterprises having access to a larger market. Importance is also attached to strengthening corporate social responsibility. Some of UNIDO's results in this area:

- Opened a National Standards Laboratory in Liberia for testing the quality of export products and conducting safety tests on imported and local products.
- Contributed to the accreditation of the Norad-funded centre Ind-Expo Certification Ltd. in Sri Lanka as an international training organisation that certifies Sri Lankan industries and services.
- Strengthened Burundi's quality-assurance instruments (standards, inspections and testing). The project launched in September 2012 with the support of Norad and others will, in the long term, ensure that products manufactured or sold in Burundi meet local or export standards.
- Carried out a project in West Africa to strengthen regional trade integration by harmonising ECOWAS standards. The project has spurred the development of a trade community that makes it possible for enterprises in the region to produce goods for a regional market.

In the thematic area of environment and energy, UNIDO's work is based on the premise that access to clean energy is crucial to reducing poverty, and that it is the poorest countries that are hardest hit by climate changes. Consequently, the organisation has expanded its efforts to promote use of renewable energy and improve energy efficiency in industrial development. More than half of UNIDO's technical assistance is now focused on helping Member States fulfil their obligations under international climate and environmental treaties. Among other things, UNIDO has:

- Developed a tool for the implementation of a chemical leasing model for different industrial sectors and different countries. Chemical leasing fosters a sustainable environment, in part by reducing emissions.
- Completed renewable-energy projects in countries such as Burundi and Sierra Leone. A hydropower plant was established in Burundi with a view to generating energy for production purposes.

The results achieved by UNIDO that are described above are in line with the organisation's long-term plans. These examples, along with other results reported, show that the outcomes delivered by UNIDO are largely also in line with the indicators in the results framework.

In 2009–2012, UNIDO implemented a project to develop the leather industry in Ethiopia. Much of the Ethiopian leather industry has been part of the informal sector, but the project targeted both the informal and formal parts of the industry. The bulk of the project focused on capacity improvement, through quality control, new products and improvement of logistics and enterprises' management and marketing functions. Despite a lack of macro-level figures, an independent evaluation of the project shows that it has helped to create jobs and reduce poverty. The evaluation found a probable correlation between the project and the increase in exports of leather and leather products (from USD 67 million in 2005 to USD 104 million in 2011). The extremely low wage level in the leather industry, particularly in the shoe industry, poses a challenge. The effect in terms of poverty reduction will therefore be limited.

## 2. Assessments: Results, effectiveness and monitoring

### The organisation's results-related work

UNIDO's operational work programme, the Medium-Term Programme Framework (MTPF), is reviewed every four years. The current MTPF for 2010–2013 differs from previous documents in that it links results-based management more closely to results achievement at country level. The MTPF forms the basis for UNIDO's budget and programme planning. Both the MTPF and the budget and programme planning provide excellent opportunities for UNIDO to track how the programmes contribute to results at country level, and to monitor the expected effect on overarching aims. UNIDO has developed regional programmes and, on the basis of these, country programmes based on UNIDO's strategic aims and the joint development plans agreed by the countries and the UN (PRSP, UNDAF, etc.).

UNIDO's previous Director-General, Kandeh K. Yumkella, attached great importance to implementing results-based management in the organisation. Mr Yumkella formulated annual management priorities, in addition to targets and indicators for measuring achievement of the priorities. In 2010 and 2011, a pilot project was carried out to test a new tool for management performance appraisal (360-degree feedback system). Results orientation and accountability are key factors in the evaluation.

UNIDO's Director of Evaluation is de facto independent of the management structure, and operationally independent in carrying out the planning, implementation and reporting aspects of the evaluation function. Technically, however, the Evaluation Group is placed under the management, and the Director is appointed by the UNIDO Director-General. The Evaluation Group reports directly to the management and the Industrial Development Board every second year. The Evaluation Group's de facto independence lies in the fact that management refrains from intervening in external reporting. The Board is invited to comment, and may also propose ad hoc evaluations, both of specific projects and programmes and of thematic areas.

### Planning and budgeting systems

UNIDO has a results-based budget, but at a relatively high level of generality. It consists of fixed contributions and is adopted every other year by the Member States. Through the Programme for Change and Organizational Renewal (PCOR), the organisation's project budgets have also changed from activity-based to results-based. UNIDO's programmes and budgets are publicly available and International Public Sector Accounting Standards are applied. UNIDO is not a financing organisation and normally does not channel funds through partners.

In 2011, a Working Group was appointed to discuss UNIDO's future and to present recommendations to the Board in 2013. The aim of the Working Group was to draft a strategy

document containing guidelines for the organisation's future activities. One of the purposes of the document was to give UNIDO's new Director-General (election in 2013) a strategic mandate for the organisation's activities. However, the work of the Group has revealed that there are divergent views regarding UNIDO's future course of action, particularly as regards the organisation's focus on clean, renewable energy.

### Oversight and anti-corruption

Procedures for the prevention of fraud have been incorporated into the organisation's Internal Control Framework (ICF), which focuses on the working environment, risk management, oversight mechanisms, information and monitoring. UNIDO has adopted an explicit zero-tolerance approach to corruption and fraud, which is backed up by disciplinary measures and penalties.

UNIDO's own internal audit function is headed by the Office of Internal Oversight Services (OIOS), which is independent and reports directly to the Director-General and the Board. The OIOS is financed through UNIDO's ordinary budget, which is approved by the Board.

UNIDO's external auditor is appointed by the General Conference and the report is available to the public. However, internal audit reports are not publicised. Nor is information on cases of fraud necessarily shared, even though donor countries are notified. UNIDO's Code of Ethical Conduct and frameworks, and the organisation's whistle-blowing mechanisms, appear to be adequate and suitable.

### Institution-building and national ownership

To ensure uniform, harmonised development efforts in accordance with national priorities, UNIDO's work is based on the principles set out in such documents as the UN's Quadrennial Comprehensive Policy Review (QCPR), the Millennium Declaration, the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). The principle of national ownership is also enshrined in the main strategy and in the work programme, which provide guidance for the formulation of country programmes.

The Medium-Term Programme Framework and programmes and budgets are results-based with respect to political and institutional results, including capacity-building outcomes, and are always coordinated with national plans, including the United Nations Development Assistance Framework (UNDAF). The same applies to the project approval procedure. There are similar requirements that capacity-building efforts must be sustainable. UNIDO's projects are well integrated into UNDAF, which in turn is based on national priorities. Growing use is made of joint programming.

Several independent strategies also show that the work carried out by UNIDO is largely aligned with national plans and strategies.

### Willingness to learn and change

UNIDO has experienced problems caused by centralised, time-consuming decision-making processes. In January 2010, the organisation therefore launched the Programme for Change and Organizational Renewal (PCOR), which aims to make UNIDO more efficient and result-oriented. The PCOR was adopted by the governing bodies and is now being implemented. This shows that the organisation is willing to change

and that Board decisions are generally implemented. Norway has supported the PCOR both financially and in its contributions at board meetings. The organisation also systematically assesses the effectiveness of its projects, and UNIDO's Evaluation Group uses the assessment results as input for strategic planning. However, UNIDO could improve its reporting of best practices and lessons learned, which are largely absent in the organisation's annual reports.

## 3. Norway's policy towards UNIDO

Norway's policy towards, and financial support for, UNIDO cover core areas of Norway's development policy (the environment, climate, energy, private-sector development, poverty reduction, UN reform). UNIDO is important to Norway because the organisation is a leading expert on poverty reduction through industrial development. UNIDO works to develop national capacity through cooperation with individual countries, private entities and other organisations, and as such is not purely a development assistance organisation. Since more than half of UNIDO's technical assistance is linked to fulfilment of Member States' obligations under international climate and environmental treaties, the organisation's thematic areas are closely aligned with Norway's priorities. Accordingly, UNIDO's efforts to promote clean energy in industrial development are of particular relevance to Norway.

In 2006, as one of the first countries to do so, Norway concluded a framework agreement (through the Norwegian Agency for Development Cooperation (Norad)) for programme cooperation with UNIDO. This agreement now also covers the Norwegian Ministry of Foreign Affairs and Norway's embassies. The agreement is a procedural agreement that serves as a superstructure for individual

project agreements. The agreement primarily relates to partner countries in Africa and Asia, and measures to secure market access and exports for small and medium-sized enterprises. Emphasis is also placed on strengthening consumer rights and food safety. In addition, support is provided for the development of global guidelines, handbooks and evaluations. Norad conducts biannual bilateral consultations with UNIDO. These meetings also include evaluations of the various projects and programmes, and a dialogue on follow-up action.

The Norwegian Ministry of Petroleum and Energy (OED) has supported UNIDO's efforts to draw up a "road map" for the development and implementation of carbon capture and storage (CCS) in industrial sectors such as cement, steel and aluminium. The "road map" will be designed especially for developing economies. The Ministry has recognised the value of UNIDO heading the project, as UNIDO has a wide network of contacts among both developing countries and industrial actors. In addition, UNIDO is considered to have fewer vested interests than, for example, a special-interest group seeking to promote carbon capture and storage or an energy, petroleum or coal company might have.

Norwegian Ministry of Foreign Affairs  
Visiting address: 7. juni plassen 1 / Victoria terrasse 5, Oslo,  
P.O.Box 8114 Dep, NO-0032 Oslo, Norway.

For more information, contact the Section for Budget and Administration by  
e-mail at: [sbf-fn@mfa.no](mailto:sbf-fn@mfa.no). This document can be found on our website:  
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