

Office of Evaluation and Internal Oversight

**Strategy 2020-2024  
for the  
Office of Evaluation and Internal Oversight**

31 January 2020



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



## Contents

<b>I. INTRODUCTION.....</b>	<b>3</b>
<b>II. EIO MISSION AND VISION .....</b>	<b>4</b>
<b>III. ALIGNMENT OF EIO FUNCTIONS WITH UNIDO STRATEGIC GOALS .....</b>	<b>5</b>
<b>IV. EIO STRATEGIC OBJECTIVES 2020-2024 .....</b>	<b>7</b>
<b>ANNEX 1: EIO SWOT SUMMARY .....</b>	<b>9</b>



### I. INTRODUCTION

1. The Office of Evaluation and Internal Oversight (EIO) is responsible for the three **core oversight functions in UNIDO, namely: evaluation, internal audit and investigation.**
2. EIO is responsible for providing independent and objective assurance, advice, investigation, and evaluation for the purpose of adding value to and improving the efficiency and effectiveness of UNIDO's operations, internal control framework, risk management, results-based management and governance processes. **EIO provides evidence-based information that is credible, reliable and useful,** enabling the timely incorporation of findings, recommendations, and lessons learned into the decision-making processes at organization-wide, programme, and project level. EIO also assesses the extent to which UNIDO's programmes and projects, as well as thematic areas, correctly address and effectively achieve the stated objectives of the Organization.
3. The EIO structure and mandate is provided in the Charter of the Office of Evaluation and Internal Oversight<sup>1</sup>.
4. As established in its Charter, EIO functions are further aligned with the United Nations and international professional standards, as follows:
  - Internal audit: 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;
  - Investigation: The Uniform Principles and Guidelines for Investigations, adopted by the Conference of International Investigators;
  - Evaluation: The United Nations Evaluation Group's Norms and Standards for evaluation in the United Nations system.
5. EIO, as secretariat of the UNIDO Independent Audit Advisory Committee (AAC, in process to change to the Independent Oversight Advisory Committee – OAC), also gets direct advice from the AAC in relation to the EIO functions and performance and provides an independent oversight platform to enhance overall governance and oversight for UNIDO.

#### Why an EIO strategy?

6. The aim of this EIO strategy is to provide all internal and external EIO stakeholders with an explicit road map of how EIO, through the discharge of its core functions, can further add value to UNIDO's organizational performance and governance; and ultimately **contribute to the achievement of the institutional goals and objectives as reflected in UNIDO's mandate** (Constitution of UNIDO, Lima Declaration: Towards inclusive and sustainable industrial development, Abu Dhabi Declaration) as well as the medium-term programme frameworks (MTPFs) and relevant governing bodies decisions and resolutions.
7. The strategy is also a key **management and accountability framework, for EIO to establish where we are, where we want to be in the mid- and long-term, and how we can move**

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<sup>1</sup> Charter of the Office of Evaluation and Internal Oversight, UNIDO/DGB/2019/07, March 2019.



**towards those goals.** It will also provide the basis for aligning the biennial work plans for the respective functions, while maximizing synergies among those.

8. The strategy takes into account the internal and external context and considers the challenges and demands from United Nations system-wide developments, including the 2030 Agenda for Sustainable Development and United Nations reforms.
9. Broadly, this strategy will be the basis for further enhancing the oversight and governance of UNIDO, further increasing Member States' and partners' trust and confidence, as well as a more effective engagement with other external assurance providers, such as the External Auditor, the Joint Inspection Unit (JIU), the Independent Oversight Advisory Committee [currently the Independent Audit Advisory Committee], as well as responding to specific donor's oversight requirements.

## II. EIO MISSION AND VISION

### 10. EIO Mission:

We provide **professional, objective, relevant and useful** assessment and assurance services, in order to **add value** to and **contribute** to enhancing the **efficiency and effectiveness** of UNIDO to implement its mandate, achieve its goals and further contribute to inclusive and sustainable industrial development (ISID) and the 2030 Agenda for Sustainable Development.

### 11. EIO Mission elements include:

- Assessing the extent to which UNIDO's operations, processes, programmes and projects, as well as thematic areas, governance, risk management and internal control mechanisms, **correctly address and effectively contribute to achieve** the stated **objectives of the Organization**; and,
- Enabling **timely management actions** and dialogue on the basis of findings, recommendations, agreed management action plans and lessons that feed into organizational learning and decision-making processes.

### 12. EIO Vision:

UNIDO is **recognized and trusted** by all partners and stakeholders, for the quality and impact of its work, as well as for its strong governance, internal controls, risk management, accountability and learning.



13. **Values and Principles:** EIO is committed to UNIDO's organizational core values, namely: integrity, professionalism, and respect for diversity. Furthermore, those values are complemented by the specific United Nations oversight functional principles, namely: independence (impartiality), objectivity, credibility and utility (usefulness).
14. **SWOT Analysis:** In order to understand the strategic position and context in which EIO functions are carried out, a SWOT<sup>2</sup> analysis for EIO was conducted to assess the internal (Strengths and Weaknesses), as well as the external (Opportunities and Threats) environment. These elements are relevant in order to further build on EIO's strengths, address the weaknesses, capitalize on the opportunities, and recognize the threats. Annex 1 presents the summary of the key elements of the SWOT analysis, which would be updated in each review of this strategy.

### III. ALIGNMENT OF EIO FUNCTIONS WITH UNIDO STRATEGIC GOALS

15. UNIDO's strategic goals are reflected in the medium-term programme framework 2018-2021 (MTPF)<sup>3</sup>, which establishes the following four strategic priorities:
- i. Creating shared prosperity;
  - ii. Advancing economic competitiveness;
  - iii. Safeguarding the environment; and
  - iv. Strengthening knowledge and institutions.
16. At the programme management level, the MTPF identifies the Organization's four core functions, through which UNIDO delivers its work:
- i. Technical cooperation;
  - ii. Analytical and research functions, and policy advisory services;
  - iii. Normative functions, and activities related to standards and quality; and
  - iv. Convening and partnerships functions for large-scale investment, knowledge and technology transfer, networking, and industrial cooperation.
17. The EIO strategy and actions are aligned with the MTPF. Figure 1 presents the EIO functions, and other external assurance providers, such as the UNIDO Audit Advisory Committee (future Oversight Advisory Committee), the External Auditor and the Joint Inspection Unit (JIU) within the overall UNIDO Theory of Change (ToC).

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<sup>2</sup> SWOT: Strengths, Weaknesses, Opportunities and Threats.

<sup>3</sup> IDB.45/8/Add.2 and IDB.45/8/Add.2/Corr.1, recognized by Member States in resolution GC.17/Res.1.

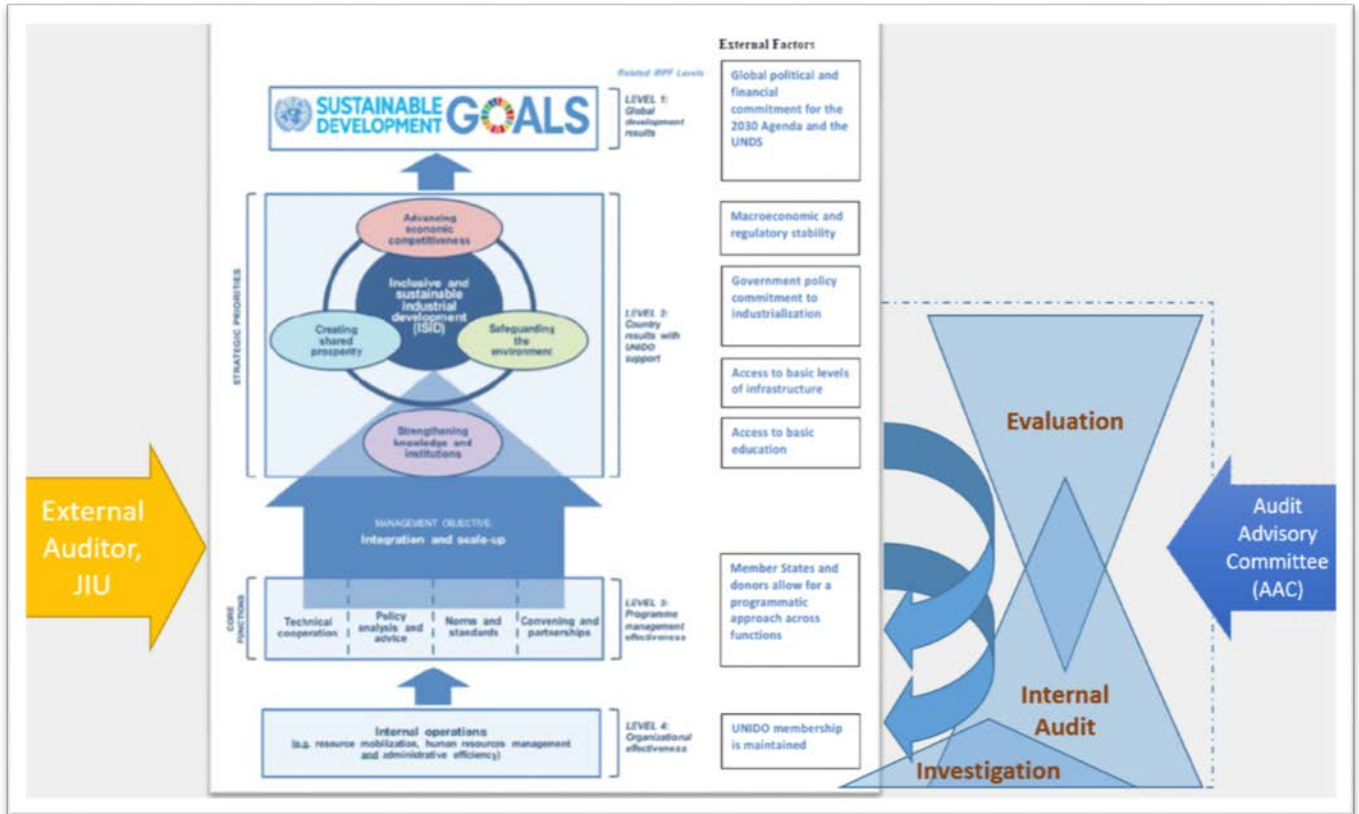


Figure 1: UNIDO ToC and EIO functions



#### IV. EIO STRATEGIC OBJECTIVES 2020-2024

18. To discharge its **mandate and realize its mission**, EIO work will be guided by the following strategic objectives:

**SO-1. Increased effectiveness of EIO functions. Demonstrated added value to UNIDO;**

**SO-2. Sustained high quality of EIO processes and products.**

19. While enhancing the identified EIO Strengths, addressing its Weaknesses, building on the external Opportunities and considering the Threats, the EIO's strategic objectives (SOs) will be achieved by the implementation of the respective EIO evaluation and internal oversight work plans, for 2020-2021 and later for 2022-2023. EIO evaluation and internal oversight work plans will be aligned and consistent with the EIO strategy.

20. **SO-1. Increased effectiveness of EIO functions. Demonstrated added value to UNIDO:**

The ultimate purpose of EIO functions is to add-value in order to contribute to a more effective, efficient and impactful UNIDO in achieving its ISID goals and contributing to the implementation of the 2030 Agenda. For this purpose, EIO functions should be able to feed UNIDO's strategic decision-making through evidence, findings, recommendations and management action plans to enhance the performance of the Organization. The strategic actions to achieve this strategic objective will include:

- Improved EIO alignment with **strategic risks and evidence gaps**;
- Further **strengthening EIO independence**, with senior management, AAC and Member States support;
- Addressing EIO **staff skills and competences** gaps;
- Improved **synergies among EIO functions**
- Active engagement in **United Nations oversight networks** (UN-RIAS, UN-RIS, UNEG) and professional networks;
- Strengthening the **operational funding** model;
- Improving **understanding of expectations** from internal and external stakeholders (Management, Member States, UN system);
- Strengthening **communication, reporting, outreach** (internal and external).

21. **SO-2. Sustained high quality of EIO processes and products:** The relevant processes used to implement EIO functions in order to produce the respective products and or services should be kept fit-for-purpose and agile, adapting to new challenges and context and using innovative approaches. To ensure that EIO processes, products and services are adequate, the following strategic actions will be part of this strategic objective:

- Stronger **quality assurance** of EIO processes and products, taking into account the existing audit Quality Assurance and Improvement Programme;
- Ensuring **timely delivery** of EIO products in line with work plans/inception reports;
- Improving **internal synergies** of EIO functions and products;
- Promoting **innovation**
- Improving **outreach and communication** of EIO services and products.



## OFFICE OF EVALUATION AND INTERNAL OVERSIGHT

22. As a cross-cutting element, the **performance measurement** of the EIO strategy will also be explicit and provide the relevant SMART key performance indicators (KPIs) for accountability, follow-up and reporting on the implementation of this strategy.

### Key Performance Indicators

23. The results and performance framework for EIO strategy would be:

Strategic Objective	Key Performance Indicators(s)
<p><b>SO-1. Increased effectiveness of EIO functions. Demonstrated added value to UNIDO</b></p>	<ul style="list-style-type: none"> <li>• Reviewed AAC (OAC) ToRs approved by IDB in 2020.</li> <li>• EIO Charter approved or endorsed by IDB in 2020.</li> <li>• Evaluation and Internal Audit work plans 2020-2021 approved (early 2020) and implemented by 2021.</li> <li>• Critical and/or key strategic recommendations from evaluations, MAPs from audits, and investigations implemented timely.(e.g. at least 70% MAPs/recommendation implemented).</li> <li>• One joint/complementary audit/evaluation engagement conducted by end-2021.</li> </ul>
<p><b>SO-2. Sustained high quality of EIO processes and products</b></p>	<ul style="list-style-type: none"> <li>• Quality Assurance process reviewed for EIO functions by end of 2020.</li> <li>• At least 90% of products/services delivered in line with work plans.</li> <li>• 80% positive feedback on satisfaction by clients</li> <li>• Two new learning products developed and rolled out by end of 2021</li> </ul>

### Implementation, monitoring and evaluation

24. This strategy, together with the EIO Charter and relevant policies provides a framework for guiding and undertaking EIO work over the next five years.

25. The Director, EIO will report annually to the Director General and the AAC (OAC) on the implementation of this strategy.

26. The Director, EIO, together with Chiefs EIO/IED and EIO/IOD will regularly monitor progress of this strategy against the key performance indicators and the implementation of EIO evaluation and internal oversight work plans. A forward-looking review or evaluation will be undertaken in the fourth year of implementation to inform the development of the next strategy.





### ANNEX 1: EIO SWOT SUMMARY

In order to understand the strategic position and context in which EIO functions are carried out, a SWOT analysis for EIO was conducted to assess its internal and external environment and its strengths, weaknesses, opportunities, and threats. A Summary of the key SWOTs analysis is presented below.

#### KEY STRENGTHS

- Clearly defined mandate for EIO;
- Credibility and independence strengthened through Board decision IDB.44/Dec.4 and the establishment of the Audit Advisory Committee (Board decision IDB.44/Dec.3);
- Functions in line with United Nations and international professional standards (IIA, UNEG, Investigation), and active engagement and participation in United Nations oversight networks (UN-RIAS, UN-RIS, UNEG);
- Relevant Charter and policies in place; Functions, responsibilities and procedures reflected in Charter, Manuals and Investigation Guidelines;
- Skills and competences of staff in EIO;
- Quality of EIO products.

#### KEY WEAKNESSES

- Training/capacity-building opportunities and resources;
- Limited operational funding (e.g. current evaluation funding model - project based, or audit/investigation limited operational funding);
- Limited timeliness of evaluation work;
- Outreach tools/capacities (internally, within UNIDO; and externally);
- Scope and role of EIO function can be strengthened further to realize its potential in evidence-based decision-making at UNIDO;
- Limited incorporation of new skills (Data analytics, Industry 4.0, digitalization, IT forensics).

#### KEY OPPORTUNITIES

- Further stronger independence due to establishment and operation of the AAC and its expansion of scope to cover all EIO functions;
- Stronger call for increased accountability and oversight from Member States, donors and top management;
- Strengthening channels for communicating to Member States (informal working group on PBC-related matters, AAC, EIO reports to the IDB);



## OFFICE OF EVALUATION AND INTERNAL OVERSIGHT

- Enlarged mandate of AAC to include evaluation and investigation: Updated AAC-TORs, to strengthen role and function of AAC; ultimately leading to strengthened oversight by IDB;
- Explicit recommendations from the External Auditor, AAC and external assessment of the audit function, towards more independence. Member States' support for more independence;
- Cooperation within United Nations oversight networks strengthens capacities, credibility and protects independence;
- SDG-9 makes UNIDO mandate very relevant; more evidence needed from UNIDO;
- Potential synergies and more sustainable funding for evaluation through the Evaluation Trust fund or full-cost recovery initiative;
- Further proactive advice/inform for addressing organizational challenge for improving risk and results-based management. accountability, including monitoring and reporting (M&R) systems, culture frameworks at UNIDO
- Proactive advice/insight on emerging risks. To anticipate what the UNIDO risk would be in the near future and help/advice senior management to address it.

### KEY THREATS

- Not enough priority for implementation of evaluation recommendations and audit's management action plans (MAPs);
- Donor demands leading to fragmented/duplicated assurances –erosion of single audit principle; UNIDO may not be able to fulfill assurance expectations. Oversight fatigue;
- Declining financial resources could negatively impact results and motivation of oversight function;
- Unpredictable staffing and training funds (turnover of staff, affecting skills and competences needed in EIO).



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Further information:

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**<https://www.unido.org/resources/evaluation-and-internal-oversight>**