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Item 7 of the provisional agenda  
**Programme and budgets, 2026–2027**

## Programme and budgets 2026–2027<sup>1</sup>

### Proposals by the Director General

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<sup>1</sup> The document has been revised to reflect the amounts recommended by the forty-first session of the Programme and Budget Committee to the fifty-third session of the Industrial Development Board (conclusion 2025/4 refers).



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## Programme and budgets at a glance



**€164M** 2026–2027 Regular budget proposal  
*(Zero real growth as compared to approved 2024–2025 budget)*



**€58M** 2026–2027 Operational budget proposal  
*(+30.5 per cent as compared to approved 2024–2025 budget)*



**€808M** Technical cooperation delivery estimates for 2026–2027



**+4 per cent** Inflation and recosting



**574** established positions  
*(no change as compared to 2024–2025)*

# **PART I**

## **UNIDO programme and budgets 2026–2027**

# I.1 Introduction

## 2026–2027 context

### Operating environment

1. In the current global context, the mandate of UNIDO is more relevant than ever. Inclusive, innovative and sustainable industrialization is increasingly recognized as a crucial driver for addressing pressing global challenges including climate change, scarce natural resources, hunger and poverty, widening inequalities, economic uncertainties and accelerating technological change.

2. The past years have also been marked by a global polycrisis, where overlapping shocks, including the coronavirus disease (COVID-19) pandemic, armed conflicts and climate-related disasters, have exacerbated economic vulnerabilities. Global crises have slowed manufacturing growth, in particular in the least developed countries. The impact on labour markets has been particularly pronounced in middle-income developing countries, affecting their ability to leverage participation in production value chains as a source of employment and growth.

3. Climate change remains one of the most pressing concerns, with rising global temperatures, extreme weather events and environmental degradation posing significant risks to industrial productivity. Many economies, particularly those reliant on natural resources and agriculture, face challenges in adapting to new environmental realities. Increasingly, industries must transition towards low-carbon and resource-efficient production systems to mitigate these risks while ensuring long-term sustainability.

4. At the same time, rapid technological advancements, including artificial intelligence (AI), digitalization and automation, are transforming industrial processes and reshaping labour markets. While these developments enhance productivity and competitiveness, they also present challenges in terms of workforce displacement and digital divide. Many developing countries struggle to keep pace with these technological changes, requiring targeted efforts to build digital infrastructure and develop future-ready skills.

5. Economic disparities and widening inequalities have intensified, particularly in regions dependent on commodity exports and informal labour markets. Inflationary pressures, trade disruptions and high levels

of external debt have constrained the ability of many Governments to invest in industrial growth.

6. The global supply chain landscape has undergone significant restructuring due to geopolitical shifts, trade restrictions and nearshoring trends. While these changes present opportunities for some emerging markets to integrate into global production networks, they also pose challenges for countries heavily reliant on traditional trade relationships.

7. In this context, UNIDO supports its Member States in transforming their industrial sectors. The focus extends beyond increasing manufacturing value added to fair global economy, where industry drives economic and social progress by generating jobs, prosperity and high-value goods, while efficiently reducing emissions and preserving the environment for future generations.

8. During the 2026–2027 biennium, UNIDO will continue to engage industries for development through the provision of technical cooperation, research and policy advisory services, normative functions and standards-related activities alongside its convening function and partnerships to enhance industrial productivity and sustainability.<sup>2,3</sup>

9. Several of UNIDO's Member States are in need of updated and strategically aligned industrial policies to match the individual situation of those States, in the areas of food safety and security, energy and climate, development of fair and sustainable industrial supply chains, and deployment of digital and AI technologies in industries. From that perspective, UNIDO's enhanced support in providing policy advice based on its accumulated experiences is indispensable.

### Alignment with the United Nations system

10. As indicated in the Sustainable Development Goals Report 2024, only 17 per cent of the SDG targets are on track, nearly half showing minimal or moderate progress, with progress on over one-third of the Goals stalled or regressed.<sup>4</sup> The SDG 9, "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation", is one of the many SDGs where targets have not been met.

11. The Economic and Social Council (ECOSOC) and the quadrennial comprehensive policy review (A/RES/79/226) emphasized the essential role of

<sup>2</sup> Constitution adopted on 8 April 1979.

<sup>3</sup> The 2013 Lima Declaration (GC.15/Res.1), the 2019 Abu Dhabi Declaration (GC.18/Res.1), its midterm update (IDB.51/10-PBC.39/10), as well as other forthcoming declarations may also enhance the role of UNIDO in these areas and inform the implementation of UNIDO's 2026–2027 biennium programme and budgets.

<sup>4</sup> United Nations. Sustainable Development Goals Report 2024, <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>.

inclusive and sustainable industrial development as part of a comprehensive strategy of structural economic transformation in eradicating poverty and supporting sustained economic growth and thereby contributing to sustainable development in developing countries, and called on entities to allocate resources to realize the development objectives of developing countries, especially those furthest behind.

12. During 2026–2027, UNIDO will continue to support the periodic reviews of SDG 9 at the High-level Political Forum on Sustainable Development and continues to be guided by the biennial resolutions on industrial development cooperation.<sup>5</sup> UNIDO’s 2026–2027 programme of work is envisioned to accelerate progress towards meeting the SDG 9 targets.

13. Furthermore, UNIDO will support its Member States in implementation of the recently adopted global instruments, namely the Doha Programme of Action for the Least Developed Countries; the Programme of Action for Landlocked Developing Countries for the Decade 2024–2034; and the Antigua and Barbuda Agenda for Small Island Developing States: A Renewed Declaration for Resilient Prosperity.

14. UNIDO will enhance its capacity to support Member States through cutting-edge innovation strategies, multi-stakeholder partnerships and the integration of technology and innovation, leveraging on the United Nations 2.0 “Quintet of Change” principles: incorporating behavioural science, digital skills, innovation, data ecosystems and strategic foresight into programmes and initiatives.

15. During 2026–2027, UNIDO will particularly foster the Global Digital Compact, included in the Pact for the Future, to drive industrial innovation, sponsor digital transformation in industries, promote green industries and technologies, create programmes for youth and women in industry, and to play a more significant role in industrial policy making and standard and norm-setting.

16. Promoting gender equality and the empowerment of women in industrial development continues to be among UNIDO’s priorities. The Organization continues to implement the System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP) and the SWAP scorecard during the biennium 2026–2027.

**Financial context**

17. An increasingly volatile global financial environment continues to affect both Member States and United Nations system organizations. A dire economic situation, inflation and persistent cost increases are expected to continue to pose major challenges.

Pressures on funding of the United Nations system organizations are also expected to evolve.

18. The impact will be felt within the United Nations system to varying degrees in the collection of assessed contributions, as well as in the level of voluntary contributions from Member States and other funding partners.

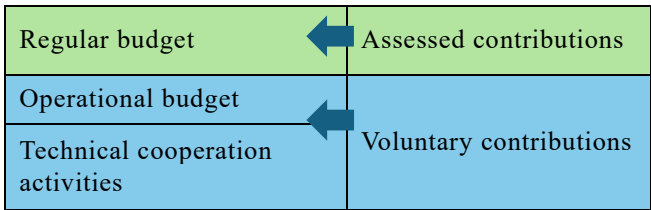
19. During the 2026–2027 biennium, UNIDO’s funding base continues to be multifaceted. The regular budget is funded primarily from the assessed contributions, which finance the Organization’s core administrative and governance functions that enable technical cooperation and programmatic activities. This provides a stable and predictable source of funding for essential activities that are not covered by voluntary contributions or project-specific funding.

20. The operational budget, financed mainly from programme support costs collected from voluntary contributions in the course of implementing technical cooperation activities, is used to enable the Organization’s technical cooperation and programmatic activities.

21. The actual technical cooperation delivery is mainly funded from voluntary contributions. The level of technical cooperation activities has significantly increased over the past three years, exceeding the targeted increase in delivery (expenditure) of 25 per cent for both 2023 and 2024. The same is expected for 2025. For 2026–2027, the technical cooperation delivery is estimated to reach €808 million.

22. Due to the challenging financial environment, UNIDO continues to look for new opportunities stemming from alternative funding mechanisms, strategic partnerships and programmatic initiatives.

23. The proposed 2026–2027 regular and operational budgets aim to balance the increased demand and adjusted focus of UNIDO services with awareness of the global financial context. Thus, the proposed regular and operational budgets use the approved 2024–2025 programme and budgets as the baseline and include structural increase and inflation components.



24. The impact of inflation is a major component of the 2026–2027 programme and budgets. While the inflation component of the approved 2024–2025 biennium budget partially protected UNIDO from globally rising inflation and the lost purchasing power,

<sup>5</sup> Ref. 2024 resolution of the Second Committee of the

General Assembly (A/C.2/79/L.28/Rev.1).

the cumulative rise in consumer price indexes in Europe is expected to reach almost 25 per cent over the 2021–2025 period.

*Note:* Inflation is a general increase in prices, normally expressed as an annual rate of growth in the price or retail indices of a country. For UNIDO, it is a combination of the effect inflation has on staff and non-staff costs, resulting in a loss of purchasing power, as more funds are needed over time to pay for the same goods or services. When inflation is not funded in the budget, its effect is nevertheless present in the form of higher costs for staff and operational costs, and must be covered through cuts in capacity, when it is not possible to offset it through efficiencies.

## Programme and results framework

25. In line with the direction provided by the Member States (GC.18/Dec.14) and building on progress made in previous bienniums, UNIDO is fully committed to accountability, transparency and results-based management. Thus, UNIDO's 2026–2027 programme and budgets follows results-based budgeting principles.

26. The presentation of 2026–2027 programme and budgets is revised to take into account further guidance from the Member States and the External Auditor (IDB.51/3-PBC.39/3), calling for increased transparency in the preparation, implementation and reporting on UNIDO's programme of work.

27. The revised presentation of the 2026–2027 programme and budgets is based on the notion of the regular and operational budgets being the enablers of the Organization's technical cooperation and programmatic activities, and the voluntarily funded actual technical cooperation delivery bringing about the programmatic results.

28. It will employ the results indicators included in the Organization's Integrated Results and Performance Framework (IRPF), linking effective and efficient management of enabling operations to delivery of programmatic activities and ultimately development outcomes and impact.

29. The proposed regular and operational budgets will include management performance type IRPF indicators to measure the enabling nature of the activities (e.g. PAO.1 – Number of industrial strategies and industrial policy documents produced). In addition, the budgets will include a set of selected composite indicators to measure the overall progress in programmatic work and

impact (e.g. percentage of programmatic indicators in the IRPF on industrial policy and innovation that have met their targets).

30. In line with UNIDO's commitment to results-based management, the 2026–2027 programme and budgets will use the same set of IRPF indicators introduced in the 2022–2023 approved budgets and also applied to the 2024–2025 biennium. As the work on the revision of IRPF indicators is still ongoing, the list of indicators included in the 2026–2027 programme and budgets is not exhaustive, so as not to pre-empt the consideration of the Member States. In cases where existing indicators do not fully capture the intended programmatic outcomes, UNIDO remains committed to collaborating with Member States to formulate new and meaningful indicators.

31. The baselines and targets for all indicators presented in this programme and budgets will be detailed in a separate document, aligned to the updated IRPF. This update will provide Member States with a clear reference for tracking progress over the budget bienniums, as the new set of indicators is progressively used in the design of new projects.

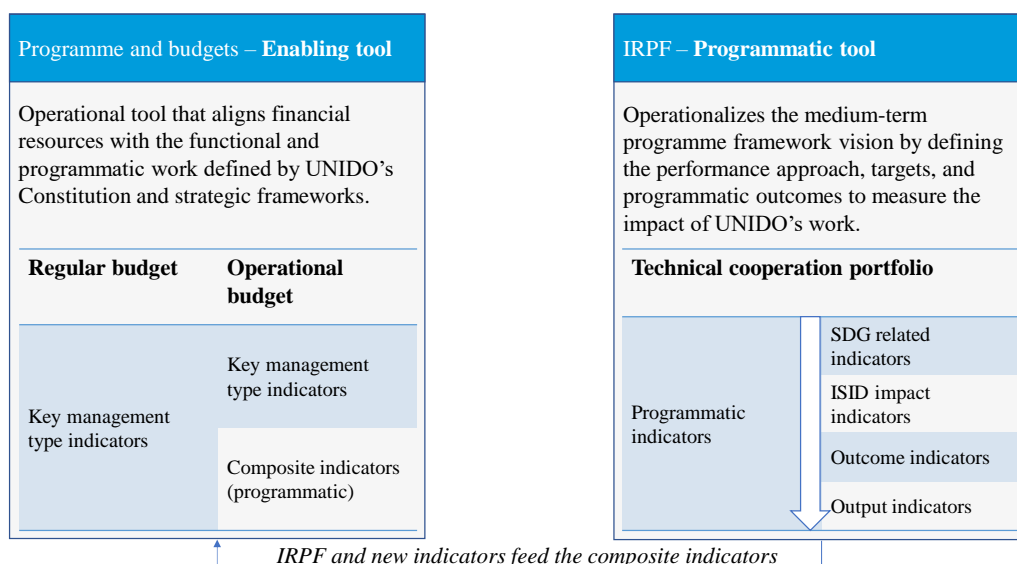
32. The detailed programmatic indicators are drawn from the technical cooperation projects and programmes and provide the information and basis for the composite indicators.

33. Furthermore, it should be noted that the 2026–2027 programme and budgets continues to reflect UNIDO's commitment to gender equality and the empowerment of women across its programme of work. All indicators are sex-disaggregated, wherever relevant and feasible.

34. To address the observations of the External Auditors, the 2026–2027 programme and budgets also introduces a novel programmatic view that is aligned with UNIDO's cost centres and organizational structure. The approach fosters further transparency and creates a clearer link between resources and results, providing clarity on the Organization's impact.

35. The revised presentation is expected to clearly demonstrate how UNIDO's regular and operational budget resources are effectively and efficiently leveraged to manage, support and scale up the technical cooperation portfolio at the micro, meso and macro levels. These results and outcomes are further explained in the section Programme and results framework and expanded in Part II: UNIDO Results Structure.

## Policy framework



36. The financial tables included in this report detail the transition from the 2024–2025 framework, to ensure transparency and continuity.

37. The 2026–2027 programme and budgets is condensed in two main strategic results:

(a) **Strategic result 1 (SR1): Inclusive, innovative and sustainable industries for development.** This result focuses on programmatic efforts, consolidating activities that directly contribute to achieving industrial development goals. It primarily integrates components previously categorized under results 1, 2 and 3 of the results framework introduced in the 2024–2025 programme and budgets; and

(b) **Strategic result 2 (SR2): Organizational effectiveness, operational efficiency and innovation.** This result emphasizes enabling services that drive organizational excellence, operational efficiency and continuous innovation. It focuses on optimizing internal processes, strengthening governance and oversight, enhancing financial and business services and fostering a culture of adaptability and improvement. It primarily incorporates components from results 4 and 5 utilized in the 2024–2025 programme and budgets.

38. The transition from the five results<sup>6</sup> to two strategic results is accompanied by the introduction of programmatic and services outcomes, which reflect UNIDO's core functions and service areas. Each outcome is directly linked to UNIDO's organizational

structure and is designed to clarify the connection between resource allocation and expected results, that was not possible in the context of the structure of the 2024–2025 programme and budgets.

39. The two strategic results of the programme and budgets are interlinked. SR1 comprises the development outcomes of UNIDO's work at the country, regional and global level. SR2 is the enabler for SR1 to be achieved, i.e. it captures if the Organization operates and delivers services effectively and efficiently. The results and outcomes will be further expanded in Part II: UNIDO Results Structure.

40. SR1 includes the following programmatic outcomes<sup>7</sup>:

(a) **1.A – Industrial policy and innovation:** Member States have stronger industrial policies and strategies, improved capacities for policymaking, supported by effective governance frameworks for industrialization and adoption of innovation;

(b) **1.B – Programme and technical cooperation:** Technical cooperation programmes and projects drive inclusive and sustainable industrialization, validating, and enhancing UNIDO's normative work; and

(c) **1.C – Field operations, partnership, fundraising and United Nations coordination:** Enhanced global reach and impact through effective field presence, partnerships, resource mobilization, and

<sup>6</sup> The five results presented in 2024–2025 include: Result 1. Policies and strategies for ISID and the SDGs; Result 2. Conducive industrial ecosystems; Result 3. Innovative, inclusive and sustainable businesses; Result 4. Effective strategic management for results; Result 5. Excellence of

corporate services and operations.

<sup>7</sup> The three outcomes under SR1 correspond to the programmes at the budget level.



coordination with the United Nations system and regional stakeholders.

41. SR2 comprises outcomes under the following functional areas<sup>8</sup>:

(a) **2.A – Strategy and leadership:** Enhanced organizational leadership, strategic planning and communication, enabling effective policy direction, strengthened cooperation with Member States and increased visibility of UNIDO's initiatives globally;

(b) **2.B – Programme support and business services:** Efficient programme policy support and resource management, including through advanced

digital technology, sustain UNIDO's programme and operational needs<sup>9</sup>; and

(c) **2.C – Governance, oversight and accountability:** Strengthened governance and accountability through independent oversight ensure that UNIDO's operations are ethical, efficient and in line with organizational goals and the regulatory framework.

Progress towards the two strategic results (SR1 and SR2) and underlying outcomes will be measured using the IRPF. Overall, the indicators capture to what extent the Organization can implement its mandate effectively and efficiently.

<sup>8</sup> Similarly to the outcomes under SR1, functional areas correspond directly to the programmes at the budget level.

<sup>9</sup> Gender equality and women empowerment is mainstreamed across all programme outcomes as a cross-

cutting priority. Technical support for gender mainstreaming is provided under SR2 within the programme support functional area, while gender-responsive interventions are embedded throughout SR1.

## I.2 Financial overview

### Funding sources

42. The 2026–2027 programme and budgets proposal presents the income and the expenditures of the Organization under the regular and operational budgets as follows:

(a) A regular budget financed from assessed contributions, which shall provide for expenditures for administration, research and other regular expenses of the Organization, as well as for other activities, as provided for in annex II of the Constitution; and

(b) An operational budget financed from voluntary contributions to the Organization and from other income as defined in the current Financial Regulations, including reimbursement of support costs of technical assistance activities, which provide for expenditures for technical cooperation and other related activities.

43. In addition to the regular and operational budgets, the proposal also integrates resources estimates for voluntary contributions in support of technical cooperation activities.

44. The resource requirements are presented in detail for both regular and operational budgets, as well as for voluntary contributions. The financial tables included in this document provide overviews of resources by results, programme (outcome or functional area), and major object of expenditure.

### Full cost recovery

45. UNIDO continues to apply full cost recovery (FCR) based on the principles of proportionality, transparency, equitability, and ensuring that all cost has a direct link to the project implementation, consistent with the General Assembly resolution [67/226](#) and the United Nations system's and funding partners' best practices.

46. During the 2026–2027 biennium, the income from FCR offsetting expenditure towards the regular budget is expected to amount to €3.1 million, thus reducing the funding required from the assessed contributions of Member States. UNIDO will continue its efforts to further increase FCR from technical cooperation activities, in line with funding partner eligibility.

### Other miscellaneous income

47. Estimated miscellaneous income for 2026–2027 comprises income on deposits and amounts to €1.2 million in the regular budget (similar level to the previous biennium) and €2.3 million in the operational budget (an increase of €0.7 million as compared to the previous biennium).

48. Estimates for income on deposits are based on anticipated interest earnings on cash balances in the General Fund, the Working Capital Fund and the Operational Budget Account for support cost reimbursements.

### Budgetary savings and efficiency gains

49. Building on previous bienniums, UNIDO continues to integrate efficiency gains and cost-saving/cost-avoidance measures across its operations, leveraging digitalization, automation, and process optimization and ensuring that savings are reinvested into strategic priorities while strengthening internal control mechanisms and risk management. In line with GC.19/Dec.16, the search for efficiencies and savings has been institutionalized as a part of the management of UNIDO.

50. In 2026 and 2027 the following efficiencies and cost-savings are expected in activities funded by the regular and operational budgets:

(a) With continued expansion of technical cooperation delivery, UNIDO's financial infrastructure has demonstrated its ability to scale up without a proportional increase in capacity of core functions (e.g. payments and treasury), highlighting operational efficiency and the improved application of FCR. During 2026 and 2027, the Organization will introduce AI-driven robotic process automation (RPA) to further streamline transactions, enhance transparency and reduce fraud risk. Finance functions are currently being further reorganized and strengthened, within existing resources, to establish a dedicated work stream for bank master data management and a new statement of internal controls;

(b) Under travel management, UNIDO will expand the self-service ticket booking model piloted in 2024. By 2025, the self-service option will be extended to assistants across headquarters and field offices, with an estimated 40 per cent of bookings handled directly through Carlson Wagonlit. This will result in significant time savings, reducing administrative burdens while also introducing second-level internal control and compliance measures;

(c) Efficiency gains are also expected during the biennium 2026–2027 by further digitalizing key business processes through emerging technologies such RPA, AI, machine learning and cloud solutions; and

(d) In the area of facility management services, efficiencies were realized in energy savings, as well as via contract renegotiations (e.g. changes to the maintenance for the fire detection system in the Vienna International Centre (VIC)). The stringent search for

efficiencies and cost savings is expected to continue in the 2026–2027 biennium.

## Development of budget estimates

51. The budgetary estimates for the regular and operational budgets are presented separately, at the result and programme levels. Comparisons between the bienniums 2024–2025 and 2026–2027 are shown at the same cost levels as the programme and budgets for 2024–2025. The budget estimates for the biennium 2026–2027 are then recosted to take into account the impact of inflation as explained below.

52. In developing the budgetary estimates for the biennium 2026–2027, the following methodology was adopted:

- (a) Approved budgets for 2024–2025 to provide a baseline;
- (b) Adjustments to the approved 2024–2025 budgets to reflect an improved results-based approach and to facilitate comparison, as well as to reflect the cost adjustments to staff costs;
- (c) Resource requirements for 2026–2027 at 2024–2025 rates; and
- (d) Inflation adjustments.

### 2024–2025 budget as the baseline

53. To allow for a meaningful comparison of resource requirements for 2026–2027 with those of 2024–2025, the budget base has been restated to reflect the changes in the budget following the restructuring as per the DGB/2024/03 issued on 20 June 2024, as well as the revised results framework.

54. The net requirements under the regular budget, financed by assessed contributions payable by Member States, have been budgeted at a zero real growth level. Total regular budget gross expenditures of €170.4 million are reduced by an anticipated income of €5.9 million for a net requirement of €164.5 million.

55. The net requirements under the operational budget, financed mainly from support cost reimbursement income earned through the implementation of technical cooperation activities financed from voluntary contributions, have been budgeted at the level of a 30.5 per cent biannual real rate increase. Total operational budget gross expenditures of €63.5 million are reduced by an anticipated income of €5.3 million for a net requirement of €58.2 million.

56. The programme and budgets for 2024–2025, as approved by the General Conference in GC.20/Dec.15, detailed the resource requirements to implement the programmes of the Organization in the 2024–2025 biennium. In line with that document, the budgets for that biennium included a gross amount of €163.1 million

under the regular budget and €47.2 million under the operational budget. In the same decision, the General Conference approved the funding level of assessed contributions for 2024–2025 at €157.8 million and the balance of other income at €5.2 million.

57. To allow comparison at the results and objects of expenditure levels, the resource levels, as approved in the aforementioned General Conference decision, have been used as the comparative base for the resource requirements for 2026–2027.

58. Consequently, the comparative base for the regular budget is €157.8 million and €42.7 million for the operational budget.

### Financing the operational budget

59. Total gross expenditures under the operational budget for the 2026–2027 biennium are set to €63.5 million. These expenditures are to be financed by the recovery of costs pertaining to technical and operational services of €3 million, income on deposits of €2.3 million and the balance of €58.2 million from reimbursement of support cost pertaining to technical cooperation services. Details related to technical cooperation delivery and related programme support cost income estimates are shown in Table 1. The projected level of technical cooperation delivery for 2026–2027 is expected at €808.2 million.

60. Considering the successful application of the horizontal flexibility in 2024 and 2025, positive projection of UNIDO's actual technical cooperation delivery in the same biennium and forecast for the 2026–2027 biennium, supported by the Director General's continued commitment to increase technical cooperation, a separate proposal ([IDB.53/9-PBC.41/9](#)) has been issued to Member States to formalize the arrangement.

61. Miscellaneous income earned under the operational budget originates primarily from interest income on deposits, subject to the same considerations as in the regular budget.

### Resource requirements for 2026–2027

62. The proposed resource allocation will need to be undertaken within the limited resources at the disposal of the Organization. The regular budget includes a zero real growth, after the application of savings and efficiencies achieved in the prior biennium, as well as expected in the forthcoming biennium. The zero real growth regular budget, together with the use of horizontal flexibility in the operational budget, vertical flexibility, identification of cost savings and funding certain provisions through project costs, intends to strengthen the Organization, to the extent possible, primarily in the following areas:

(a) Enhancing UNIDO's dual track function of policy advisory and technical cooperation services by:

(i) Strengthening the current thematic areas (combating climate change, food security, fair production, and promoting flagship areas such as green hydrogen, carbon markets, sustainable minerals, and innovative financial instruments);

(ii) Regularly updating the Organization's technical cooperation methodologies by increased use of the latest knowledge and expertise of up-to-date industrial policies, advanced technologies and macro, meso and micro economic analyses; and

(iii) Putting emphasis on growing demand for digital and green transformation.

(b) Strengthening field office functions to augment project implementation and policy coordination with host Governments, regional bodies and funding partners to overcome our operational limitation compared to requests from the Member States (DGB/2024/07) and Programmes for Country Partnerships (PCPs);

(c) Leveraging on UNIDO-private sector cooperation for further dissemination of relevant industrial policies and new technologies/business models;

(d) Launching initiatives for achieving a rejuvenated, diverse and experienced workforce (e.g. young professional programme, women in industry, knowledge management and capacity building);

(e) Enhancing core back office functions (e.g. finance, human resource, procurement, asset management and risk management) through process improvement, streamlining, and the use of new technologies (e.g. AI and robotics, but not including ERP implementation) and leveraging our knowledge and planning and monitoring capabilities for gender balance in industrial development;

(f) Implementing three mutually reinforcing workstreams in the area of digital transformation and AI: Strengthening digital governance and ecosystems at all levels; mainstreaming digital considerations in the Organization's programming; and transforming UNIDO into a digitally enabled fit-for-purpose Organization; and

(g) Resourcing evaluation and internal oversight (IDB.52/Dec.9, para (e)).

63. The gross operational budget estimate of €63.5 million, prior to recosting, reflects a real growth of 30.5 per cent for the biennium as a result of:

(a) Net transfer of 13 positions from the regular to operational budget;

(b) Requirements to strengthen capacity for resource implementation support (project cycle management across all stages of the cycle) for a growing technical cooperation portfolio;

(c) New initiatives to achieve a rejuvenated, diverse and experienced workforce; and

(d) Resources to ensure the application of the latest digital technologies and AI through new essential digital transformation tools and critical hardware replacement.

64. The vacancy factors assumed in the budgets for the biennium 2026–2027 are at 5 per cent for Professional-level and 3 per cent for General Service-level posts. These assumptions reflect the reduced financial requirements of a post due to a period of vacancy during the recruitment process.

#### **Changes in indirect costs**

65. UNIDO's indirect costs comprise contributions towards after-service health insurance (ASHI) and contributions towards the United Nations joint and common activities, including contributions towards security and safety, Vienna International Centre (VIC) facilities management and the United Nations Resident Coordinator system. The total increase in indirect costs amounts to €1.3 million, solely as a result of inflation. Some increases related to regular UNOV security and safety costs, as well as the increase for the ASHI have been absorbed by corresponding reductions in other areas. In addition, it should be noted that there are structural concerns with Gate 1 of the VIC and the requirements to address these are currently being assessed. As the level for this joint investment is yet to be determined, the indirect costs do not currently include expected costs for this project.

#### **Changes in staff costs**

66. To keep the total regular budget for established positions within the same level as in the 2024–2025 budget, while staying within the overall number of 574 established positions in the post table for both the regular and operational budget, a net of 13 positions were transferred to the operational budget.

67. Details of the composition of posts are presented in Table 5 and Annex C.

#### **Inflation and other adjustments**

68. The application of inflation and other cost adjustments to the 2026–2027 estimates (expressed at 2024–2025 rates) results in a recosting of these estimates to 2024–2025 rates.

69. This process consists of two steps. First, the resource requirements expressed for 2024 are recosted to reflect 2025 rates. Then, the requirements are further adjusted in line with expected cost increases for 2026 and 2027.

70. The increase in financial requirements for 2026–2027 is attributable to anticipated changes in the consumer price and wage index levels in the European

Union and field locations and expected changes in salaries and common staff costs.

71. It is important to recollect that the conditions of service for staff are regulated by the provisions of the United Nations common system of salaries and entitlements, as affixed in the articles 10 and 11 of the International Civil Service Commission Statute, of which UNIDO became a party as per General Assembly resolution 40/180.

72. Following the recommendation from the External Auditor (IDB.52/4–PBC.40/4) to explore options with the Member States to accommodate annual programme and budgets revisions to incorporate positive or negative changes in inflation, and in order to increase predictability, reduce fluctuations and maintain the ability for self-correction or adjustments, it is proposed that a revised biennial price adjustment methodology is applied.

73. The methodology bases price adjustment on the latest available long-term inflation rates forecast published by the European Central Bank (ECB) Survey of Professional Forecasters at the time of the preparation of the budget, i.e. the fourth quarter report that is usually published in October. When presenting the data for the price adjustment, the actual inflation rates of the previous biennium would be presented, with the objective to compare the price adjustment approved with the actual inflation achieved for the previous biennium and apply any corrections to the price adjustment for the next biennium to achieve a no gain/no loss approach. The correction could reduce or increase the price adjustment as necessary.

74. Considering that the ECB estimates were first used for the 2024–2025 biennium, the correction would be first applied for the price adjustment for the 2028–2029 biennium, once the actual figures for the 2024–2025 biennium are known and compared to the actual approved price adjustment figures of 2.7 per cent and 2.1 per cent respectively. This proposal would also enable better transparency and comparability with other Vienna-based organizations (VBOs).

75. As a result, the inflation rate applied to salaries in the Professional and General Services categories as well as non-staff objects of expenditure is 2 per cent for both 2026 and 2027.

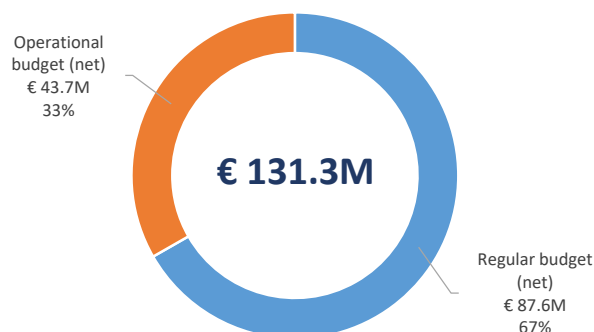
### Non-euro expenditure

76. The Organization prepares and presents its budgets in euros only. However, some 10 to 15 per cent of expenditures remain in other currencies, mainly in US dollars. To estimate the required budgetary amounts in euros, the January to December 2024 average United Nations euro/dollar exchange rate, i.e. \$1 equals €0.923, has been applied to those items. The same rate will be used to determine the transfers to or from the special reserve for exchange rate gains and losses, if required.

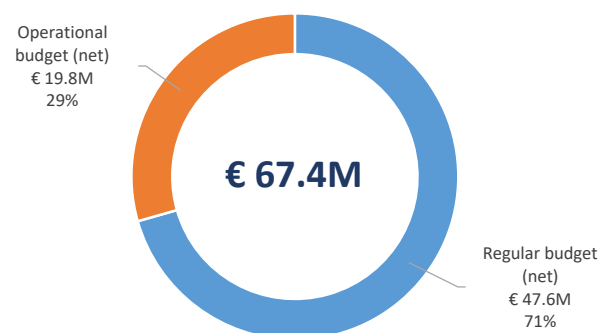
### Resources by result areas

77. The 2026–2027 programme and budgets detail the distribution of assessed and voluntary contributions across the two strategic results:

(a) SR1 represents the largest share of the regular budget, amounting to €131.3 million, with €87.6 million (67 per cent) coming from the regular budget and €43.7 million (33 per cent) from the operational budget.



(b) SR2 totals €67.4 million, with €47.6 million (71 per cent) from the regular budget and €19.8 million (29 per cent) from the operational budget.



78. Besides the regular and operational budget provisions, the actual technical cooperation delivery is expected to reach €808 million during the 2026–2027 biennium. In this context it should be noted that UNIDO will continue its efforts to strengthen full cost recovery from voluntary contributions to ensure adequate resources for functions enabling increasing technical cooperation delivery.

79. During 2024–2025, UNIDO was able to augment its technical cooperation capacity via application of horizontal flexibility, approved by the Member States (GC.20/Dec.14) for an interim period of 2024–2025. In 2024, the application of horizontal flexibility was realized in the amount of €3.3 million.

## Vertical and horizontal flexibility

80. In GC.20/Dec.14, the General Conference:

(a) Took note of decision IDB.51/Dec.6;

(b) Took an interim decision for the biennium 2024–2025, to allow the Director General, to increase expenditure on technical cooperation to promote inclusive and sustainable industrial development up to €60 million of the operational budget commensurate with the actual income received. The Director General shall inform in writing the General Conference through the Programme and Budget Committee and the Industrial Development Board, at the session following such action, of the details and reasons for these increased expenditures; and

(c) Requested Member States to continue negotiating through the fortieth session of the Programme and Budget Committee and the fifty-second session of the Industrial Development Board on the interim decision, on a time-bound basis for the biennium 2024–2025, to allow the Director General to make, within the amounts approved by the General Conference for the regular budget, transfers between the major objects of expenditure within result areas up to 10 per cent of the initially appropriated regular budget amounts from which the transfers are made, and authorized the Industrial Development Board at its fifty-second session to decide on this matter for the biennium 2024–2025.

81. A separate proposal (IDB.53/9-PBC.41/9) has been issued to Member States to formalize the arrangement.

82. Similar to the approach assumed with the horizontal flexibility, the above referenced document proposes the introduction of vertical flexibility on an interim basis for the period 2025–2027.

83. The proposal is based on operational needs of the Organization, UNIDO's commitment to results-based management, and External Auditor's observation that the current budget system is quite rigid and does not allow transfer between major objects of expenditure and between major programmes, therefore management is focused on budget development and is not interested in improving efficiency (IDB.49/3-PBC.37/3).

## Staff cost alignment

84. The increase in cost, reflected in lost purchasing power, and volume of technical cooperation delivery have not been entirely commensurate with financial and human resources of the Organization.

85. Most importantly, the fully approved post table of 574 positions has not been fully funded within the resources approved by the Member States. Moreover, due to uncertainties in the timely, predictable and full payment of assessed contributions by Member States and relatively high inflation, the Organization has been

forced to leave posts vacant or temporarily on hold to remain within the approved budget levels.

86. While the budgeted vacancy rates for the 2024–2025 programme and budgets were set at 3 per cent and 5 per cent for General Services and Professional staff, respectively, the actual vacancy rates have been significantly higher. As noted in the presentation delivered at the fiftieth meeting of the Informal Working Group on Programme and Budget Committee-related issues (IWG), held on 9 May 2023, the actual vacancy rates experienced in 2022 were above 5 per cent for General Services staff and over 20 per cent for Professional staff. The External Auditor's reports for 2021 and 2023 reflect a similar finding (IDB.50/3-PBC.38/3, IDB.51/3-PBC.39/3).

87. To address this issue, the 2026–2027 programme and budgets includes a proposal to transfer positions that were temporarily put on hold and for which funding was not available in the regular budget to the operational budget. This transfer is based on a comprehensive review of the staffing table in the context of restructuring of the headquarters and the ongoing field reform (DGB/2024/03).

88. To minimize the impact on the assessed contributions of the Member States, the transfer of posts is carried out in a way that there is no increase in the staff cost requirements for established positions in the regular budget. Cognizant of the financial pressures that the Member States are experiencing, the 2026–2027 programme and budgets is proposing a sustainable and future-proof measure for the staff cost requirements, including in the context of horizontal flexibility, with the aim to continue increasing the volume and quality of UNIDO services, including in technical cooperation.

## Unutilized balances

89. Unutilized balances of appropriations are defined as the difference between regular budget appropriations and actual expenditures. These balances arise from the non-payment or delayed payment, within a biennium, of assessed contributions by Member States, resulting in the under-implementation of the approved programme of work.

90. The use of unutilized balances is governed by the financial regulations, where they are referred to as unencumbered balances. In particular, financial regulations 4.2 (b) and (c) stipulate that the unencumbered balances of appropriations shall be credited to Member States in proportion to their assessed contributions (i.e. in accordance with the respective scale of assessments). Only those Member States that have fully paid their assessed contributions for the biennium to which the credits relate are eligible to receive the credits.

91. Since UNIDO's conversion to a specialized agency in 1986, the unutilized balances of its appropriations



have been the subject of discussion by the policymaking organs. In the past, to address important financial concerns, the General Conference has either:

(a) Suspended financial regulations 4.2 (b) and (c) and authorized the retention of unutilized balances of appropriations; or

(b) Invited Member States to voluntarily renounce their respective share for either general or specific purposes.

92. The unutilized balances have been presented at several meetings of the IWG held in 2024, where Member States have been provided with:

(a) An overview of utilized balances, including definitions and governance, as well as the cause and effect, particularly highlighting the negative effect of the decreasing liquidity, whereby due to late or no payment, the Organization does not have enough cash when needed to execute the budget and mandates fully or effectively and where unspent balances are returned as credits;

(b) Trends in unutilized balances, whereby the shortfall in collection of assessed contributions have been in the range of 7–10 per cent for the last 10 years of the bienniums (2014–2023) and where the percentage renounced by Member States has been decreasing, from 46 per cent in 2016–2017 to 16 per cent in 2022–2023; and

(c) Current options for the renouncement of unutilized balances.

93. At the sixty-ninth meeting of the IWG held on 18 November 2024, the Organization reiterated the need for the timely, predictable and full payment of assessed contributions and presented the following options for the treatment of unencumbered balances:

(a) Automatic retention to implement approved Programme and Budget activities (direct strengthening of regular budget implementation);

(b) Automatic retention to implement unfunded activities (via specific funds); or

(c) Opt-out option with automatic retention to implement unfunded activities (via specific funds) unless explicitly otherwise instructed by a Member State.

94. The aim of the measure is to further encourage the timely, predictable and full payment of assessed contributions, ensure the full implementation of the approved programme and budget, or enable the implementation of critical unfunded activities and initiatives. Should Member States wish to change the treatment of unutilized balances through an automatic retention, this could be done on a one-time basis through a decision by the Member States or would require a change or suspension of financial regulations 4.2 (b) and (c).

### **Non-traditional contributions**

95. In the past years, UNIDO's technical cooperation delivery (expenditure) has increased significantly, exceeding the +25 per cent target both in 2023 and 2024, while efforts to strengthen the normative work are ongoing, including through the activities and initiatives included in the 2026–2027 programme and budgets.

96. However, further efforts are needed to enable UNIDO to address the rapidly changing global context and to expedite its efforts to support the achievement of the SDGs. Significant additional investments are needed beyond the 2026–2027 programme and budgets. In this context, UNIDO is establishing new partnerships and raising further funds also from non-traditional sources, including both the public and private sectors.

97. During the 2026–2027 biennium, UNIDO aims to continue to strengthen its public-private partnerships and collaboration with multilateral development banks. The aim is to identify additional resources, including for provision of dedicated capacity-building to design and strengthen industrial policies, to assist in mobilizing investments, and employing innovative financing instruments. A good example of this is the Renewable Energy Innovation Fund.

98. During the 2026–2027 biennium, UNIDO will continue exploring the potential for further expanding funding from non-traditional donors.

**Table of 2026–2027 appropriations**

| Major object of expenditure                          | Regular budget 2026-2027<br>resource requirements at 2026-<br>2027 rates | Operational budget 2026-2027<br>resource requirements at 2026-<br>2027 rates |
|--|--|--|
|  | 1  | 2  |
| Staff costs  | 113,244,475  | 56,631,426   |
| Official travel                                      | 1,796,364  | 3,636,827  |
| Operating costs                                      | 36,548,805   | 1,623,400  |
| Information and communication technology             | 7,893,810  | 1,627,200  |
| RPTC and Special Resources for Africa                | 10,949,100   |  |
| <b>Total expenditure</b>                             | <b>170,432,554</b>   | <b>63,518,853</b>  |
| Income   | (5,934,626)  | (5,315,487)  |
| <b>Total net budget</b>                              | <b>164,497,928</b>   | <b>58,203,366</b>  |
| <b>Facility management services</b>                  |  |  |
| Total expenditure                                    | 72,702,564   |  |
| Income   | (72,702,564)   |  |
| <b>Total net budget facility management services</b> |  |  |

Table 1  
Summary of budget estimates by results for 2026-2027  
(In euros, at 2026-2027 costs)

| Results  | Regular budget<br>(net) | Operational<br>budget (net) | ITF (net)        | Technical<br>cooperation<br>(extrabudgetary) | Total net<br>estimates | Per cent of total<br>estimates |
|--|-------------------------|-----------------------------|------------------|--|------------------------|--------------------------------|
| 1. Inclusive, innovative and sustainable industries for development    | 87,619,813              | 43,693,453                  | 3,844,700        | 808,035,772                                  | 943,193,738            | 90.1%                          |
| 2. Organizational effectiveness, operational efficiency and innovation | 47,570,324              | 19,825,400                  | 2,497,100        | 195,000                                      | 70,087,824             | 6.7%                           |
| Miscellaneous income   | (4,294,590)             | (5,315,487)                 |                  |  | (9,610,077)            |                                |
| Indirect costs   | 33,602,381              |                             |                  |  | 33,602,381             | 3.2%                           |
| <b>Total net requirements</b>  | <b>164,497,928</b>      | <b>58,203,366</b>           | <b>6,341,800</b> | <b>808,230,772</b>                           | <b>1,037,273,866</b>   | <b>100.0%</b>                  |



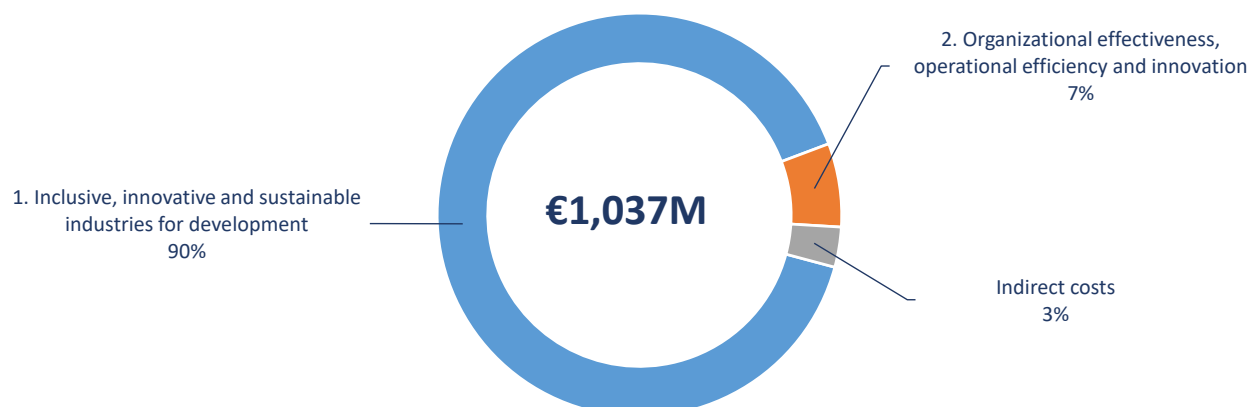
Total volume of operations 2026-2027  
(including technical cooperation)

Table 2(a)  
(Excluding efficient VIC Facility Management)  
(In euros)

|  | 2024-2025<br>approved<br>budget | Post transfers<br>(RB-OB) | 2026-2027<br>resource growth<br>at 2024-2025<br>rates | 2026-2027<br>resource<br>requirements at<br>2024-2025 rates | Recosting to<br>2026-2027 rates | 2026-2027<br>resource<br>requirements at<br>2026-2027 rates |
|--|---------------------------------|---------------------------|---|---|---------------------------------|---|
|  | 1                               | 2                         | 3   | 4   | 5                               | 6   |
| <b>Regular budget</b>                        |                                 |                           |   |   |                                 |   |
| Expenditures                                 | 163,059,399                     | (14,200)                  | 704,956   | 163,750,155   | 6,682,399                       | 170,432,554   |
| Income                                       | (5,243,870)                     |                           | (690,756)   | (5,934,626)   |                                 | (5,934,626)   |
| <b>Net requirements</b>                      | <b>157,815,529</b>              | <b>(14,200)</b>           | <b>14,200</b>   | <b>157,815,529</b>  | <b>6,682,399</b>                | <b>164,497,928</b>  |
| <b>Operational budget</b>                    |                                 |                           |   |   |                                 |   |
| Expenditures                                 | 47,247,800                      | 7,422,500                 | 6,328,053   | 60,998,353  | 2,520,500                       | 63,518,853  |
| Income                                       | (4,581,587)                     |                           | (733,900)   | (5,315,487)   |                                 | (5,315,487)   |
| <b>Net requirements</b>                      | <b>42,666,213</b>               | <b>7,422,500</b>          | <b>5,594,153</b>                                      | <b>55,682,866</b>   | <b>2,520,500</b>                | <b>58,203,366</b>   |
| <b>Total regular and operational budgets</b> | <b>200,481,742</b>              | <b>7,408,300</b>          | <b>5,608,353</b>                                      | <b>213,498,395</b>  | <b>9,202,899</b>                | <b>222,701,294</b>  |
| <b>Rate of real growth (net)</b>             |                                 |                           |   |   |                                 |   |
| Regular budget                               |                                 |                           | 0.0%  |   |                                 |   |
| Operational budget                           |                                 |                           | 30.5%   |   |                                 |   |
| Combined                                     |                                 |                           | 6.5%  |   |                                 |   |

Table 3  
Proposed expenditure and income  
by result for 2026-2027 with comparative data for 2024-2025  
(In euros)

|  | 2024-2025<br>approved<br>budget | 2026-2027<br>resource growth<br>at 2024-2025<br>rates | 2026-2027<br>resource<br>requirements at<br>2024-2025 rates | Recosting to<br>2026-2027 rates | 2026-2027<br>resource<br>requirements at<br>2026-2027 rates |
|--|---------------------------------|---|---|---------------------------------|---|
|  | 1                               | 2   | 3   | 4                               | 5   |
| <b>1. Regular and operational budgets</b>                              |                                 |   |   |                                 |   |
| 1. Inclusive, innovative and sustainable industries for development    | 119,513,694                     | 8,241,209   | 127,754,903   | 5,198,399                       | 132,953,302   |
| Income   | (905,780)                       | (734,256)   | (1,640,036)   |                                 | (1,640,036)   |
| Net requirements   | 118,607,914                     | 7,506,953   | 126,114,867   | 5,198,399                       | 131,313,266   |
| 2. Organizational effectiveness, operational efficiency and innovation | 58,531,724                      | 6,200,100   | 64,731,824  | 2,663,900                       | 67,395,724  |
| Income   |                                 |   |   |                                 |   |
| Net requirements   | 58,531,724                      | 6,200,100   | 64,731,824  | 2,663,900                       | 67,395,724  |
| Efficient VIC facility management                                      | 74,316,264                      | (4,541,400)   | 69,774,864  | 2,927,700                       | 72,702,564  |
| Income   | (74,316,264)                    | 4,541,400   | (69,774,864)  | (2,927,700)                     | (72,702,564)  |
| Net requirements   |                                 |   |   |                                 |   |
| Miscellaneous income   | (8,919,677)                     | (690,400)   | (9,610,077)   |                                 | (9,610,077)   |
| Indirect costs   | 32,261,781                      |   | 32,261,781  | 1,340,600                       | 33,602,381  |
| <b>Total regular and operational budgets</b>                           | <b>200,481,742</b>              | <b>13,016,653</b>                                     | <b>213,498,395</b>  | <b>9,202,899</b>                | <b>222,701,294</b>  |

(Continued next page)

Table 3 (continued)  
Proposed expenditure and income  
by result for 2026-2027 with comparative data for 2024-2025  
(In euros)

|  | 2024-2025<br>approved<br>budget | 2026-2027<br>resource growth<br>at 2024-2025<br>rates | 2026-2027<br>resource<br>requirements at<br>2024-2025 rates | Recosting to<br>2026-2027 rates | 2026-2027<br>resource<br>requirements at<br>2026-2027 rates |
|--|---------------------------------|---|---|---------------------------------|---|
|  | 1                               | 2   | 3   | 4                               | 5   |
| <b>2. Regular budget</b>   |                                 |   |   |                                 |   |
| 1. Inclusive, innovative and sustainable industries for development    | 81,396,194                      | 4,371,856   | 85,768,050  | 3,491,799                       | 89,259,849  |
| Income   | (905,780)                       | (734,256)   | (1,640,036)   |                                 | (1,640,036)   |
| Net requirements   | 80,490,414                      | 3,637,600   | 84,128,014  | 3,491,799                       | 87,619,813  |
| 2. Organizational effectiveness, operational efficiency and innovation | 49,401,424                      | (3,681,100)   | 45,720,324  | 1,850,000                       | 47,570,324  |
| Income   |                                 |   |   |                                 |   |
| Net requirements   | 49,401,424                      | (3,681,100)   | 45,720,324  | 1,850,000                       | 47,570,324  |
| Efficient VIC facility management                                      | 74,316,264                      | (4,541,400)   | 69,774,864  | 2,927,700                       | 72,702,564  |
| Income   | (74,316,264)                    | 4,541,400   | (69,774,864)  | (2,927,700)                     | (72,702,564)  |
| Net requirements   |                                 |   |   |                                 |   |
| Miscellaneous income   | (4,338,090)                     | 43,500  | (4,294,590)   |                                 | (4,294,590)   |
| Indirect costs   | 32,261,781                      |   | 32,261,781  | 1,340,600                       | 33,602,381  |
| <b>Total regular budget</b>  | <b>157,815,529</b>              | <b>(0)</b>  | <b>157,815,529</b>  | <b>6,682,399</b>                | <b>164,497,928</b>  |
| <b>3. Operational budget</b>   |                                 |   |   |                                 |   |
| 1. Inclusive, innovative and sustainable industries for development    | 38,117,500                      | 3,869,353   | 41,986,853  | 1,706,600                       | 43,693,453  |
| 2. Organizational effectiveness, operational efficiency and innovation | 9,130,300                       | 9,881,200   | 19,011,500  | 813,900                         | 19,825,400  |
| Miscellaneous income   | (4,581,587)                     | (733,900)   | (5,315,487)   |                                 | (5,315,487)   |
| <b>Total operational budget</b>  | <b>42,666,213</b>               | <b>13,016,653</b>                                     | <b>55,682,866</b>   | <b>2,520,500</b>                | <b>58,203,366</b>   |

Table 4(a)  
Proposed expenditure and income by major object of expenditure for 2026-2027 with comparative data for 2024-2025  
(Excluding efficient VIC Facility Management)  
(In euros)

| Major object of expenditure  | 2024-2025<br>approved<br>budget | 2026-2027<br>resource<br>growth at<br>2024-2025 | 2026-2027<br>resource<br>requirements<br>at 2024-2025 | Recosting to<br>2026-2027<br>rates | 2026-2027<br>resource<br>requirements<br>at 2026-2027 |
|--|---------------------------------|---|---|------------------------------------|---|
|  | 1                               | 2   | 3   | 4                                  | 5   |
| <b>1. Regular, operational, Innovation and Transformation Fund and technical cooperation (extrabudgetary) budgets</b>        |                                 |   |   |                                    |   |
| Staff costs  | 285,715,449                     | 79,217,770                                      | 364,933,219   | 6,664,100                          | 371,597,319   |
| Official travel  | 22,936,038                      | 16,427,822                                      | 39,363,860  | 210,700                            | 39,574,560  |
| Operating costs  | 302,996,785                     | 312,321,105                                     | 615,317,890   | 1,514,100                          | 616,831,990   |
| Information and communication technology   | 7,926,950                       | 1,272,560                                       | 9,199,510   | 371,500                            | 9,571,010   |
| RPTC and Special Resources for Africa  | 10,506,600                      | 1   | 10,506,601  | 442,499                            | 10,949,100  |
| Income   | (10,174,157)                    | (1,075,956)                                     | (11,250,113)  |                                    | (11,250,113)  |
| <b>Total net regular, operational, Innovation and Transformation Fund and technical cooperation (extrabudgetary) budgets</b> | <b>619,907,665</b>              | <b>408,163,302</b>                              | <b>1,028,070,967</b>                                  | <b>9,202,899</b>                   | <b>1,037,273,866</b>                                  |
| <b>2. Regular and operational budgets</b>  |                                 |   |   |                                    |   |
| Staff costs  | 152,186,716                     | 11,025,085                                      | 163,211,801   | 6,664,100                          | 169,875,901   |
| Official travel  | 4,602,739                       | 619,752   | 5,222,491   | 210,700                            | 5,433,191   |
| Operating costs  | 35,134,194                      | 1,523,911                                       | 36,658,105  | 1,514,100                          | 38,172,205  |
| Information and communication technology   | 7,876,950                       | 1,272,560                                       | 9,149,510   | 371,500                            | 9,521,010   |
| RPTC and Special Resources for Africa  | 10,506,600                      | 1   | 10,506,601  | 442,499                            | 10,949,100  |
| Income   | (9,825,457)                     | (1,424,656)                                     | (11,250,113)  |                                    | (11,250,113)  |
| <b>Total net regular and operational budgets</b>   | <b>200,481,742</b>              | <b>13,016,653</b>                               | <b>213,498,395</b>                                    | <b>9,202,899</b>                   | <b>222,701,294</b>                                    |
| <b>3. Regular budget</b>   |                                 |   |   |                                    |   |
| Staff costs  | 108,160,216                     | 672,859   | 108,833,075   | 4,411,400                          | 113,244,475   |
| Official travel  | 1,639,739                       | 87,325  | 1,727,064   | 69,300                             | 1,796,364   |
| Operating costs  | 34,875,894                      | 222,011   | 35,097,905  | 1,450,900                          | 36,548,805  |
| Information and communication technology   | 7,876,950                       | (291,440)                                       | 7,585,510   | 308,300                            | 7,893,810   |
| RPTC and Special Resources for Africa  | 10,506,600                      | 1   | 10,506,601  | 442,499                            | 10,949,100  |
| Income   | (5,243,870)                     | (690,756)                                       | (5,934,626)   |                                    | (5,934,626)   |
| <b>Total net regular budget</b>  | <b>157,815,529</b>              | <b>(0)</b>                                      | <b>157,815,529</b>                                    | <b>6,682,399</b>                   | <b>164,497,928</b>                                    |
| <b>4. Operational budget</b>   |                                 |   |   |                                    |   |
| Staff costs  | 44,026,500                      | 10,352,226                                      | 54,378,726  | 2,252,700                          | 56,631,426  |
| Official travel  | 2,963,000                       | 532,427   | 3,495,427   | 141,400                            | 3,636,827   |
| Operating costs  | 258,300                         | 1,301,900                                       | 1,560,200   | 63,200                             | 1,623,400   |
| Information and communication technology   |                                 | 1,564,000                                       | 1,564,000   | 63,200                             | 1,627,200   |
| Income   | (4,581,587)                     | (733,900)                                       | (5,315,487)   |                                    | (5,315,487)   |
| <b>Total net operational budget</b>  | <b>42,666,213</b>               | <b>13,016,653</b>                               | <b>55,682,866</b>                                     | <b>2,520,500</b>                   | <b>58,203,366</b>                                     |
| <b>5. Innovation and Transformation Fund</b>   |                                 |   |   |                                    |   |
| Staff costs  | 13,825,152                      | (8,103,602)                                     | 5,721,550   |                                    | 5,721,550   |
| Official travel  | 1,696,000                       | (1,428,750)                                     | 267,250   |                                    | 267,250   |
| Operating costs  | 590,000                         | (287,000)                                       | 303,000   |                                    | 303,000   |
| Information and communication technology   | 50,000                          |   | 50,000  |                                    | 50,000  |
| Income   | (348,700)                       | 348,700   |   |                                    |   |
| <b>Total net Innovation and Transformation Fund budget</b>   | <b>15,812,452</b>               | <b>(9,470,652)</b>                              | <b>6,341,800</b>                                      |                                    | <b>6,341,800</b>                                      |
| <b>6. Technical cooperation (extrabudgetary) budget</b>  |                                 |   |   |                                    |   |
| Staff costs  | 119,703,581                     | 76,296,287                                      | 195,999,868   |                                    | 195,999,868   |
| Official travel  | 16,637,299                      | 17,236,820                                      | 33,874,119  |                                    | 33,874,119  |
| Operating costs  | 267,272,591                     | 311,084,194                                     | 578,356,785   |                                    | 578,356,785   |
| <b>Total net technical cooperation(extrabudgetary) budget</b>  | <b>403,613,471</b>              | <b>404,617,301</b>                              | <b>808,230,772</b>                                    |                                    | <b>808,230,772</b>                                    |

Table 4(b)  
Annual proposed expenditure and income by major object of expenditure for 2026-2027  
(Excluding efficient VIC Facility Management)  
(In euros)

| Major object of expenditure  | 2026 resource requirements at 2026 rates | 2027 resource requirements at 2027 rates | 2026-2027 resource requirements at 2026-2027 rates |
|--|--|--|--|
|  | 1  | 2  | 3  |
| <b>1. Regular, operational, Innovation and Transformation Fund and technical cooperation (extrabudgetary) budgets</b>        |  |  |  |
| Staff costs  | 186,642,866                              | 184,954,453                              | 371,597,319  |
| Official travel  | 19,099,937                               | 20,474,623                               | 39,574,560   |
| Operating costs  | 285,114,688                              | 331,717,302                              | 616,831,990  |
| Information and communication technology   | 4,748,370                                | 4,822,640                                | 9,571,010  |
| RPTC and Special Resources for Africa  | 5,408,700                                | 5,540,400                                | 10,949,100   |
| Income   | (5,674,153)                              | (5,575,960)                              | (11,250,113)                                       |
| <b>Total net regular, operational, Innovation and Transformation Fund and technical cooperation (extrabudgetary) budgets</b> | <b>495,340,408</b>                       | <b>541,933,458</b>                       | <b>1,037,273,866</b>                               |
| <b>2. Regular and operational Budgets</b>  |  |  |  |
| Staff costs  | 84,150,421                               | 85,725,480                               | 169,875,901  |
| Official travel  | 2,741,890                                | 2,691,301                                | 5,433,191  |
| Operating costs  | 18,737,963                               | 19,434,242                               | 38,172,205   |
| Information and communication technology   | 4,723,370                                | 4,797,640                                | 9,521,010  |
| RPTC and Special Resources for Africa  | 5,408,700                                | 5,540,400                                | 10,949,100   |
| Income   | (5,674,153)                              | (5,575,960)                              | (11,250,113)                                       |
| <b>Total net regular and operational budgets</b>   | <b>110,088,191</b>                       | <b>112,613,103</b>                       | <b>222,701,294</b>                                 |
| <b>3. Regular budget</b>   |  |  |  |
| Staff costs  | 55,960,390                               | 57,284,085                               | 113,244,475  |
| Official travel  | 890,844                                  | 905,520                                  | 1,796,364  |
| Operating costs  | 17,845,063                               | 18,703,742                               | 36,548,805   |
| Information and communication technology   | 3,910,270                                | 3,983,540                                | 7,893,810  |
| RPTC and Special Resources for Africa  | 5,408,700                                | 5,540,400                                | 10,949,100   |
| Income   | (2,955,659)                              | (2,978,967)                              | (5,934,626)  |
| <b>Total net regular budget</b>  | <b>81,059,608</b>                        | <b>83,438,320</b>                        | <b>164,497,928</b>                                 |
| <b>4. Operational budget</b>   |  |  |  |
| Staff costs  | 28,190,031                               | 28,441,395                               | 56,631,426   |
| Official travel  | 1,851,046                                | 1,785,781                                | 3,636,827  |
| Operating costs  | 892,900                                  | 730,500                                  | 1,623,400  |
| Information and communication technology   | 813,100                                  | 814,100                                  | 1,627,200  |
| Income   | (2,718,494)                              | (2,596,993)                              | (5,315,487)  |
| <b>Total net operational budget</b>  | <b>29,028,583</b>                        | <b>29,174,783</b>                        | <b>58,203,366</b>                                  |
| <b>5. Innovation and Transformation Fund</b>   |  |  |  |
| Staff costs  | 2,927,200                                | 2,794,350                                | 5,721,550  |
| Official travel  | 142,500                                  | 124,750                                  | 267,250  |
| Operating costs  | 151,500                                  | 151,500                                  | 303,000  |
| Information and communication technology   | 25,000                                   | 25,000                                   | 50,000   |
| Income   |  |  |  |
| <b>Total net Innovation and Transformation Fund budget</b>   | <b>3,246,200</b>                         | <b>3,095,600</b>                         | <b>6,341,800</b>                                   |
| <b>6. Technical cooperation (extrabudgetary) budget</b>  |  |  |  |
| Staff costs  | 99,565,245                               | 96,434,623                               | 195,999,868  |
| Official travel  | 16,215,547                               | 17,658,572                               | 33,874,119   |
| Operating costs  | 266,225,225                              | 312,131,560                              | 578,356,785  |
| <b>Total net technical cooperation(extrabudgetary) budget</b>  | <b>382,006,017</b>                       | <b>426,224,755</b>                       | <b>808,230,772</b>                                 |

Table 5

Positions established under the regular and operational budgets  
2024-2025 and 2026-2027  
(Excluding efficient VIC Facility Management)

**A. Total UNIDO**

|                                 | 2024 - 2025 |            |            | 2026 - 2027 |            |            | Increase/<br>decrease |
|---------------------------------|-------------|------------|------------|-------------|------------|------------|-----------------------|
|                                 | RB          | OB         | Total      | RB          | OB         | Total      |                       |
| <b>Professional and above</b>   |             |            |            |             |            |            |                       |
| Director-General                | 1           | -          | 1          | 1           | -          | 1          | -                     |
| Director                        | 19          | 6          | 25         | 19          | 6          | 25         | -                     |
| P-5                             | 39          | 22         | 61         | 42          | 19         | 61         | -                     |
| P-4                             | 44          | 6          | 50         | 30          | 20         | 50         | -                     |
| PS (P-1 to P-3)                 | 94          | 27         | 121        | 63          | 60         | 123        | 2                     |
| NP (National Programme Officer) | -           | 42         | 42         | 32          | 12         | 44         | 2                     |
| <b>Subtotal</b>                 | <b>197</b>  | <b>103</b> | <b>300</b> | <b>187</b>  | <b>117</b> | <b>304</b> | <b>4</b>              |
| General Service                 | 201         | 73         | 274        | 198         | 72         | 270        | -4                    |
| <b>GRAND TOTAL</b>              | <b>398</b>  | <b>176</b> | <b>574</b> | <b>385</b>  | <b>189</b> | <b>574</b> | <b>-</b>              |

**B. Headquarters (including offices at New York, Geneva and Brussels)**

|                                 | 2024 - 2025  |              |              | 2026 - 2027  |              |              | Increase/<br>decrease |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
|                                 | RB           | OB           | Total        | RB           | OB           | Total        |                       |
| <b>Professional and above</b>   |              |              |              |              |              |              |                       |
| Director-General                | 1.0          | -            | 1.0          | 1.0          | -            | 1.0          | -                     |
| Director                        | 18.0         | 3.0          | 21.0         | 17.0         | 4.0          | 21.0         | -                     |
| P-5                             | 36.0         | 13.0         | 49.0         | 31.0         | 18.0         | 49.0         | -                     |
| P-4                             | 43.0         | 6.0          | 49.0         | 29.0         | 20.0         | 49.0         | -                     |
| PS (P-1 to P-3)                 | 94.0         | 27.0         | 121.0        | 63.0         | 60.0         | 123.0        | 2.0                   |
| NP (National Programme Officer) | -            | -            | -            | -            | -            | -            | -                     |
| <b>Subtotal</b>                 | <b>192.0</b> | <b>49.0</b>  | <b>241.0</b> | <b>141.0</b> | <b>102.0</b> | <b>243.0</b> | <b>2.0</b>            |
| General Service                 | 149.0        | 54.0         | 203.0        | 144.0        | 53.0         | 197.0        | -6.0                  |
| <b>GRAND TOTAL</b>              | <b>341.0</b> | <b>103.0</b> | <b>444.0</b> | <b>285.0</b> | <b>155.0</b> | <b>440.0</b> | <b>-4.0</b>           |

**C. Field offices**

|                                 | 2024 - 2025 |             |              | 2026 - 2027  |             |              | Increase/<br>decrease |
|---------------------------------|-------------|-------------|--------------|--------------|-------------|--------------|-----------------------|
|                                 | RB          | OB          | Total        | RB           | OB          | Total        |                       |
| <b>Professional and above</b>   |             |             |              |              |             |              |                       |
| Director-General                | -           | -           | -            | -            | -           | -            | -                     |
| Director                        | 1.0         | 3.0         | 4.0          | 2.0          | 2.0         | 4.0          | -                     |
| P-5                             | 3.0         | 9.0         | 12.0         | 11.0         | 1.0         | 12.0         | -                     |
| P-4                             | 1.0         | -           | 1.0          | 1.0          | -           | 1.0          | -                     |
| PS (P-1 to P-3)                 | -           | -           | -            | -            | -           | -            | -                     |
| NP (National Programme Officer) | -           | 42.0        | 42.0         | 32.0         | 12.0        | 44.0         | 2.0                   |
| <b>Subtotal</b>                 | <b>5.0</b>  | <b>54.0</b> | <b>59.0</b>  | <b>46.0</b>  | <b>15.0</b> | <b>61.0</b>  | <b>2.0</b>            |
| General Service                 | 52.0        | 19.0        | 71.0         | 54.0         | 19.0        | 73.0         | 2.0                   |
| <b>GRAND TOTAL</b>              | <b>57.0</b> | <b>73.0</b> | <b>130.0</b> | <b>100.0</b> | <b>34.0</b> | <b>134.0</b> | <b>4.0</b>            |

## **PART II**

### **UNIDO results structure**

## Programmatic results

### Strategic result 1 – Inclusive, innovative and sustainable industries for development

Resource estimates (in euros)

| Positions       |       | 2026–2027 estimates (after recosting)      |                    |  |             |             |
|-----------------|-------|--|--------------------|--|-------------|-------------|
|                 |       | Regular budget                             | Operational budget | Technical cooperation (extrabudgetary) | Total       |             |
| Professional    | 216.0 | Staff costs                                | 65,340,560         | 38,511,526                             | 195,804,868 | 299,656,954 |
| General Service | 165.0 | Official travel                            | 1,137,315          | 3,543,927                              | 33,874,119  | 38,555,361  |
| Total           | 381.0 | Operating costs                            | 10,885,374         | 1,623,400                              | 578,356,785 | 590,865,559 |
|                 |       | Information and communication technologies | 947,500            | 14,600                                 | -           | 962,100     |
|                 |       | RPTC and Special Resources for Africa      | 10,949,100         | -                                      | -           | 10,949,100  |
|                 |       | Total gross expenditure                    | 89,259,849         | 43,693,453                             | 808,035,772 | 940,989,074 |
|                 |       | Income                                     | (1,640,036)        | -                                      | -           | (1,640,036) |
|                 |       | Total net resources                        | 87,619,813         | 43,693,453                             | 808,035,772 | 939,349,038 |

#### Introduction and UNIDO's value addition

1. Strategic result 1 consolidates UNIDO's contributions towards inclusive, innovative and sustainable industries for development, with a focus on systemic change. The consolidation of the three programmatic results of the 2024–2025 programme and budgets<sup>1</sup> into SR1 reflects an all-inclusive approach to programming, emphasizing UNIDO's capacity beyond fragmented interventions towards scalable, cross-sectoral and transformative solutions for industrialization.

2. SR1 encompasses three outcomes<sup>2</sup> and corresponding results statements, namely:

1.A – Industrial policy and innovation;

1.B – Programme and technical cooperation; and

1.C – Field operations, partnership, fundraising and United Nations coordination.

3. As the resources provided under the regular and operational budgets in these areas are allocated to enable technical cooperation delivery (funded via voluntary contributions), each area is accompanied with a set of IRPF management performance indicators to measure the effectiveness and efficiency of the support to technical cooperation activities. A set of programmatic composite indicators is also included to provide a high-level view on overall progress and the impact of current technical cooperation projects.

4. Besides the three outcomes (1.A, 1.B and 1.C), SR1 includes the following cross-cutting themes, namely: (i) digitalization and AI, (ii) gender equality and the empowerment of women and youth, (iii) skills development, (iv) clean production and circular economy, and (v) leveraging private sector investment and development finance.<sup>3</sup>

5. The cross-cutting theme of digitalization and AI among others captures UNIDO's efforts in assisting Member States in adopting digital technologies and integrating Industry 4.0 solutions to enhance industrial productivity and innovation capacity. The Organization will support Member States in developing and reforming policies, technical regulations and quality infrastructure to create a conducive environment for digitalization. This includes promoting the adoption of national digital strategies, industrial policies and regulatory frameworks that encourage the use of AI, machine learning, blockchain and other emerging technologies. UNIDO will also assist in establishing public-private partnerships to foster innovation and digital entrepreneurship, particularly in micro-, small and medium-sized enterprises (MSMEs), to ensure they remain competitive in the evolving industrial landscape.

6. **Skills development** remains pivotal for building a future-ready workforce, particularly in an era of rapid digital transformation. In this context, UNIDO will intensify its capacity-building support for individuals and organizations, with a specific emphasis on digital skills

<sup>1</sup> Namely result 1. policies and strategies for inclusive and sustainable industrial development (ISID) and the SDGs, result 2. conducive industrial ecosystems, and result 3. innovative, inclusive and sustainable businesses.

<sup>2</sup> These correspond to the programme at the budget level.

<sup>3</sup> While outcome 1.C focuses on mobilizing resources through

specialized instruments, blended financing and fund-raising mechanisms, the cross-cutting priority of leveraging private sector investment and development finance extends well beyond a single unit or outcome. This broad priority supports all interventions across outcomes 1.A, 1.B, and 1.C.



such as data analytics, AI and advanced manufacturing technologies. UNIDO will continue its collaboration with vocational training centres, chambers of industry and commerce, and educational institutions to ensure that digital skills development is accessible and tailored to the needs of local communities and industries.

7. The cross-cutting priority of gender equality and the empowerment of women and youth, recognizes that inclusive industrialization requires active participation of all parts of society. While technical support for the empowerment of women is captured under SR2 within the policy support functional area, gender-responsive interventions are embedded throughout SR1.

8. Advancing circular economy principles will remain a core cross-cutting priority for UNIDO's interventions. The Organization will work with Member States to redesign industrial processes to minimize waste generation, extend product lifecycles and enhance resource efficiency. Through the promotion of eco-industrial parks, sustainable supply chains, extended producer responsibility schemes and industry-urban symbiosis initiatives, UNIDO will support enterprises in adopting circular business models that generate economic opportunities while reducing environmental footprints. Special emphasis will be placed on integrating circularity into key value chains such as textiles, plastics, electronic waste and packaging.

9. UNIDO will continue to promote environmental sustainability in industries by assisting Member States in implementing multilateral environmental agreements related to chemicals management, ozone layer protection and biodiversity conservation. This includes supporting the reduction of persistent organic pollutants, promoting green chemistry alternatives, phasing out mercury use in gold mining and industrial activities, and transitioning away from ozone-depleting substances in refrigeration and air conditioning. Additionally, UNIDO will enhance waste management and environmental monitoring systems, and contribute to the Convention on Biological Diversity by developing bio-based industries, protecting ecosystems and promoting sustainable business models that integrate biodiversity conservation into industrial development.

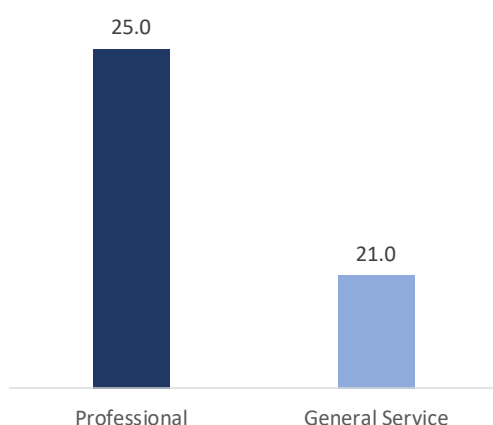
10. Unlocking private sector investment and development finance is a cross-cutting element of UNIDO's programmatic work under SR1. Strengthening financial mechanisms, fostering public-private partnerships and expanding access to capital for industries and MSMEs are crucial to scaling up industrial transformation. This includes supporting innovative financial instruments, blended finance mechanisms and impact investment initiatives that drive inclusive and sustainable economic growth.

11. For each programmatic outcome, a list of outputs is presented in Annex E.

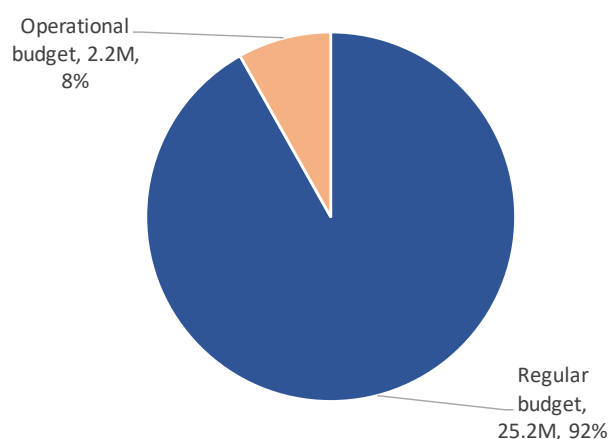
### Outcome 1.A – Industrial policy and innovation

**Expected outcome:** Member States have stronger industrial policies and strategies, and improved capacities for policymaking, supported by effective governance frameworks for industrialization and adoption of innovation.

2026–2027 estimated positions



2026–2027 estimates (in euros, after recosting)



12. Outcome 1.A – Industrial policy and innovation, captures UNIDO's commitment to thought leadership in industrial policy and normative work. The Organization continues to develop, advocate, implement and monitor what ought to be done for Member States to achieve sustainable industrial development. This normative

function, combined with digital transformation and innovative solutions, remains central to UNIDO's mandate, shaping both technical cooperation projects and policy dialogue to ensure alignment with international standards and best practices.

13. During the 2026–2027 biennium, UNIDO will continue to strengthen its focus on policy coherence at the macro level, the development of industrial ecosystems at the meso level, and firm-level competitiveness at the micro level. This ensures that interventions drive progress in all thematic areas such as sustainable energy and climate action, ending hunger through innovation and local value addition, and fair and sustainable supply chains.

14. UNIDO’s work in the area of industrial policies aims to equip Member States with tools and capabilities to craft evidence-based, gender-responsive and forward-looking industrial policies, norms and standards. Furthermore, UNIDO will leverage its expertise to develop and disseminate methodologies for tracking progress on SDG 9 and enhance national statistical capacities to ensure robust evidence-based policymaking.

15. UNIDO’s policy support will incorporate considerations on areas such as digitalization, population

trajectories, energy transition, and resilient and sustainable supply chains. The Organization will provide Member States with tailored advice and knowledge to navigate key challenges and seize emerging opportunities. UNIDO’s policy advice will ensure that Member States remain well positioned to implement innovative solutions and achieve sustainable industrial growth.

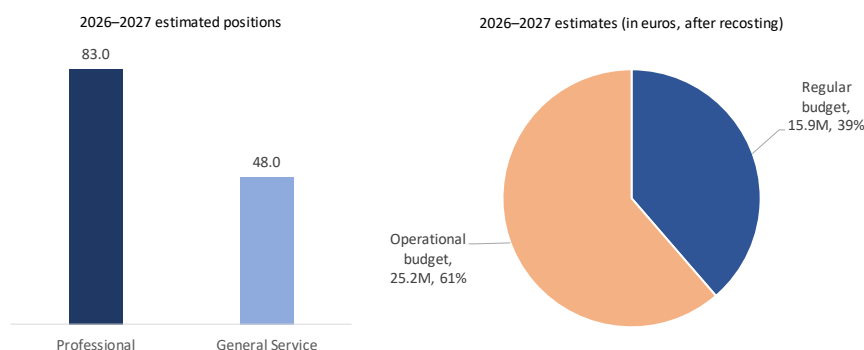
16. Finally, UNIDO will extend policy advice to Member States to revise and enhance legal and regulatory frameworks at the national and regional levels, facilitating the adoption of innovative financing tools and ensuring that these instruments are effectively deployed to scale up industrial development initiatives. UNIDO’s efforts in this area will also focus on fostering blended finance mechanisms that combine public and private capital to de-risk investments in emerging industries, particularly in sustainable energy and climate technologies.

| Key performance indicators   |
|--|
| <b>Programmatic</b>  |
| Composite: Percentage of programmatic indicators that have reached their targets.<br>Note: This composite indicator is envisioned to track performance across the following thematic areas: POL.1: Number of new or revised policies adopted by policymakers; POL.2: Number of new standards adopted or implemented; and POL.3: Number of guidelines adopted by relevant actors. |
| <b>Management</b>  |
| PAO.1: Number of industrial strategies and industrial policy documents drafted/prepared  |
| PAO.2: Number of analytical and statistical publications produced  |
| NOO.1: Number of standard-setting processes with UNIDO participation   |
| TCO.1: Number of capacity-building activities provided   |
| TCO.3: Number of toolkits and guidelines produced  |
| TCO.4: Number of business plans developed  |
| KASA.2: Number of actors gaining skills on UNIDO knowledge areas   |
| REA.2: Number of actors engaged (by kind of actor)   |

Note: The list is non-exhaustive, and all indicators are sex-disaggregated, wherever relevant and feasible.

### Outcome 1.B – Programme and technical cooperation

**Expected outcome:** Technical cooperation programmes and projects drive inclusive and sustainable industrialization, validating and enhancing UNIDO’s normative work.



17. Outcome 1.B – Programme and technical cooperation, covers UNIDO’s efforts to validate and enhance its normative work through targeted interventions across key thematic areas under this outcome.

18. Through the delivery of technical cooperation, UNIDO translates its research, advisory frameworks and recommended approaches for industrial development into effective, on-the-ground interventions. This outcome facilitates the implementation of normative work in key thematic areas, through technical expertise, partnerships and innovative solutions.

### **Taking action on clean energy and climate change**

19. UNIDO remains committed to supporting Member States in their transition towards climate-resilient, low-emission industrial systems through targeted policy advice, capacity-building and technical cooperation, guided by the UNIDO Climate Change Strategy.<sup>4</sup> The Organization will continue prioritizing the decarbonization of industry, supporting developing countries in accessing carbon market mechanisms, and the facilitation of international cooperation to achieve a level playing field for green trade and sustainable industrial products.

20. UNIDO will also scale up its work on low-emission hydrogen through the Global Programme for Hydrogen in Industry and the multi-stakeholder partnership for hydrogen in industry. These initiatives aim to accelerate the uptake of hydrogen technologies in developing countries and emerging economies, and explore synergies between hydrogen and renewable electricity. The aim is to expand opportunities for sustainable economic growth, enhance energy security and contribute to industrial decarbonization.

21. UNIDO places climate change adaptation at the core of its support to developing countries, recognizing that resilience against adverse climate impacts is a prerequisite for sustainable industrial growth. Building on an expanding adaptation portfolio focused on innovation, UNIDO assists Member States in designing and adopting climate-resilient technologies, strengthening industrial policies to incorporate adaptive measures and enhancing local capacities to withstand extreme weather events.

22. Recognizing the importance of the blue economy for sustainable industrialization, UNIDO will expand its support to coastal and maritime industries to enhance cleaner production practices, reduce marine pollution, and develop the sustainable aquaculture and marine biotechnology sectors. These interventions will be particularly relevant for small island developing States and coastal communities, where industrial growth must be balanced with ecosystem preservation. UNIDO will

continue working with stakeholders to address plastic pollution from industrial sources, strengthen sustainable fisheries and fish processing industries, and explore opportunities for ocean-based renewable energy solutions.

23. UNIDO will also expand its engagement with global multi-stakeholder platforms to drive low-carbon industrialization and accelerate the adoption of green technologies. The Organization will strengthen partnerships in climate technology innovation and promote the uptake of green hydrogen in developing countries. These efforts will be complemented by activities to advance international standards for energy management, renewable energy and efficient equipment, in collaboration with governments, financial institutions and the private sector.

### **Ending hunger through innovation and local value addition**

24. Advancing sustainable agribusiness and rural industrial development remains a key area to foster inclusive and sustainable industrial development and achieve food security. As a follow of a successful world without hunger conference held in Addis Ababa in 2024, a joint UNIDO-FAO study was presented titled “Ending Hunger is Possible: an income-generating approach through value addition”. This study will be presented and disseminated over the course of 2025, in collaboration with FAO. The recommendations, solutions and key action areas of the conference will be integrated in the technical cooperation portfolio of the Division of Agribusiness and Infrastructure Development.

25. UNIDO will continue to support Member States in strengthening agro-industrialization and transforming food systems, by increasing productivity through market linkages, advancing value addition through increased agrifood processing and improved skills, food safety and mechanization, and promoting innovation and bioeconomy. In the biennium 2026–2027, UNIDO will intensify its efforts to strengthen linkages between agriculture, industry, and markets and investors, thereby improving livelihoods, creating jobs and promoting economic diversification in rural areas.

26. The Organization will also continue to drive rural transformation through investments to build and maintain infrastructure, such as for irrigation, roads, storage and electricity.

27. During the 2026–2027 biennium, UNIDO’s interventions will focus on promoting inclusive entrepreneurship along agro-value chains to ensure that women, youth and marginalized groups can fully participate in industrial development. In partnership with other United Nations system organizations, UNIDO will support public-private dialogues on value

<sup>4</sup> IDB.51/Dec.8.

chain development, youth employment programmes and the exchange of best practices at national and regional levels. The Organization will also facilitate private-public engagement to integrate internally displaced persons and refugees into agro-industrial activities, thereby contributing to the peace-development-humanitarian nexus.

28. In post-crisis and fragile settings, UNIDO will continue supporting the rehabilitation and reconstruction of service centres, vocational and entrepreneurship schools, and productive facilities. The Organization will adopt the most relevant agrotechnologies to facilitate the recovery of local economies. Additionally, UNIDO will promote private-sector-driven service centres, and establish centres of excellence and agribusiness innovation centres across agro-value chains to provide specialized services such as food processing hubs, packaging facilities and food safety centres.

29. UNIDO's support for agro-industrial transformation will also focus on leveraging fourth industrial revolution technologies to improve the productivity and competitiveness of agro-value chain actors. The Organization will continue promoting the adoption of digital tools for traceability, transparency, smart mechanization and precision agriculture. The digitalization of agribusinesses will enhance resilience, unlock trade opportunities, and reduce foodborne illnesses and losses. In this regard, UNIDO will continue developing and disseminating guidelines to improve food safety and quality compliance along the farm to fork continuum.

### **Fair and sustainable supply chains**

30. During the 2026–2027 biennium, UNIDO will continue to strengthen its focus on promoting resilient, sustainable and quality-compliant supply chains that ensure fair value distribution and can withstand global disruptions and align with evolving market requirements. The goal is to ensure that environmental, social and economic gains along global supply chains are realized, linking economic prosperity to environmental and social progress, and ensuring trade benefits for all.

Emphasis will be placed on improving the business environment for MSMEs through capacity-building and institutional reforms aimed at ensuring fair value distribution through local value addition, quality infrastructure services, and fostering compliance with social and environmental standards.

31. UNIDO's interventions will target the development of national and regional quality infrastructure systems to ensure that MSMEs can access the necessary support to improve their performance and meet international standards. The Organization will focus on strengthening the capacities of conformity assessment bodies, advancing accreditation schemes and promoting the adoption of digital tools, such as blockchain for remote assessments and traceability.

32. To foster greater resilience and inclusiveness within supply chains, UNIDO will continue promoting the establishment of collaborative networks and clusters among MSMEs. Initiatives such as industrial parks, export consortiums, and subcontracting and partnership exchange centres will facilitate knowledge-sharing, innovation and access to finance for MSMEs.

33. In the context of increasing global corporate sustainability and due diligence requirements, UNIDO will continue to work with business support organizations and intermediary institutions to ensure that MSMEs in developing countries are equipped to meet these new demands. UNIDO will provide targeted capacity-building activities aimed at improving firms' compliance with quality and sustainability standards, enhancing their inclusion into global supply chains through supplier development models, introducing innovative business models, promoting skills development and adopting circular economy practices.

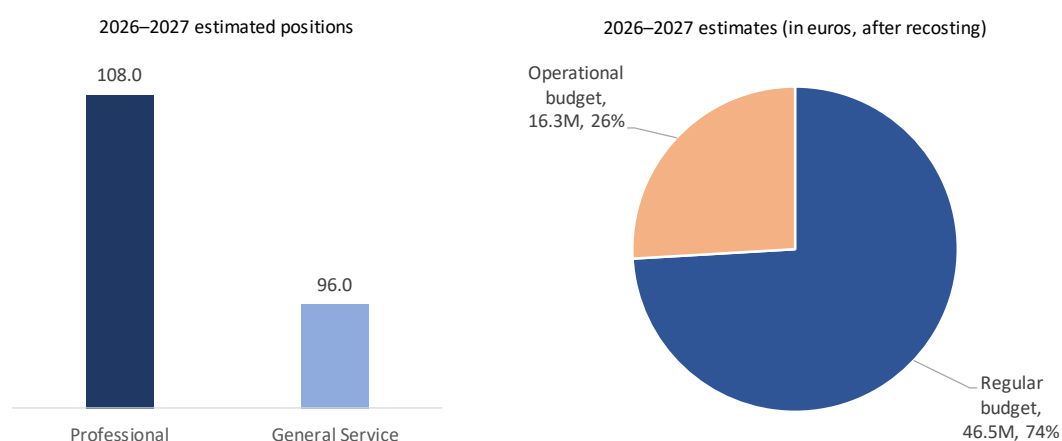
34. Digital transformation will play a central role in UNIDO's approach to sustainable supply chains and trade. The Organization will promote the adoption of digital tools to improve transparency, efficiency and traceability along value chains. This includes supporting MSMEs in implementing digital solutions for product design, quality control and supply chain management.

| Key performance indicators  |
|---|
| <b>Programmatic</b>   |
| <p>Composite: Number of programmatic indicators that have reached their targets.</p> <p>Note: This composite indicator will track performance across the following thematic areas: decarbonization, renewable energy adoption, circular economy, technology transfer, climate change, food security and rural livelihoods, compliance with food safety and sustainability standards, trade facilitation and market access, supply chain resilience, MSMEs competitiveness and responsible business conduct.</p> |
| <b>Management</b>   |
| GOV.1: Number of institutions established or strengthened   |
| GOV.2: Number of actors participating in enhanced collaboration settings (clusters, networks)   |
| TCO.1: Number of capacity-building activities provided  |
| TCO.2: Value (US\$) of assets provided  |
| TCO.4: Number of business plans developed   |
| BUS.1: Number of firms with improved management practices   |
| REA.1: Number of actors reached (by kind of actor)  |
| REA.2: Number of actors engaged (by kind of actor)  |
| INV.1: Number of investment-ready proposals elaborated  |
| INV.2: Number of projects or businesses financed  |
| EXP.2: Technical cooperation delivery (in US\$)   |

Note: The list is non-exhaustive, and all indicators are sex-disaggregated, wherever relevant and feasible.

### Outcome 1.C – Field operations, partnership, fundraising and United Nations coordination

**Expected outcome:** Enhanced global reach and impact through effective field presence, partnerships, resource mobilization, and coordination with the United Nations system and regional stakeholders.



35. Outcome 1.C – Field operations, partnerships, fundraising and United Nations coordination, captures UNIDO's field presence and the aim to strengthen the Organization's field office network to advance technical cooperation project implementation, policy coordination and resource mobilization.

36. During the 2026–2027 biennium, the Organization will continue to reinforce its field operations, both subregional and country offices, to expand its engagement with host governments, regional bodies and funding partners. This strategic direction will enable closer alignment with national development priorities, and stronger collaboration with donors and private

sector partners, to overcome operational constraints, improve responsiveness to Member States' requests and scale up technical cooperation delivery. The field offices will have an increasingly important role in facilitating technical cooperation delivery.

37. In line with the broader United Nations reform agenda, UNIDO will strengthen its participation in United Nations country teams (UNCTs) and actively contribute to common country analyses and United Nations Sustainable Development Cooperation Framework (UNSDCF) processes. The Organization will continue to advocate for the inclusion of industrial development priorities in national planning frameworks and United Nations cooperation strategies. UNIDO's field network will play a central role in this process, ensuring that the Organization remains a key player in supporting countries' development agendas and promoting sustainable industrialization at the local level. UNIDO's PCPs will be established as the main country-level programming approach for delivering integrated solutions.

38. UNIDO partners with the private sector to ensure that our technical, convening and normative functions respond to the current needs of sustainable industries. Shared prosperity, economic competitiveness and environmental sustainability can be fostered through collaborative leveraging of expertise, resources and innovation to promote innovative solutions, technology transfer, capacity-building, knowledge exchange and investments. UNIDO will increase the number of strategic and multi-stakeholder partnerships with industry leaders; design streamlined and scalable models for private sector engagement (such as the UNIDO

Solutions Platform or the Public Private Development Partnerships model); strengthen engagement modalities for collaboration with philanthropy partners; and enable data-driven partnership management and decision-making with the help of a new customer relationship management system.

39. UNIDO will expand its engagement with international financial institutions and development banks globally to foster new partnerships that will allow the Organization to mobilize additional funding for SDG 9 and related SDGs. To increase its visibility and outreach, UNIDO will jointly implement projects and host conferences and other sectoral events. The inclusion of financial components into technical cooperation projects will further enhance the value proposition of the Organization and position it as an important player that promotes the different drivers of sustainable industrialization.

40. The Organization will build on existing global platforms, including the United Nations Innovation Network, the AI for Good Global Summit, the World Summit on the Information Society, the World Manufacturing Forum, the Global Manufacturing and Industrialisation Summit, and the Brand Global Summit. These and other engagements, including on industrial safety, will foster knowledge exchange, mutual learning, partnerships, networking and evidence-based policies.

41. To ensure that industrial development leaves no one behind, UNIDO will also work with public and private partners to integrate internally displaced persons and refugees into agro-industries, thereby improving livelihoods and strengthening economic resilience.

| Key performance indicators   |
|--|
| CPO.1: Number of global forums, workshops, EGM, side events organized                                    |
| CPO.2: Number of United Nations inter-agency mechanisms with UNIDO participation                         |
| CPO.3: Number of international networks and platforms for which UNIDO is providing secretariat functions |
| CPO.4: Number of interventions or Joint Programmes with United Nations system entities                   |
| CPO.5: Number of interventions (projects/programmes) in partnership with non-United Nations institutions |
| POR.7: Number of UNCTs with UNIDO participation  |

*Note:* The list is non-exhaustive.

## Enabling results

### Strategic result 2 – Organizational effectiveness, operational efficiency and innovation

Resource estimates (in euros)

| Positions       |       | 2026–2027 estimates (after recosting)      |                    |                                      |         |            |
|-----------------|-------|--|--------------------|--------------------------------------|---------|------------|
|                 |       | Regular budget                             | Operational budget | Technical operation (extrabudgetary) | Total   |            |
| Professional    | 88.0  | Staff costs                                | 38,898,315         | 18,119,900                           | 195,000 | 57,213,215 |
| General Service | 105.0 | Official travel                            | 659,049            | 92,900                               | -       | 751,949    |
| Total           | 193.0 | Operating costs                            | 1,542,950          | -                                    | -       | 1,542,950  |
|                 |       | Information and communication technologies | 6,470,010          | 1,612,600                            | -       | 8,082,610  |
|                 |       | RPTC and Special Resources for Africa      | -                  | -                                    | -       | -          |
|                 |       | Total gross expenditure                    | 47,570,324         | 19,825,400                           | 195,000 | 67,590,724 |
|                 |       | Income                                     | -                  | -                                    | -       | -          |
|                 |       | Total net resources                        | 47,570,324         | 19,825,400                           | 195,000 | 67,590,724 |

#### Introduction and UNIDO's value addition

42. Strategic result 2 consolidates the enabling services and operational functions that are fundamental to UNIDO's ability to deliver on its mandate of inclusive and sustainable industrial development. This result area, covering the Organization's core internal processes and corporate services, ensures efficient, effective and accountable operations, enabling technical cooperation delivery.

43. SR2 encompasses three functional areas<sup>5</sup> and corresponding results statements, namely:

- (a) 2.A – Strategy and leadership;
- (b) 2.B – Programme support and business services; and
- (c) 2.C – Governance, oversight and accountability.

44. As the resources provided under the regular and operational budgets in these areas are allocated to enable technical cooperation delivery (funded via voluntary contributions), each area is accompanied with

a set of IRPF management performance indicators to measure the effectiveness and efficiency of the support to technical cooperation activities.

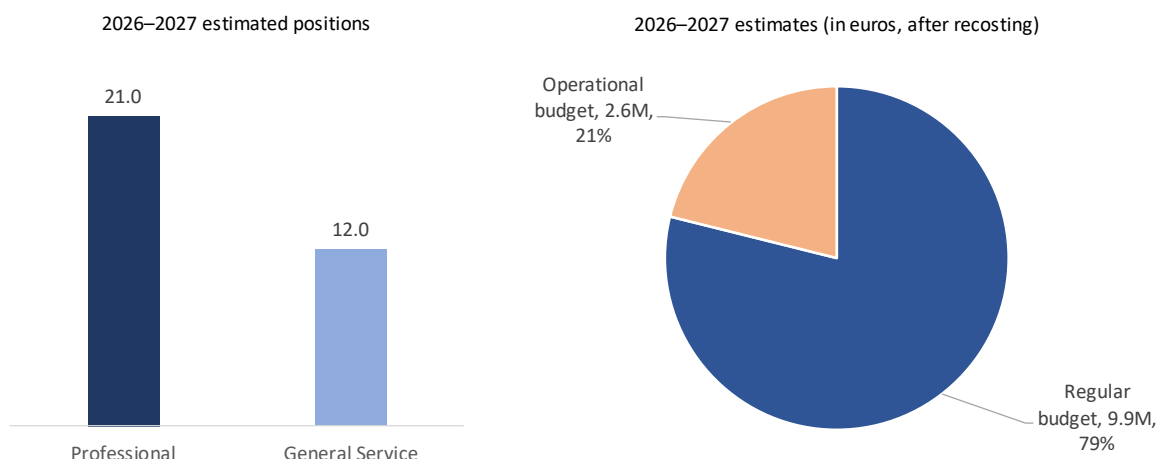
45. Building on the progress made in previous bienniums, the Organization has focused on optimizing internal processes to enhance efficiency and effectiveness in service delivery. The integration of innovative solutions and digital transformation remains a key priority to reduce costs, improve business continuity and streamline operations. These efforts reflect UNIDO's commitment to improving internal governance, ensuring that its operational framework supports the broader programmatic goals outlined under SR1.

46. A crucial element of SR2 is ensuring a high standard of accountability, ethics and transparency across all organizational levels. The principles of good governance are embedded in UNIDO's operations, supported by risk management practices and internal oversight mechanisms to safeguard both financial and non-financial resources. Business continuity planning remains a priority to ensure preparedness for potential crises.

<sup>5</sup> These correspond to the programme at the budget level.

## Outcome 2.A – Strategy and leadership:

**Expected outcomes:** Enhanced organizational leadership, strategic planning and communication, enabling effective policy direction, strengthened cooperation with Member States and increased visibility of UNIDO's initiatives globally.



47. UNIDO remains committed to advancing its organizational strategy and leadership functions, ensuring alignment with its mandate and the broader objectives of the United Nations system. Recognizing the importance of effective governance and strategic foresight, the Organization will strengthen its executive direction and enhance its role in shaping global industrial development policies.

48. UNIDO's commitment to result-based management is reinforced by the development of an enhanced quality assurance framework underpinned by evidence-based decision-making. This framework will ensure the integration of strategic priorities across all operations, delivering impactful developmental results and maximizing the potential for systemic impact.

49. Furthermore, UNIDO is actively safeguarding against risks associated with its expanding technical cooperation portfolio by institutionalizing compliance with environmental and social safeguards. This proactive approach positions the Organization as a leader within the United Nations system, attracting extrabudgetary funding and securing institutional partnerships.

50. UNIDO will also prioritize its role in global forums and platforms, reinforcing its position as a key player in industrial development within the United Nations system. The Organization will actively engage with multilateral bodies, such as the Group of 20, the Group of 7 and BRICS, to advocate for inclusive and sustainable industrialization.

51. UNIDO aims to integrate its mandate into global themes. Leading engagements with non-United Nations governance institutions and forums will promote innovative programming and drive inclusive industrial development. This includes streamlining the UN 2.0 vision into UNIDO's context and advancing internal dialogue on emerging global governance topics.

52. UNIDO acknowledges the significant role of South-South and triangular cooperation in driving industrial development. Knowledge-sharing and technology transfer among countries of the Global South serve as catalysts for industrial growth, stronger partnerships and sustainable development practices. Therefore, collaborations with BRICS countries will, among others, be further pursued to advance these initiatives.

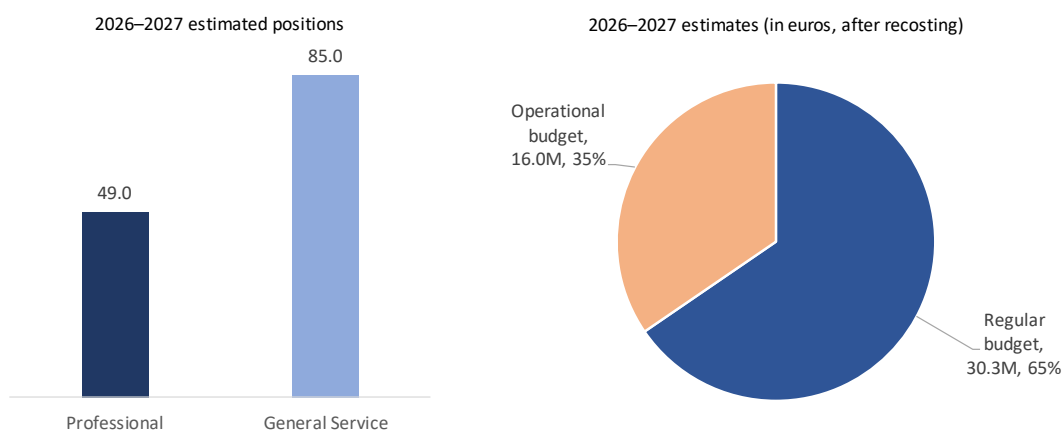
| Key performance indicators  |
|---|
| POR.1: Number of projects, Country Programmes (CPs) and PCPs approved by EB (disaggregated by region) |
| POR.4: Percentage of programmes/projects whose quality was evaluated satisfactory at completion       |

*Note:* The list is non-exhaustive.



## Outcome 2.B – Programme support and business services

**Expected outcomes:** Efficient programme policy support and resource management, including through advanced digital technology, sustain UNIDO's programme and operational needs.



53. In 2026–2027, UNIDO will continue to implement its people management strategy as a core enabler of the Organization's success. This modern, people-focused framework aims to deliver a fit-for-future workforce and an inclusive workplace where all personnel can contribute to their maximum potential. UNIDO will continue to strengthen its workforce in alignment with action plans established by the Secretariat, embedding gender equality in human resources approaches, and advancing gender parity and geographical diversity. For the 2026–2027 biennium, efforts to enhance human resources services will focus on workforce planning, talent acquisition, performance management and expanding partnerships to mobilize young professionals, interns and seconded experts.

54. UNIDO manages its policies, systems and tools to safeguard financial integrity and ensure the effective use of financial resources at headquarters and in the field. Financial services will support all result areas to ensure effective and efficient decision-making and delivery, applying international best practices and innovative approaches. Advisory services will focus on resource mobilization, including grants and financial instruments, to scale up technical cooperation. UNIDO will continue to provide financial statements in line with International Public Sector Accounting Standards and maintain engagement with Member States on financial matters. Digital transformation will further enhance the efficiency of financial services, benefiting both internal and external stakeholders.

55. Procurement services and processes will support the implementation of the Organization's substantive activities primarily through policy and strategic advice, guidance, training and administrative assistance for all procurement-related activities and project executions. These services will also be made available to field

offices, as well as at the VIC, including office and building maintenance-related services.

56. Digital transformation is a key enabler for UNIDO. The effective use of modern information technologies strengthens the Organization's operational efficiency, supports technical cooperation delivery, and enhances transparency and accountability in external relations with Member States, partners and civil society.

57. UNIDO's information technologies and digitalization framework prioritizes five key pillars to achieve these goals:

- (a) Collaborative environment, enhancing internal and external communications, and knowledge-sharing;
- (b) Information security, minimizing cyber risks and strengthening internal controls;
- (c) Resilience and business continuity, ensuring the Organization's ability to operate effectively in all circumstances;
- (d) Digital innovation, exploring frontier technologies such as AI, robotics and next-generation business solutions; and
- (e) Digital skills and adaptability, building the capacity of personnel to effectively use modern tools and drive digital transformation efforts.

58. UNIDO's digital innovation strategy is essential to scaling up technical cooperation processes and supporting Member States in their industrial development efforts. Investments in AI-driven solutions, frontier technologies and process automation will boost organizational efficiency and allow UNIDO to respond to the growing demand for digital services.

59. Effective management of commercial contracts, general services, travel, office space at UNIDO headquarters, assets and logistical operations is crucial

for programmatic delivery and achieving organizational goals. These operations significantly impact the Organization's carbon footprint, so they are managed innovatively to maintain climate neutrality. This includes promoting sustainable practices in managing the Organization's properties and assets, prioritizing environmentally friendly materials in office equipment procurement, and offsetting operational emissions.

60. UNIDO's knowledge management efforts are further strengthened by the upscaling of research activities to enhance the quality and quantity of outputs, including Industrial Development Reports, policy briefs, country diagnostics and research papers. The Organization will expand its offerings in industrial statistics and analytical indicators by leveraging alternative data sources, improving the monitoring of industrial performance, particularly in low-income and less industrialized economies.

61. UNIDO's commitment to robust monitoring and solid empirical evidence is reflected in the development and implementation of data-driven policies. To ensure that its efforts yield measurable outcomes, UNIDO will implement rigorous monitoring and evaluation mechanisms that align with its IRPF to demonstrate a clear linkage between the Organization's activities, its strategic objectives and the tangible benefits delivered to Member States.

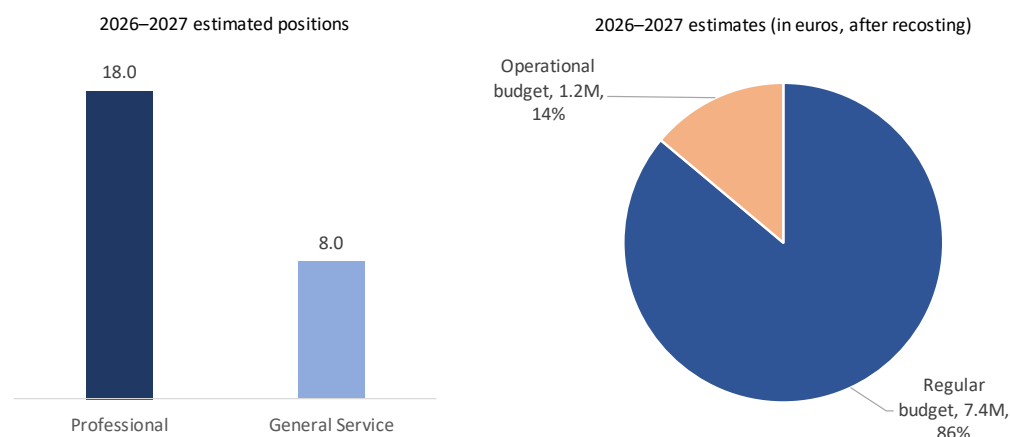
62. UNIDO recognizes that empowering women and promoting gender-responsive policies are critical to achieving sustainable and inclusive industrialization. The Organization has adopted a multidimensional approach to integrating gender considerations across its operations. This includes supporting project management teams in achieving transformational results on gender equality by ensuring that 70 per cent of newly established startups are led by women; creating or retaining 60 per cent of additional jobs specifically for women; and ensuring that 55 per cent of women gain skills or capacities through targeted capacity-building initiatives by 2027. UNIDO's efforts to achieve gender equality extend beyond programming into its organizational structure. The Organization is implementing a comprehensive gender parity action plan, aiming to achieve gender parity at all staffing levels by 2028, driving reforms in leadership, accountability, human resource management, financial planning and project cycle management. The United Nations system-wide gender equality acceleration plan and UN-SWAP 3.0 (2024–2030) requirements serve as guiding frameworks for these reforms, ensuring that UNIDO's initiatives align with broader United Nations system mandates. To strengthen its role as a knowledge hub for gender equality in industry, UNIDO will continue to develop and disseminate research, issue briefs, guides and reports focused on women in industry. Collaborative efforts with international organizations, academia and private sector entities further amplify these initiatives.

| Key performance indicators   |
|--|
| POR.2: Percentage of programmes/projects whose design quality was assessed as satisfactory at entry: Gender equality and women's empowerment (GEEW)  |
| POR.5: Percentage of overall number of UNIDO programme/projects per gender marker category: <ul style="list-style-type: none"> <li>(a) Approved in this calendar year</li> <li>(b) Ongoing (entire portfolio)</li> <li>(c) Percentage of programmes/projects with gender-informed design</li> <li>(d) Compliance with UNCT-SWAP Gender Equality Scorecard</li> </ul> |
| OPM.3: ICT Operational Efficiency  |
| Availability of critical information technology (IT) applications and infrastructure services  |
| Percentage of staff expressing satisfaction with IT services in a survey   |
| Percentage of UNIDO events held virtually  |
| FIN.1: Regular financial resources (released)  |
| FIN.2: Voluntary contributions (raised)  |
| FIN.3: Programme support costs recovered   |
| HR.1: UNIDO Workforce: Composition and diversity   |
| EXP.1: Regular financial resources implementation rate   |
| OPM.1: Procurement timeline (or per cent of procurement processes completed within 110 days)   |
| Timeliness and quality of asset management services  |

*Note:* The list is non-exhaustive.

## Outcome 2.C – Governance, oversight and accountability

**Expected outcomes:** Strengthened governance and accountability through independent oversight ensure that UNIDO's operations are ethical, efficient and in line with organizational goals and the regulatory framework.



63. The independent evaluation, internal oversight and investigation functions in UNIDO are governed by the Charter of the Office of Evaluation and Internal Oversight (EIO), as approved by the forty-eighth session of the Industrial Development Board in decision IDB.48/Dec.10. UNIDO's independent oversight functions will accordingly continue to contribute to the achievement of the Organization's mission and fulfilment of expected results, by providing assurance and fostering a culture of integrity, transparency and accountability, through:

- (a) Independent evaluations of UNIDO activities and operations;
- (b) Independent and objective internal audit, assurance and advisory services; and
- (c) Assessment and conduct of investigations.

64. Furthermore, the secretariat function for the UNIDO Independent Oversight Advisory Committee (OAC) is also included in this area of work, as provided in the OAC's terms of reference, which were approved by the forty-eighth session of the Board in decision IDB.48/Dec.5.

65. In 2026–2027, UNIDO will focus on advancing risk maturity by fostering a culture of risk awareness

and accountability through capacity-building initiatives, policy development and strengthened internal controls. The Organization will also improve information security governance and maintain robust policies and procedures to safeguard its operations and ensure compliance with international best practices.

66. During the 2026–2027 biennium, UNIDO will continue enhancing its ethical framework by reviewing and updating ethics-related policies and procedures. Key initiatives include the implementation of ethics-related policies, notably the Code of Ethical Conduct, the revised policy for protection against retaliation and strengthened anti-fraud and anti-corruption measures. Policies addressing Protection from Sexual Exploitation and Abuse and data protection will also be updated to reflect best practices across the United Nations system.

67. To continue supporting the achievement of its goals, UNIDO will ensure that all its activities and programmes are in compliance with the Organization's external and internal legal framework. In particular, sound and impartial legal advice and expert legal assistance is available to promote compliance with the rule of law and to manage legal risks in all aspects of UNIDO's activities, and to defend the Organization's rights, positions and interests in contractual and litigation matters.

| Key performance indicators  |
|---|
| Percentage of requests for legal services addressed on time   |
| Percentage of feedback from legal services-related clients that is positive                             |
| Percentage of staff completing mandatory ethics training  |
| Number of ethics-related cases reported and resolved  |
| Percentage of projects/programmes with integrated risk management frameworks                            |
| Percentage of oversight assignments finalized within the workplan cycle                                 |
| Percentage of recommendations and management action plans from audit and evaluation, timely implemented |

## Other programmatic support areas

### Regular Programme of Technical Cooperation

**Expected outcomes:** An effective programme of technical cooperation and strengthened contribution to the overall United Nations development system.

68. The purpose of RPTC is to improve the effectiveness of UNIDO's programme of technical cooperation in the field of industrial development, and to strengthen the Organization's overall contribution to the broader United Nations development system.

69. Enhanced integration of UNIDO's work in Africa, increased investments in manufacturing and technology transfer, as well as greater development impact at scale in the context of the African Continental Free Trade Area (AfCFTA).

70. The implementation of RPTC will continue to enable UNIDO to predominantly focus its activities,

policies and strategies on sustainable industrialization and the SDGs, conducive industrial ecosystems, innovative, inclusive and sustainable businesses, and effective strategic management for results.

71. The programme will address the needs of least developed countries (LDCs) by supporting the design of technical cooperation programmes and the mobilization of financial resources for their implementation. It will also promote international industrial cooperation, with a special emphasis on South-South cooperation and the integration of women in development.

### Special Resources for Africa

**Expected outcomes:** Tailored and large-scale programmes and projects supported for Africa's inclusive and sustainable industrial development through the promotion of economic competitiveness, shared prosperity from industry and environmentally sustainable industry.

72. Special Resources for Africa (SRA) are utilized to contribute to national, subregional and regional programmes and projects as well as relevant initiatives in support of Africa's inclusive and sustainable industrialization and economic transformation. For the 2026–2027 biennium, SRA will be utilized to contribute to the funding of the following activities:

(a) Continue to build on the support for the implementation of UNIDO Strategy for Africa 2023–2025, including high-level engagements at the national, regional and continental level, and active support for the implementation of the declaration and decisions, and action plan of the seventeenth African Union Extraordinary Summit on Industrialization and Economic Diversification;

(b) Contribute to the implementation of the United Nations' Fourth Industrial Development Decade for Africa (IDDA IV) programme of action, taking into account the African Union's Action Plan for the Accelerated Industrial Development of Africa as well as the Agenda 2063 of the African Union, its second 10-year implementation plan 2024–2033 and the AfCFTA;

(c) Support the UNIDO Operational Strategy for the LDCs 2022–2031 and activities in landlocked developing countries (LLDCs), in line with the Doha

Programme of Action for the LDCs for the Decade 2022–2031 and the Vienna Programme of Action for LLDCs 2014–2024;

(d) Support the Organization's contribution to Africa-related global forum activities and expert group meetings, such as the Africa Industrialization Week and the Africa Investors Conference; and

(e) Contribute to institutional capacity-building and support for the African Union, the African Union Commission, the African Union Development Agency – New Partnership for Africa's Development, and regional economic commissions.

73. Significant emphasis will be placed on the cost-effectiveness, inclusiveness, integration and sustainability of UNIDO's services in Africa and their impact on the development process. Cross-cutting issues, such as gender, youth, partnerships and environmental aspects will be considered in the SRA-funded programmes.

74. The implementation of the SRA-funded programmes will continue to enable UNIDO to predominantly focus its activities, policies and strategies on sustainable industrialization and the SDGs, conducive industrial ecosystems, innovative, inclusive and sustainable businesses, and effective strategic management for results.

## Other enabling functions

### Facility management services

Resource estimates (in euros)

| Positions       |              | 2026–2027 estimates (after recosting)      |                    |  |                   |
|-----------------|--------------|--|--------------------|--|-------------------|
|                 |              | Regular budget                             | Operational budget | Technical cooperation (extrabudgetary) | Total             |
| Professional    | 9.0          | Staff costs                                | 20,761,588         | -                                      | 20,761,588        |
| General Service | 100.0        | Official travel                            | 15,400             | -                                      | 15,400            |
| <b>Total</b>    | <b>109.0</b> | Operating costs                            | 51,763,076         | -                                      | 51,763,076        |
|                 |              | Information and communication technologies | 162,500            | -                                      | 162,500           |
|                 |              | RPTC and Special Resources for Africa      | -                  | -                                      | -                 |
|                 |              | <b>Total gross expenditure</b>             | <b>72,702,564</b>  | -                                      | <b>72,702,564</b> |
|                 |              | Income                                     | (72,702,564)       | -                                      | (72,702,564)      |
|                 |              | <b>Total net resources</b>                 | <b>-</b>           | <b>-</b>                               | <b>-</b>          |

**Expected outcomes:** Ensure the safe, reliable and cost-effective operation, maintenance, repair and modernization of the VIC complex and associated installations according to the local buildings' codes and standards, and to the VIC operating licence conditions, while seeking to increase cost-efficiencies and use available resources in the most efficient manner.

75. Under the terms of the UNIDO Headquarters Agreement and the Memorandum of Understanding on Common Services, on behalf of and financed by the international organizations based in the VIC, UNIDO's Facility Management Services (BMS) is given the responsibility for managing and administering the operations, maintenance, repairs and replacements of the buildings and related installations and equipment of the VIC complex. Main constituencies and the target groups of the subject programme are the four VBOs, namely IAEA, UNOV, UNIDO and CTBTO, with approximately 5,000 staff members and 2,500 additional daily visitors, conference participants, etc.

76. The costs of operating, maintaining and repairing the buildings and their integrated and added installations are increasing with the ageing of the complex, which was constructed between 1974 and 1979. The necessary repairs and maintenance work at the VIC are carried out on a regular schedule to ensure safe and reliable operations, among others, according to the commitments made vis-à-vis the Austrian Government, the owner of the 379,000 square metre building complex.

77. After over forty years of occupancy, the need for replacement programmes in all areas of the buildings complex to maintain the reliability of the VIC operations was the subject of a VIC risk assessment report in 2018. At the end of 2024, the Government of Austria informed the VBOs about the launch of a series of projects contained in the risk assessment and focusing on fire safety measures at the VIC, to be implemented over a period of five years with the support

of BMS, to ensure that the VIC remains a safe environment for employees and visitors.

78. Extensive civil works will continue during the biennium 2026–2027, including the repair of all buildings' roofs, the replacement of fire doors and the refurbishment (including insulation) of the VIC terraces.

79. Efficiency gains are included in planned large-scale projects in 2026–2027, and implementation thereof has already commenced for some. Since the funding and completion of these large-scale projects spread over several years, they will continue during the biennium 2026–2027. Innovative technological approaches, such as the introduction of LED lighting and the continuous installation of efficient air-conditioning units, are being implemented to help generate further savings and improve services.

80. To account for volatile energy prices and inflation, the requirements for 2026–2027 are based on the price levels observed during 2024, to ensure full coverage of energy costs and operation of the VIC.

81. In recent years, additional projects commissioned by individual VBOs have continued to increase.

82. The resources foreseen under this programme comprise the following items:

(a) The common buildings management: cost-shared among the VIC-based international organizations, under the agreed cost-sharing formula, based on occupants and space usage. Since 2023, UNIDO contributes 13.956 per cent of the total cost.

| 2026–2027 estimates (after recosting)        |                     |
|--|---------------------|
|  | Regular budget      |
| Established positions                        | 17,405,300          |
| Overtime and night differential              | 460,872             |
| General temporary assistance                 | 1,072,816           |
| Consultant fees and travel                   | 64,800              |
| Career development training                  | 91,500              |
| After-service medical coverage               | 561,300             |
| Travel on official business                  | 15,400              |
| Rental and maintenance of premises           | 16,319,698          |
| Utilities                                    | 31,420,100          |
| Rental and maintenance of office equipment   | 32,300              |
| Rental and maintenance of vehicles           | 22,400              |
| Miscellaneous general operating expenses     | 38,200              |
| Other general operating expenses             | 73,600              |
| Printing and binding                         | 2,000               |
| Supplies for premises                        | 1,645,550           |
| Office supplies                              | 37,800              |
| Fuel and lubricants                          | 76,700              |
| Assets                                       | 103,000             |
| IT supplies and materials                    | 24,100              |
| IT assets                                    | 124,800             |
| Communication service charges                | 13,600              |
| <b>Total gross expenditure</b>               | <b>69,605,836</b>   |
| Other VBOs contribution to common operations | (59,891,581)        |
| UNIDO contribution to common operations      | (9,714,255)         |
| <b>Total income</b>                          | <b>(69,605,836)</b> |
| <b>Total net resources</b>                   | <b>-</b>            |

(b) The joint buildings management operates within the overall context of the cooperation agreement between UNOV, UNIDO and CTBTO for Conference Services. The programme provides buildings operation services, which are cost-shared between UNOV, UNIDO and CTBTO. The programme essentially provides conference technicians for the conference

facilities and the cleaning of jointly used premises. UNIDO observes a significant increase in the number of conferences and technical requirements in the two conference buildings since the end of the pandemic, driven by the introduction of hybrid conferences.

| 2026–2027 estimates (after recosting)        |                    |
|--|--------------------|
|  | Regular budget     |
| Established positions                        | 1,003,500          |
| Overtime and night differential              | 14,400             |
| General temporary assistance                 | 87,100             |
| Rental and maintenance of premises           | 1,907,628          |
| Supplies for premises                        | 34,700             |
| Assets                                       | 49,400             |
| <b>Total gross expenditure</b>               | <b>3,096,728</b>   |
| Other VBOs contribution to common operations | (1,951,022)        |
| UNIDO contribution to common operations      | (1,145,706)        |
| <b>Total income</b>                          | <b>(3,096,728)</b> |
| <b>Total net resources</b>                   | <b>-</b>           |

83. The BMS budget proposal for the biennium 2026–2027 is informed by the extensive experience in planning and implementing required VIC maintenance and operations in the past bienniums, as well as in anticipating future requirements within the Services' purview.

84. The Common Fund for Major Repairs and Replacements (MRRF) at the VIC is co-financed by the VIC-based international organizations and the Austrian Government (50 per cent each). In accordance with the Memorandum of Understanding and decisions of the MRRF Joint Committee, €6.5 million are expected in 2026 and €6.7 million in 2027, to implement major projects in the VIC. The cost-shared portion for UNIDO is expected to amount to €0.9 million for 2026 and 2027.

85. Annex E provides an overview of expected results.

## Indirect costs

Resource estimates (in euros)

| Positions       |            | 2026–2027 estimates (after recosting)      |                    |                                      |                   |
|-----------------|------------|--|--------------------|--------------------------------------|-------------------|
|                 |            | Regular budget                             | Operational budget | Technical operation (extrabudgetary) | Total             |
| Professional    | 0.0        | 9,005,600                                  | -                  | -                                    | 9,005,600         |
| General Service | 0.0        | -  | -                  | -                                    | -                 |
| <b>Total</b>    | <b>0.0</b> | <b>24,120,481</b>                          | <b>-</b>           | <b>-</b>                             | <b>24,120,481</b> |
|                 |            | Information and communication technologies | 476,300            | -                                    | 476,300           |
|                 |            | RPTC and Special Resources for Africa      | -                  | -                                    | -                 |
|                 |            | <b>Total gross expenditure</b>             | <b>33,602,381</b>  | <b>-</b>                             | <b>33,602,381</b> |
|                 |            | Income                                     | -                  | -                                    | -                 |
|                 |            | <b>Total net resources</b>                 | <b>33,602,381</b>  | <b>-</b>                             | <b>33,602,381</b> |

Indirect costs are fixed and variable costs, which are not directly attributable to any of the two results areas, but constitute a significant part of the financial resources used



by the Organization. By identifying these costs in a separate section, the Organization aims to increase transparency and facilitate monitoring over time.

86. These costs cover those attributable to UNIDO's location within the premises of the VIC, and hence its contribution to joint and common services, as well as the after-service health insurance scheme and the Organization's contributions to joint activities with the United Nations bodies. The resource estimates under each of the indirect cost items are presented in the summary table below:

| 2026–2027 estimates (after recosting)       |                   |
|---|-------------------|
|   | Regular budget    |
| Joint Medical Services (IAEA)               | 719,600           |
| Joint language training (UNOV)              | 50,200            |
| After-service health insurance              | 8,235,800         |
| UNIDO contribution to common BMS            | 9,714,255         |
| UNIDO contribution to joint BMS             | 1,145,721         |
| Reimbursements to the MRRF                  | 930,200           |
| Security and safety services (UNOV)         | 5,040,400         |
| Language and documentation services (UNOV)  | 728,472           |
| Joint activities with United Nations bodies | 1,989,851         |
| United Nations Resident Coordinator         | 4,571,582         |
| Joint communication services (UNOV)         | 476,300           |
| <b>Total gross expenditure</b>              | <b>33,602,381</b> |
| <b>Total net resources</b>                  | <b>33,602,381</b> |

87. The total budgeted expenditure under contributions to the cost-shared services has increased by €1.3 million, resulting from inflationary increases.

88. The following list details the cost elements and their respective drivers or distribution keys for UNIDO's contribution to the total costs:

(a) After-service health insurance (ASHI), per retired staff;

(b) Joint Medical Services (IAEA), 13.96 per cent;

(c) Joint language training (UNOV), per enrolled staff;

(d) UNIDO contribution to common buildings management, 13.96 per cent;

(e) Reimbursement to the Major Repair and Replacements Fund, 13.96 per cent of the VIC-based international organizations share;

(f) UNIDO contribution to joint buildings management, 37 per cent;

(g) Language and documentation services (UNOV), Share based on workload;

(h) Security and safety services (UNOV), 13.96 per cent;

(i) Joint activities with United Nations bodies, by United Nations formulas;

(j) United Nations Resident Coordinator (UNRC), by United Nations formula; and

(k) Joint communication services (UNOV), 24.5 per cent.

89. The objective, expected results and outputs of the common and joint services are described in detail in the programme and budgets documents of the responsible organizations. Common and joint buildings management services are elaborated in full under the facilities management services of the chapter on other enabling functions.

## Innovation and transformation fund

Resource estimates (in euros)

| Positions       |            | 2026–2027 estimates (after recosting)    |                  |
|-----------------|------------|--|------------------|
|                 |            |  | ITF              |
| Professional    | 0.0        | Staff costs                              | 5,721,550        |
| General Service | 0.0        | Official travel                          | 267,250          |
| <b>Total</b>    | <b>0.0</b> | Operating costs                          | 303,000          |
|                 |            | Information and communication technology | 50,000           |
|                 |            | RPTC and Special Resources for Africa    | -                |
|                 |            | <b>Total gross expenditure</b>           | <b>6,341,800</b> |
|                 |            | Income                                   | -                |
|                 |            | <b>Total net resources</b>               | <b>6,341,800</b> |

**Expected outcome:** Support, deepen or expand core work areas through a set of impact-oriented initiatives proposed for the Innovation and Transformation Fund (ITF) and aligned with the reform priorities of the Director General. The ITF provides an opportunity to directly reflect the strong support of Member States and other partners to the reform and the impact-driven agenda of the Director General.

Furthermore, the activities to be funded through the ITF could directly contribute to a more balanced achievement of results.

90. The General Conference, in its decision GC.20/Dec.15, took note of the renaming of the Special Account for Voluntary Contributions for Core Activities (SAVCCA) to the Innovation and Transformation Fund, with the scope of ensuring greater transparency in the relation with voluntary donors, and of the purposes, as outlined in documents PBC.39/6, PBC.39/6/Add.1 and PBC.39/CRP.8.

91. A non-exhaustive list of initiative proposals for funding through voluntary contributions to the ITF was presented in document PBC.39/CRP.8, providing Member States with examples of possible ITF activities with no detriment to further proposals, which can be made to the Secretariat by funding partners, including Member States. Funding partners may also contribute financially to unfunded activities included in the programme and budgets document. Member States and other funding partners are thus encouraged to provide additional voluntary contributions for core activities through the ITF.

92. Proposed impact-oriented initiatives that reflect the reform priorities of the Director General include:

- (a) Training and capacity development programme on gender mainstreaming for inclusive and sustainable industrial development;
- (b) Global governance programme;
- (c) Special study on decoupling: Achieving industrialization and decarbonization simultaneously;

(d) UNIDO Innovation Lab;

(e) Expansion of UNIDO programmatic services to promote and advance sustainable trade through environmental and social due diligence and enhanced market access;

(f) Expansion of UNIDO services in the area of voluntary carbon markets;

(g) Global launch of UNIDO's Computer Model for Feasibility Analysis and Reporting (COMFAR), Version 4.1., as a newly branded product;

(h) Strengthening UNIDO's service offer to include new approaches to climate adaptation through enhancing bio-based and renewable materials;

(i) Expanding and strengthening UNIDO's field presence through enhanced industrial development expertise;

(j) Transforming UNIDO's cooperation by strengthening the field network;

(k) Strengthening quality, risk management and results orientation;

(l) Strengthening internal controls and financial risk management, including through a centralized and independent Vendor and Bank Master Data team; and

(m) Strengthening expertise and talent in digitalization.



## Annexes

### Annex A.

#### Budget, expenditure and income by result

Table 1

#### Regular and operational budget expenditure and income by result

(In euros)

| Result   | 2024-2025<br>approved<br>budget | 2026-2027<br>resource<br>growth at<br>2024-2025 | 2026-2027<br>resource<br>requirements<br>at 2024-2025 | Recosting to<br>2026-2027<br>rates | 2026-2027<br>resource<br>requirements<br>at 2026-2027 | Per cent of total budget<br>2024-2025 |               |
|--|---------------------------------|---|---|------------------------------------|---|---------------------------------------|---------------|
|  | 1                               | 2   | 3   | 4                                  | 5   | 2024-2025                             | 2026-2027     |
| <b>Expenditure</b>   |                                 |   |   |                                    |   |                                       |               |
| 1. Inclusive, innovative and sustainable industries for development    | 119,513,694                     | 8,241,209                                       | 127,754,903   | 5,198,399                          | 132,953,302   | 56.8%                                 | 56.8%         |
| 2. Organizational effectiveness, operational efficiency and innovation | 58,531,724                      | 6,200,100                                       | 64,731,824  | 2,663,900                          | 67,395,724  | 27.8%                                 | 28.8%         |
| Indirect costs   | 32,261,781                      |   | 32,261,781  | 1,340,600                          | 33,602,381  | 15.3%                                 | 14.4%         |
| <b>TOTAL expenditure (excl. result BMS)</b>                            | <b>210,307,199</b>              | <b>14,441,309</b>                               | <b>224,748,508</b>                                    | <b>9,202,899</b>                   | <b>233,951,407</b>                                    | <b>100.0%</b>                         | <b>100.0%</b> |
| Efficient VIC Facility Management                                      |                                 |   |   |                                    |   |                                       |               |
| Common Buildings Management  | 71,459,036                      | (4,567,700)                                     | 66,891,336  | 2,714,500                          | 69,605,836  | 96.2%                                 | 95.7%         |
| Joint Buildings Management   | 2,857,228                       | 26,300  | 2,883,528   | 213,200                            | 3,096,728   | 3.8%                                  | 4.3%          |
| <b>TOTAL expenditure (result BMS)</b>                                  | <b>74,316,264</b>               | <b>(4,541,400)</b>                              | <b>69,774,864</b>                                     | <b>2,927,700</b>                   | <b>72,702,564</b>                                     | <b>100.0%</b>                         | <b>100.0%</b> |
| <b>Income</b>  |                                 |   |   |                                    |   |                                       |               |
| 1. Inclusive, innovative and sustainable industries for development    | (905,780)                       | (734,256)                                       | (1,640,036)   |                                    | (1,640,036)   | 9.2%                                  | 14.6%         |
| 2. Organizational effectiveness, operational efficiency and innovation |                                 |   |   |                                    |   | 0.0%                                  | 0.0%          |
| Miscellaneous income   | (8,919,677)                     | (690,400)                                       | (9,610,077)   |                                    | (9,610,077)   | 90.8%                                 | 85.4%         |
| <b>TOTAL income (excl. result BMS)</b>                                 | <b>(9,825,457)</b>              | <b>(1,424,656)</b>                              | <b>(11,250,113)</b>                                   |                                    | <b>(11,250,113)</b>                                   | <b>100.0%</b>                         | <b>100.0%</b> |
| Efficient VIC Facility Management                                      |                                 |   |   |                                    |   |                                       |               |
| Common Buildings Management  | (71,459,036)                    | 4,567,700                                       | (66,891,336)  | (2,714,500)                        | (69,605,836)  | 96.2%                                 | 95.7%         |
| Joint Buildings Management   | (2,857,228)                     | (26,300)  | (2,883,528)   | (213,200)                          | (3,096,728)   | 3.8%                                  | 4.3%          |
| <b>TOTAL income (result BMS)</b>                                       | <b>(74,316,264)</b>             | <b>4,541,400</b>                                | <b>(69,774,864)</b>                                   | <b>(2,927,700)</b>                 | <b>(72,702,564)</b>                                   | <b>100.0%</b>                         | <b>100.0%</b> |
| <b>NET GRAND TOTAL</b>   | <b>200,481,742</b>              | <b>13,016,653</b>                               | <b>213,498,395</b>                                    | <b>9,202,899</b>                   | <b>222,701,294</b>                                    |                                       |               |

Table 2  
**Regular budget expenditure and income by result**  
(In euros)

| Result   | 2024-2025<br>approved<br>budget | 2026-2027<br>resource<br>growth at<br>2024-2025 | 2026-2027<br>resource<br>requirements<br>at 2024-2025 | Recosting to<br>2026-2027<br>rates | 2026-2027<br>resource<br>requirements<br>at 2026-2027 | Per cent of total budget<br>2024-2025 |               |
|--|---------------------------------|---|---|------------------------------------|---|---------------------------------------|---------------|
|  | 1                               | 2   | 3   | 4                                  | 5   | 2024-2025                             | 2026-2027     |
| <b>Expenditure</b>   |                                 |   |   |                                    |   |                                       |               |
| 1. Inclusive, innovative and sustainable industries for development    | 81,396,194                      | 4,371,856                                       | 85,768,050  | 3,491,799                          | 89,259,849  | 49.9%                                 | 52.4%         |
| 2. Organizational effectiveness, operational efficiency and innovation | 49,401,424                      | (3,681,100)                                     | 45,720,324  | 1,850,000                          | 47,570,324  | 30.3%                                 | 27.9%         |
| Indirect costs   | 32,261,781                      |   | 32,261,781  | 1,340,600                          | 33,602,381  | 19.8%                                 | 19.7%         |
| <b>TOTAL expenditure (excl. result BMS)</b>                            | <b>163,059,399</b>              | <b>690,756</b>                                  | <b>163,750,155</b>                                    | <b>6,682,399</b>                   | <b>170,432,554</b>                                    | <b>100.0%</b>                         | <b>100.0%</b> |
| Efficient VIC Facility Management                                      |                                 |   |   |                                    |   |                                       |               |
| Common Buildings Management  | 71,459,036                      | (4,567,700)                                     | 66,891,336  | 2,714,500                          | 69,605,836  | 96.2%                                 | 95.7%         |
| Joint Buildings Management   | 2,857,228                       | 26,300  | 2,883,528   | 213,200                            | 3,096,728   | 3.8%                                  | 4.3%          |
| <b>TOTAL expenditure (result BMS)</b>                                  | <b>74,316,264</b>               | <b>(4,541,400)</b>                              | <b>69,774,864</b>                                     | <b>2,927,700</b>                   | <b>72,702,564</b>                                     | <b>100.0%</b>                         | <b>100.0%</b> |
| <b>Income</b>  |                                 |   |   |                                    |   |                                       |               |
| 1. Inclusive, innovative and sustainable industries for development    | (905,780)                       | (734,256)                                       | (1,640,036)   |                                    | (1,640,036)   | 17.3%                                 | 27.6%         |
| 2. Organizational effectiveness, operational efficiency and innovation |                                 |   |   |                                    |   | 0.0%                                  | 0.0%          |
| Miscellaneous income   | (4,338,090)                     | 43,500  | (4,294,590)   |                                    | (4,294,590)   | 82.7%                                 | 72.4%         |
| <b>TOTAL income (excl. result BMS)</b>                                 | <b>(5,243,870)</b>              | <b>(690,756)</b>                                | <b>(5,934,626)</b>                                    |                                    | <b>(5,934,626)</b>                                    | <b>100.0%</b>                         | <b>100.0%</b> |
| Efficient VIC Facility Management                                      |                                 |   |   |                                    |   |                                       |               |
| Common Buildings Management  | (71,459,036)                    | 4,567,700                                       | (66,891,336)  | (2,714,500)                        | (69,605,836)  | 96.2%                                 | 95.7%         |
| Joint Buildings Management   | (2,857,228)                     | (26,300)  | (2,883,528)   | (213,200)                          | (3,096,728)   | 3.8%                                  | 4.3%          |
| <b>TOTAL income (result BMS)</b>                                       | <b>(74,316,264)</b>             | <b>4,541,400</b>                                | <b>(69,774,864)</b>                                   | <b>(2,927,700)</b>                 | <b>(72,702,564)</b>                                   | <b>100.0%</b>                         | <b>100.0%</b> |
| <b>NET GRAND TOTAL</b>   | <b>157,815,529</b>              | <b>(0)</b>                                      | <b>157,815,529</b>                                    | <b>6,682,399</b>                   | <b>164,497,928</b>                                    |                                       |               |

Table 3  
**Operational budget expenditure and income by result**  
(In euros)

| Result   | 2024-2025<br>approved<br>budget | 2026-2027<br>resource<br>growth at<br>2024-2025 | 2026-2027<br>resource<br>requirements<br>at 2024-2025 | Recosting to<br>2026-2027<br>rates | 2026-2027<br>resource<br>requirements<br>at 2026-2027 | Per cent of total budget<br>2024-2025 |               |
|--|---------------------------------|---|---|------------------------------------|---|---------------------------------------|---------------|
|  | 1                               | 2   | 3   | 4                                  | 5   | 2024-2025                             | 2026-2027     |
| <b>Expenditure</b>   |                                 |   |   |                                    |   |                                       |               |
| 1. Inclusive, innovative and sustainable industries for development    | 38,117,500                      | 3,869,353                                       | 41,986,853  | 1,706,600                          | 43,693,453  | 80.7%                                 | 68.8%         |
| 2. Organizational effectiveness, operational efficiency and innovation | 9,130,300                       | 9,881,200                                       | 19,011,500  | 813,900                            | 19,825,400  | 19.3%                                 | 31.2%         |
| Indirect costs   |                                 |   |   |                                    |   | 0.0%                                  | 0.0%          |
| <b>TOTAL expenditure (excl. result BMS)</b>                            | <b>47,247,800</b>               | <b>13,750,553</b>                               | <b>60,998,353</b>                                     | <b>2,520,500</b>                   | <b>63,518,853</b>                                     | <b>100.0%</b>                         | <b>100.0%</b> |
| <b>Income</b>  |                                 |   |   |                                    |   |                                       |               |
| 1. Inclusive, innovative and sustainable industries for development    |                                 |   |   |                                    |   | 0.0%                                  | 0.0%          |
| 2. Organizational effectiveness, operational efficiency and innovation |                                 |   |   |                                    |   | 0.0%                                  | 0.0%          |
| Miscellaneous income   | (4,581,587)                     | (733,900)                                       | (5,315,487)   |                                    | (5,315,487)   | 100.0%                                | 100.0%        |
| <b>TOTAL income (excl. result BMS)</b>                                 | <b>(4,581,587)</b>              | <b>(733,900)</b>                                | <b>(5,315,487)</b>                                    |                                    | <b>(5,315,487)</b>                                    | <b>100.0%</b>                         | <b>100.0%</b> |
| <b>NET GRAND TOTAL</b>   | <b>42,666,213</b>               | <b>13,016,653</b>                               | <b>55,682,866</b>                                     | <b>2,520,500</b>                   | <b>58,203,366</b>                                     |                                       |               |

Annex B.

Budget, expenditure and income by result and major object of expenditure

Table 1  
Regular and operational budget expenditure and income by result and major object of expenditure at 2024–2025 rates  
(In euros)

| Result   | Staff costs |             | Official travel |           | Operating costs |            | Information and communication technology |           | RPTC and Special Resources for Africa |            | Total expenditure |             | Income       |              | Net requirements |             |
|--|-------------|-------------|-----------------|-----------|-----------------|------------|--|-----------|---------------------------------------|------------|-------------------|-------------|--------------|--------------|------------------|-------------|
|  | 2024-2025   | 2026-2027   | 2024-2025       | 2026-2027 | 2024-2025       | 2026-2027  | 2024-2025                                | 2026-2027 | 2024-2025                             | 2026-2027  | 2024-2025         | 2026-2027   | 2024-2025    | 2026-2027    | 2024-2025        | 2026-2027   |
| 1. Inclusive, innovative and sustainable industries for development    | 93,358,850  | 99,797,886  | 4,029,010       | 4,499,342 | 10,726,334      | 12,026,174 | 892,900                                  | 924,900   | 10,506,600                            | 10,506,601 | 119,513,694       | 127,754,903 | (905,780)    | (1,640,036)  | 118,607,914      | 126,114,867 |
| 2. Organizational effectiveness, operational efficiency and innovation | 50,348,645  | 54,758,015  | 573,729         | 723,149   | 1,193,100       | 1,483,850  | 6,416,250                                | 7,766,810 |                                       |            | 58,531,724        | 64,731,824  |              |              | 58,531,724       | 64,731,824  |
| Indirect costs   | 8,479,221   | 8,655,900   |                 |           | 23,214,760      | 23,148,081 | 567,800                                  | 457,800   |                                       |            | 32,261,781        | 32,261,781  |              |              | 32,261,781       | 32,261,781  |
| Miscellaneous income   |             |             |                 |           |                 |            |  |           |                                       |            |                   |             | (8,919,677)  | (9,610,077)  | (8,919,677)      | (9,610,077) |
| TOTAL (excl. result BMS)   | 152,186,716 | 163,211,801 | 4,602,739       | 5,222,491 | 35,134,194      | 36,658,105 | 7,876,950                                | 9,149,510 | 10,506,600                            | 10,506,601 | 210,307,199       | 224,748,508 | (9,825,457)  | (11,250,113) | 200,481,742      | 213,498,395 |
| Efficient VIC facility management                                      |             |             |                 |           |                 |            |  |           |                                       |            |                   |             |              |              |                  |             |
| Common buildings management  | 18,616,988  | 18,881,388  | 14,800          | 14,800    | 52,630,648      | 47,838,948 | 196,600                                  | 156,200   |                                       |            | 71,459,036        | 66,891,336  | (71,459,036) | (66,891,336) |                  |             |
| Joint buildings management   | 942,800     | 969,100     |                 |           | 1,914,428       | 1,914,428  |  |           |                                       |            | 2,857,228         | 2,883,528   | (2,857,228)  | (2,883,528)  |                  |             |
| TOTAL (result BMS)   | 19,559,788  | 19,850,488  | 14,800          | 14,800    | 54,545,076      | 49,753,376 | 196,600                                  | 156,200   |                                       |            | 74,316,264        | 69,774,864  | (74,316,264) | (69,774,864) |                  |             |

Table 2  
Regular budget expenditure and income by result and major object of expenditure at 2024–2025 rates  
(In euros)

| Result   | Staff costs |             | Official travel |           | Operating costs |            | Information and communication technology |           | RPTC and Special Resources for Africa |            | Total expenditure |             | Income       |              | Net requirements |             |
|--|-------------|-------------|-----------------|-----------|-----------------|------------|--|-----------|---------------------------------------|------------|-------------------|-------------|--------------|--------------|------------------|-------------|
|  | 2024-2025   | 2026-2027   | 2024-2025       | 2026-2027 | 2024-2025       | 2026-2027  | 2024-2025                                | 2026-2027 | 2024-2025                             | 2026-2027  | 2024-2025         | 2026-2027   | 2024-2025    | 2026-2027    | 2024-2025        | 2026-2027   |
| 1. Inclusive, innovative and sustainable industries for development    | 58,462,650  | 62,791,260  | 1,066,010       | 1,093,315 | 10,468,034      | 10,465,974 | 892,900                                  | 910,900   | 10,506,600                            | 10,506,601 | 81,396,194        | 85,768,050  | (905,780)    | (1,640,036)  | 80,490,414       | 84,128,014  |
| 2. Organizational effectiveness, operational efficiency and innovation | 41,218,345  | 37,385,915  | 573,729         | 633,749   | 1,193,100       | 1,483,850  | 6,416,250                                | 6,216,810 |                                       |            | 49,401,424        | 45,720,324  |              |              | 49,401,424       | 45,720,324  |
| Indirect costs   | 8,479,221   | 8,655,900   |                 |           | 23,214,760      | 23,148,081 | 567,800                                  | 457,800   |                                       |            | 32,261,781        | 32,261,781  |              |              | 32,261,781       | 32,261,781  |
| Miscellaneous income   |             |             |                 |           |                 |            |  |           |                                       |            |                   |             | (4,338,090)  | (4,294,590)  | (4,338,090)      | (4,294,590) |
| TOTAL (excl. result BMS)   | 108,160,216 | 108,833,075 | 1,639,739       | 1,727,064 | 34,875,894      | 35,097,905 | 7,876,950                                | 7,585,510 | 10,506,600                            | 10,506,601 | 163,059,399       | 163,750,155 | (5,243,870)  | (5,934,626)  | 157,815,529      | 157,815,529 |
| Efficient VIC facility management                                      |             |             |                 |           |                 |            |  |           |                                       |            |                   |             |              |              |                  |             |
| Common buildings management  | 18,616,988  | 18,881,388  | 14,800          | 14,800    | 52,630,648      | 47,838,948 | 196,600                                  | 156,200   |                                       |            | 71,459,036        | 66,891,336  | (71,459,036) | (66,891,336) |                  |             |
| Joint buildings management   | 942,800     | 969,100     |                 |           | 1,914,428       | 1,914,428  |  |           |                                       |            | 2,857,228         | 2,883,528   | (2,857,228)  | (2,883,528)  |                  |             |
| TOTAL (result BMS)   | 19,559,788  | 19,850,488  | 14,800          | 14,800    | 54,545,076      | 49,753,376 | 196,600                                  | 156,200   |                                       |            | 74,316,264        | 69,774,864  | (74,316,264) | (69,774,864) |                  |             |

Table 3  
**Operational budget expenditure and income by result and major object of expenditure at 2024–2025 rates**  
(In euros)

| Result   | Staff costs |            | Official travel |           | Operating costs |           | Information and communication technology |           | RPTC and Special Resources for Africa |           | Total expenditure |            | Income      |             | Net requirements |             |
|--|-------------|------------|-----------------|-----------|-----------------|-----------|--|-----------|---------------------------------------|-----------|-------------------|------------|-------------|-------------|------------------|-------------|
|  | 2024-2025   | 2026-2027  | 2024-2025       | 2026-2027 | 2024-2025       | 2026-2027 | 2024-2025                                | 2026-2027 | 2024-2025                             | 2026-2027 | 2024-2025         | 2026-2027  | 2024-2025   | 2026-2027   | 2024-2025        | 2026-2027   |
| 1. Inclusive, innovative and sustainable industries for development    | 34,896,200  | 37,006,626 | 2,963,000       | 3,406,027 | 258,300         | 1,560,200 |  | 14,000    |                                       |           | 38,117,500        | 41,986,853 |             |             | 38,117,500       | 41,986,853  |
| 2. Organizational effectiveness, operational efficiency and innovation | 9,130,300   | 17,372,100 |                 | 89,400    |                 |           |  | 1,550,000 |                                       |           | 9,130,300         | 19,011,500 |             |             | 9,130,300        | 19,011,500  |
| Miscellaneous income   |             |            |                 |           |                 |           |  |           |                                       |           |                   |            | (4,581,587) | (5,315,487) | (4,581,587)      | (5,315,487) |
| TOTAL (excl. result BMS)   | 44,026,500  | 54,378,726 | 2,963,000       | 3,495,427 | 258,300         | 1,560,200 |  | 1,564,000 |                                       |           | 47,247,800        | 60,998,353 | (4,581,587) | (5,315,487) | 42,666,213       | 55,682,866  |

Annex C.

Staffing

Staffing by result

| Result  | Professional and above |                    |       | General Service |                    |       |
|---|------------------------|--------------------|-------|-----------------|--------------------|-------|
|   | Regular budget         | Operational budget | Total | Regular budget  | Operational budget | Total |
| 1 Inclusive, innovative and sustainable industries for development    | 121.0                  | 95.0               | 216.0 | 137.0           | 28.0               | 165.0 |
| 2 Organizational effectiveness, operational efficiency and innovation | 66.0                   | 22.0               | 88.0  | 61.0            | 44.0               | 105.0 |
| TOTAL (excl. result BMS)  | 187.0                  | 117.0              | 304.0 | 198.0           | 72.0               | 270.0 |
| Efficient VIC Facility Management                                     | 9.0                    | -                  | 9.0   | 100.0           | -                  | 100.0 |
| TOTAL (result BMS)  | 9.0                    | -                  | 9.0   | 100.0           | -                  | 100.0 |

## Annex D.

### Budget glossary and definitions

**Regular budget** – The regular budget is funded primarily from assessed contributions, with a limited amount provided from other sources, such as income on deposits, sales of publications and governmental contributions to the regional and country offices of UNIDO. It provides for expenditures for administration, research and other regular expenses of the Organization, and for other activities, as provided for in Annex II of the Constitution.

**Regular Programme for Technical Cooperation (RPTC)** – RPTC is defined by the UNIDO Constitution at the level of 6 per cent of the net regular budget and aims to improve the Organization's programme of work in the field of industrial development. The activities funded by RPTC shall strengthen the Organization's contribution to the United Nations development system, taking into account the importance of utilizing the United Nations Development Programme's country programming process, which is subject to the consent of the countries concerned, as a frame of reference for these activities.

**Special Resources for Africa (SRA)** – SRA contributes to national, subregional and regional programmes and projects, as well as relevant initiatives in support of Africa's inclusive and sustainable industrialization and economic transformation.

**Scale of assessment** – The scale of assessment is established by the General Conference to apportion expenses under the regular budget and is based, to the extent possible, on the scale most recently employed by the United Nations.

**Assessed contribution** – The assessed contribution is the contribution (as a percentage of the total approved budget) to be paid by a Member State in line with the scale of assessment as approved by the latest session of the General Conference for the related biennium.

**Unutilized balances of appropriations** – Unutilized balances of appropriations are defined as the difference between regular budget appropriations and actual expenditures. These balances arise from the non-payment or delayed payment, within a biennium, of assessed contributions by Member States, resulting in the under-implementation of the approved programme. Unutilized balances are also called unencumbered balances.

**Operational budget** – The operational budget is financed mainly from support cost reimbursement income, earned through the implementation of technical cooperation activities financed from voluntary contributions. The support cost income is a reimbursement by donors to compensate UNIDO for the support services rendered.

**Programme support cost** – Programme support cost is the cost of a corporate and administrative nature that cannot be directly linked or traced to specific technical cooperation activities, projects or programmes.

**Voluntary contributions** – Voluntary contributions are made to the Organization by governments, intergovernmental organizations or non-governmental organizations, or other non-governmental sources, provided that the conditions attached to such voluntary contributions are consistent with the objectives and policies of the Organization.

**Special Account of Voluntary Contributions for Core Activities of UNIDO (SAVCCA), now called the Innovation and Transformation Fund (ITF)** – SAVCCA was established in 2015 (decision IDB.43/Dec.6 refers) to facilitate the receipt, management and use of voluntary contributions for core activities that cannot be fully funded from the regular budget due to funding constraints. The special account has been renamed to the Innovation and Transformation Fund in 2023 to highlight UNIDO's results-oriented approach.

**Working Capital Fund (WCF)** – The Working Capital Fund was established by the Member States to finance budgetary appropriations pending receipt of assessed contributions, as well as to provide a mechanism to offset effects of adverse fluctuations in exchange rates.

**Major Capital Investment Fund (MCIF)** – The Major Capital Investment Fund is a reserve fund that provides a funding mechanism to secure funding for major capital investments or replacements in such a way that major expenditures of a one-off or infrequent nature will not cause significant distortions to levels of the regular budget.

**Result** – A result is a specific and measurable change (output, outcome and impact; intended or unintended; positive or negative) that is derived from a causal relationship, achieved or facilitated by UNIDO in line with the Organization's mandate and its medium-term programme framework.

**Indicator** – An indicator is a quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievements, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.

**Outcome** – The outcome represents the likely or achieved short-term and medium-term effects of an intervention's outputs.

**Output** – The output is the products, capital goods and services which result from a development intervention within UNIDO's sphere of control. This may also include changes resulting from an intervention, which are relevant to the achievement of outcomes.



**Target** – The target is the definite goal to be achieved. It specifies a particular value that an indicator should reach by a specific date in the future.

**Major objects of expenditure** – Major objects of expenditure are costs grouped by nature of expenditure which are differentiated into five areas including (1) staff related costs; (2) travel; (3) operating expenditure (field office rent, assets, utilities, etc.); (4) information technology and communications; and (5) Regular Programme for Technical Cooperation and Special Resources for Africa.

**Functional area** – Functional areas are the organizational and enabling functions under strategic result 2 that support UNIDO's operations, governance and corporate services. These areas ensure that programmatic work is effectively implemented.

**Programme** – Programmes refer to the outcomes under strategic result 1 and the functional areas under strategic result 2.

**Programmatic outcome** – Programmatic outcomes are defined under strategic result 1, representing the core programmatic work of UNIDO. They encapsulate the technical cooperation, policy advisory and normative activities aimed at delivering impact in key industrial development areas.

**Recosting** – Recosting represents the budget estimation reflecting inflation and actual market situations

**Budgetary flexibility** – Budget implementation flexibility allows for movement of funds between cost categories.

## Annex E.

### Output table

**UNIDO's outputs contributing to results related to outcome 1.A include the following, non-exhaustive list of items:**

| <b>1.A – Industrial policy and innovation</b>   |
|---|
| Global industrial statistics and statistical publications, such as the International Yearbook of Industrial Statistics;   |
| Global reports, such as the Industrial Development Report, policy briefs and analytical publications related to inclusive and sustainable industrialization topics, including climate-neutral industry and pollution reduction, clean energy, gender equality and women's empowerment, investment, competitiveness, quality infrastructure, innovation, technology and sectoral publications;   |
| Policy support tools, such as the UNIDO Industrial Analytics Platform, the World Small Hydropower Development Report and the Enhancing the Quality of Industrial Policies (EQuIP) toolkit;  |
| International frameworks, guidelines, standards and norms-related policy support, analytical tools and methodologies for inclusive and sustainable industrial development;  |
| Capacity-building support to agenda-setters, policymakers and statistical offices at global, regional and country levels on policies, strategies and statistics related to inclusive and sustainable industrial development;  |
| Evidence-based country diagnostics for UNIDO programmes;  |
| Technical and Vocational Education and Training (TVET) system development and ensuring it is embedded into national TVET frameworks;  |
| Support governments in building conducive national regulatory frameworks for sustainability;  |
| Analytical tools and software, such as UNIDO's Computer Model for Feasibility Analysis and Reporting;   |
| Capacity-building to improve the quality of services delivered by local authorities, institutions and actors in the industrial ecosystem, including the development of curricula, toolkits, guidelines and the provision of equipment;  |
| Development of local services (e.g. standards, certification, skills development, business matchmaking and clustering) for sustainability compliance;   |
| Capacity-building of intermediate institutions and actors engaged in building a conducive ecosystem for technology innovation and commercialization, including clean technologies;  |
| Capacity-building for national and regional quality infrastructure systems, including for standardization and accreditation of conformity assessment bodies;  |
| Analytical support on socioeconomic assessments, including regarding gender inequalities and the design of industrial/economic and social recovery strategies and plans to support firms, especially local businesses;  |
| Capacity-building practices on business management; technical, professional and trade areas; product development and innovation; compliance with standards and technical regulations (quality, environmental, health and safety); organizational practices and policies that promote gender equality; and digitalization of production processes through training programmes, guidelines and toolkits for entrepreneurs, firms and workers; |
| Support the adoption of best-available technologies and practices, including standards, as well as upgrading technology and equipment;  |
| Training for policymakers, institutions and businesses on digital transformation technologies, including AI, blockchain, Internet of things and advanced data analytics;  |

|  |
|--|
| Assistance to MSMEs in adopting digital tools and practices to improve productivity, enhance competitiveness and foster innovation;  |
| Guidance for Member States in formulating digital transformation strategies, updating regulatory frameworks for emerging technologies and integrating AI solutions into industrial policies;   |
| Training and mentoring programmes for startups and entrepreneurs to leverage digital tools and AI for industrial innovation and business growth;   |
| Campaigns and forums to promote the understanding of AI and digital technologies among stakeholders, including policymakers, industry leaders and the public;                                  |
| Targeted efforts to integrate women, youth and marginalized groups into the digital economy through specialized training and skill-building programmes;  |
| Support Member States in deploying innovative financial instruments and frameworks to mobilize resources for sustainable industrial development;   |
| Provide training and advisory services to policymakers, financial institutions and enterprises to enhance the understanding and adoption of innovative financing solutions and mechanisms; and |
| Foster collaborations between governments, international financial institutions, private sector actors and development partners to attract investments in priority industrial sectors.         |

**UNIDO's outputs contributing to outcome 2.A include the following, non-exhaustive list of items:**

| <b>2.A – Programme and technical cooperation</b>  |
|---|
| Strengthening national and regional systems for standardization, metrology and accreditation of conformity assessment bodies to ensure compliance with international standards and enhance market access; |
| Promotion of awareness and practices around quality standards among enterprises, consumers and public institutions, including quality award schemes and industry benchmarking;                            |
| Assistance to enterprises in aligning with global trade requirements through capacity-building in quality, social and environmental standards, as well as technical regulations;                          |
| Enhancing the capacity of MSMEs to adapt to disruptions in global supply chains through diversification, improved risk management and sustainable practices;  |
| Support for MSMEs clusters, industrial parks and export consortiums to optimize collective efficiencies, reduce costs and enhance access to global markets;   |
| Establishment of platforms such as subcontracting and partnership exchange centres to connect domestic suppliers with international buyers and foster joint ventures and strategic alliances;             |
| Promotion of gender-sensitive and youth-inclusive approaches in supply chain activities, supporting equitable opportunities for participation in value chains;  |
| Guidance and tools for firms, especially for MSMEs, to meet emerging corporate sustainability and due diligence requirements in national, regional and global supply chains;                              |
| Assistance to firms in upgrading production processes, improving product quality and adopting best practices to compete effectively in international markets;   |
| Initiatives to educate consumers about the benefits of sustainably sourced and ethically produced goods, fostering demand for sustainable trade practices;  |
| Development and delivery of tailored training on export readiness, supply chain management and trade logistics to improve MSMEs competitiveness and integration into global value chains;                 |

|  |
|--|
| Assistance to Member States in leveraging regional trade agreements, such as the African Continental Free Trade Area, through capacity-building and technical support;   |
| Assistance in drafting and implementing evidence-based policies and strategies for food systems transformation, rural industrialization and agro-value chain development, with a focus on inclusivity and sustainability;                            |
| Development of curricula, toolkits and training programmes for farmers, smallholder producers and agribusiness enterprises to enhance skills in areas like productivity, food safety, quality compliance and packaging;                              |
| Support the adoption of digital tools and technologies like smart mechanization, precision agriculture and traceability systems to improve efficiency and transparency along agro-value chains;  |
| Establishment or upgrading of rural transformation centres, food safety hubs and packaging facilities to provide essential services for agro-value chains and rural industrial development;  |
| Targeted interventions to integrate women, youth, internally displaced persons and refugees into agro-industrial value chains, fostering their inclusion in economic activities and rural job creation;  |
| Implementation of circular economy principles in food and non-food value chains, such as reducing waste, promoting recycling and recovering secondary materials;   |
| Capacity-building for compliance with international food safety and quality standards, enabling producers to participate in global value chains and unlock trade opportunities;  |
| Support for rebuilding and rehabilitating agribusiness facilities and services in post-crisis settings, including vocational and entrepreneurship training for affected populations;   |
| Awareness-raising initiatives to promote the consumption of sustainable and safe agro-products and foster public-private dialogue on sustainable agribusiness practices;   |
| Publications on climate-neutral industry, pollution reduction, clean energy and circular economy approaches;   |
| Instruments to facilitate resource-efficient and low-carbon industrial development;  |
| Development of and support for harmonized frameworks, guidelines, standards and norms in areas like renewable energy, green hydrogen and energy efficiency;  |
| Leadership in platforms such as the International Vienna Energy and Climate Forum, the Global Alliance on Circular Economy and Resource Efficiency, the Industrial Energy Efficiency Accelerator platform and regional sustainable energy centres;   |
| Programmes for intermediate institutions and actors engaged in technology innovation and commercialization, including clean technologies and circular economy practices;   |
| Technical assistance and partnerships for the creation and management of eco-industrial parks, green hydrogen industrial clusters and sustainable energy systems;  |
| Resource Efficient and Cleaner Production (RECP) and energy efficiency assessments: RECP assessments for industries to reduce resource use and waste, combined with energy efficiency assessments to identify opportunities for reduced consumption; |
| Support the adoption of cutting-edge technologies and practices that align with climate action goals, including the upgrading of industrial equipment to meet sustainability standards;  |
| Organization of events, platforms and publications to share best practices on clean energy, circular economy and climate-resilient industrial systems;   |
| Initiatives to engage consumers in dialogues on sustainable products and raise awareness about safe, environmentally friendly goods; and   |

Forums and advisory services aimed at mobilizing investments in climate-resilient and energy-efficient technologies, as well as promoting green technology exhibitions.

**UNIDO's outputs contributing to outcome 3.A include the following, non-exhaustive list of items:**

| <b>3.A – Field operations, partnership, fundraising and United Nations coordination</b>  |
|--|
| Strategic engagements, including high-level dialogues for an increased number of initiatives related to inclusive and sustainable industrial development, or prioritization towards inclusive and sustainable industrialization in countries' national agendas;  |
| Championing the inclusive and sustainable industrial development agenda through UNIDO's programming tools, such as PCPs and CPs, developed in alignment with countries' national development plans and strategies, derived from UNSDCF's;  |
| Develop partnerships with key development actors and sister agencies of the United Nations system;   |
| Knowledge exchange platforms, peer learning and analytic publications drawing on UNIDO's field experience;   |
| Regional country grouping strategies and country-level programmes tailoring interventions to the country's industrial development contexts and UNSDCF's; and identification of industrial sector's needs and priorities, including opportunities for partnerships with other entities of the United Nations development system, and the public and private sectors at the country and regional levels; and |
| Support to public-private policy dialogue processes, including on investing through a women's economic empowerment and gender lens.  |

**Other programmatic support areas**

| <b>Special Resources for Africa</b>  |
|--|
| Implement selected actions of the UNIDO Strategy for Africa and its implementation plan, as well as the UNIDO Operational Strategy for LDCs 2022–2031;   |
| Support designated deliverables of the African Union Summit Action Plan, including the African Industrial Observatory, the African industrialization report and the African industrialization index, as well as a strategic framework and programmes for the development and strengthening of regional value chains; |
| Increase and sustain resources for IDDA implementation and prioritized actions of the joint IDDA roadmap;  |
| Conducive environment for large-scale projects and programmes, as well as strengthened partnerships with various domestic and international stakeholders and partners;   |
| Institutional capacity-building strengthened for effective development and implementation of regional and continental intergovernmental institutions' flagship projects and programmes related to inclusive and sustainable industrial development.  |

| <b>Regular Programme of Technical Cooperation</b>   |
|---|
| Preparatory activities implemented, including needs assessments, to enable UNIDO to develop programmes or projects based on its thematic priorities and the needs of recipient countries; |
| Upstream and analytical activities implemented, including joint projects with research institutions, to support the development of UNIDO priority programmes and innovative initiatives;  |
| Global forum activities implemented, in the form of seminars, workshops and symposiums, directly linked to the development of priority programmes;  |

|   |
|---|
| Contributions provided for activities in furtherance of United Nations coherence, including for PCPs and CPs; and |
| Flexible responses delivered to urgent requests for immediate policy and technical advisory services.             |

### Facility Management Services

#### Infrastructure upgrades and maintenance activities:

- Maintenance contracts of the VIC installations are in place, covering heating, ventilation, cooling and electrical installations, as well as elevators, telecommunication and teleconferencing to ensure adequate functioning of equipment and safe and reliable operation;
- Extending the lifetime of installations and plants through proactive and preventive maintenance;
- Initiating, developing and implementing replacement programmes and projects to update and modernize the infrastructure as well as the working conditions in the VIC;
- Modernizing the infrastructure of the VIC, such as the gradual enhancement of the air-conditioning capacity, and the replacement and modernization of the cabling structure of the buildings;
- Addressing the risks related to the VIC premises and its technical installations, as highlighted in the findings of the buildings risk assessment; and
- Support the implementation of projects relating to the risk assessment (focus on fire safety for the period 2025–2029) and the fire and safety concept in the VIC.

#### Contribution to clean energy and climate mitigation:

- Reduce consumption and related utility costs by introducing state-of-the-art technology, such as the replacement of fluorescent lights with LED lights throughout the VIC, and of the old air-conditioning system with a system ensuring heat recovery;
- Improvement of accessibility to and within the VIC;
- Improve the quality of the working environment of staff and visitors of the VIC, both inside and outside;
- Cost savings and environmentally beneficial measures resulting from the projects of the greening the VIC initiatives; and
- Maintain the energy neutrality of the VIC, which has been continuously achieved since 2015.

#### Facility services resources management:

- Review recurring maintenance contracts for similar installations to reduce their number, and continue exploring activities that can further be subcontracted; and
- Ensure that BMS is staffed with multi-skilled technicians; redeploy duties and responsibilities to achieve higher efficiency and outputs; and facilitate learning activities to ensure up-to-date workforce qualifications.