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P O L I C Y

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

SECTORAL SUPPORT

Report of the Administrator

Summary

This report, prepared in accordance with decision 85/41 of the Governing Council, deals mainly with the Senior Industrial Development Field Adviser (SIDFA) as arrangements for sectoral support to the smaller agencies had already been considered during the thirty-second session of the Governing Council. The SIDFA programme has been reviewed jointly with UNIDO, and the report confirms that this programme is an effective mechanism for assisting Governments, UNDP and UNIDO.

The report concludes that UNDP should continue its sectoral support to the SIDFA programme throughout the fourth cycle and recommends an allocation of \$16 million for the SIDFA programme and \$9 million for sectoral support to smaller agencies. It is also proposed that the allocation for the SIDFA programme should be disbursed in equal biennial instalments.

INTRODUCTION

1. This document has been prepared in accordance with decision 85/41 of the Governing Council at its thirty-second session requesting the Administrator to undertake a review of the Senior Industrial Development Field Adviser (SIDFA) programme. The report deals mainly with the SIDFA programme as arrangements for sectoral support to the smaller agencies had already been considered during the thirty-second session of the Council in June 1985.^{1/} It is to some extent based on the results of an analysis of experience undertaken jointly by the United Nations Industrial Development Organization (UNIDO) and UNDP of the SIDFA programme. The change of UNIDO's status to a specialized agency of the United Nations system has been an additional reason for undertaking the above-mentioned review.

2. The original tentative allocation for the sectoral support programme during the third programming cycle (1982-1986) was approved by the Governing Council at the level of \$37.5 million or \$7.5 million per year.^{2/} However, as a result of a shortfall in resources, these allocations were first reduced to \$30 million and later to \$19.125 million, from which the smaller agencies were given \$5,928,000 and the SIDFA programme \$13,197,000^{3/4/} (see annex I).

I. SECTORAL SUPPORT TO THE SMALLER AGENCIES

3. Since detailed review of the sectoral support programme for the smaller agencies was provided to the thirty-second session of the Governing Council, the intention here is mainly to advise the Governing Council of the steps which have been taken since the adoption of its decision 85/41.

4. On the basis of allocations approved by the Governing Council in its decisions 81/39, 83/39 and 85/41, the Administrator allocated sectoral support resources to the agencies, during the current programming cycle, as follows:

Table 1. Allocations of sectoral support funds for each agency (1982-1986)
(excluding SIDFA)

	\$
International Maritime Organization (IMO)	1 056 000
International Labour Organisation (ILO)	44 000
International Trade Centre (ITC)	493 000
International Telecommunication Union (ITU)	966 000
United Nations Educational, Social and Cultural Organization (UNESCO)	122 000
United Nations Conference on Trade and Development (UNCTAD)	1 035 000
Universal Postal Union (UPU)	247 000
World Intellectual Property Organization (WIPO)	542 000
World Meteorological Organization (WMO)	560 000
World Tourism Organization (WTO)	419 000
International Atomic Energy Agency (IAEA)	66 000
United Nations Centre for Human Settlements (HABITAT)	316 000
United Nations Centre on Transnational Corporations (UNCTC)	60 000
Reserve	<u>2 000</u>
TOTAL	<u>5 928 000</u>

The sectoral support allocations for ILO and UNESCO were phased out in 1982 and 1983, respectively (see annex II).

5. As the Council is aware, these funds are utilized by mounting short-term sectoral advisory missions. A few agencies, such as UNCTAD, WIPO and IMO, utilize the funds to finance interregional adviser posts.

6. The review presented at the thirty-second session of the Council emphasized the necessity of introducing improvements in the management of the programme, and the measures proposed by the Administrator were endorsed in decision 85/41. Accordingly, the following measures have been undertaken:^{5/}

(a) The purpose of the programme was restated, clearly indicating that the sectoral activities which it supported should not be limited to technical co-operation programmes to be financed only by UNDP but should encompass all other sources of funds, including national sources. The programme should be used to establish a framework of technical assistance in the sector through identification of technical co-operation requirements, policy advice, formulation of technical co-operation programme and projects, and field level substantive co-ordination of the different programmes and projects in the sector or sectors concerned;

(b) Focal points were identified within UNDP for monitoring the various sectoral support programmes by designating UNDP staff members at headquarters as liaison officers for each agency;

(c) Guidelines were established describing the information which UNDP wished to obtain from the agencies in order to decide on the utilization of support funds;

(d) Detailed procedures for the submission, review and approval of the proposals of the agencies for the utilization of sectoral support resources were formulated.

II. REVIEW OF THE SIDFA PROGRAMME

A. The present status of the SIDFA programme

7. The "Memorandum of Agreement concerning the establishment of a UNIDO field service at the country level to be integrated within UNDP field offices" of 3 October 1967 between UNIDO and UNDP is the basic instrument of the SIDFA programme. This memorandum outlined the role of the Resident Representative vis-à-vis UNIDO and described the functions of the SIDFA and their integration into the UNDP field offices. Co-ordination and the provision of advice on technical co-operation, both to the technical authorities of the recipient Governments and to the Resident Representative, were considered the main functions.

8. The level of 33 posts financed by UNDP at the beginning of the third cycle was affected by the cut-back in the resources available, mentioned in

paragraph 2, reducing it to a level of 18 (or possibly 19) in 1986. However, since 1983 the General Assembly has provided funds from the regular budget of the United Nations to finance 10 SIDFA posts in 1983 and 9 in 1984 and 1985. The First General Conference of UNIDO decided in December 1985 to allocate resources for nine SIDFA posts during the biennium 1986-1987^{6/} (see annex III). The recent geographical distribution of the SIDFA posts is shown in the following table:

Table 2. Number of SIDFAs by geographical regions in 1985

Arab States	1
Europe	0
Africa	11
Asia and the Pacific	8
Latin America and the Caribbean	<u>7</u>
TOTAL	<u>27</u>

B. Results of the review of the SIDFA programme

9. A team of two consultants was appointed by UNDP and UNIDO to undertake a review of the SIDFA programme and to make recommendations on its future. The consultants reviewed basic documentation, held discussions with officials of Governments, UNIDO and UNDP, paid field visits to six selected countries and analysed replies to a questionnaire which was sent to the field offices in order to obtain the views and assessments of resident representatives on the SIDFA programme.

10. The positive assessments of previous evaluation missions were confirmed by the consultants. Specifically, it was found that SIDFAs provided an effective channel of communication at the senior programming level between UNIDO and Governments and that they were a valuable asset within the UNDP field offices, providing technical advice to Governments and resident representatives.

11. On the basis of this work and of the reviews and discussions which were held within UNDP headquarters and between senior officers of UNDP and UNIDO, the Administrator considers the SIDFA programme to be an effective mechanism for assisting Governments, especially because resident SIDFAs:

(a) Provide assistance to Governments of developing countries by identifying requirements for industrial development and formulating relevant technical co-operation programmes;

(b) Provide assistance to the Resident Representative in the identification of industrial projects and in co-ordinating technical co-operation in the industrial sector;

(c) Assist in project design and especially in project implementation;

(d) Provide a host of general services relating to industrial policy in general, especially in the context of UNIDO's role as a specialized agency of the United Nations.

12. The UNIDO Industrial Development Board at its first session in November 1985 and the First General Conference of UNIDO in December 1985 considered the future of the SIDFA programme. It was decided to continue the programme as nine posts were established to be financed out of the biennial budget of UNIDO for 1986 and 1987, the assumption being that at least 19 SIDFAs would continue to be funded by UNDP and that additional posts would be covered by voluntary contributions from donors.^{7/} In addition, it was reiterated that UNIDO would continue to have the SIDFAs operating within the UNDP field offices^{8/} and thus strengthen the central co-ordinating role of UNDP. In the light of the decisions taken by UNIDO and following negotiations with the Director-General, the Administrator proposes the continuation of UNDP support along the following lines.

III. PROPOSALS FOR THE FUTURE SIDFA PROGRAMME

13. Resident SIDFAs would continue to provide services of the type that has been developed and found satisfactory in recent years. They should, as their names indicate, give advice to both the Government and the Resident Representative in industrial programming and in all matters relating to technical co-operation in the field of industry. They should furthermore support the Resident Representative in all activities relating to the preparation, approval and implementation of, and follow-up to, technical co-operation projects in the field of industry, including facilitating the task of co-ordination. They would furthermore provide a number of general services, under the responsibility of UNIDO in its role as a specialized agency of the United Nations.

14. SIDFAs would be placed in particular countries according to the following criteria:

(a) The estimated or programmed share of IPF resources for the industrial sector, the number and type of projects to be implemented and the number of experts and consultants to be fielded in the industrial sector;

(b) The estimated value of technical assistance financed from other sources of funds; United Nations Industrial Development Fund (UNIDF); UNIDO Regular Programme; Special Industrial Services (SIS), multi-bilateral sources, etc.;

(c) The demand for UNIDO field services as expressed by Government, UNDP or UNIDO, with special preference for the requirements of the least developed countries;

(d) The possibility of serving efficiently the needs of several countries from a given location.

15. The Administrator concurs with the opinion of the Director-General that the activities of SIDFAs should be closely linked to UNDP activities at the

field level and that therefore SIDFAs should remain integrated within UNDP field offices. Accordingly, the future working arrangements between UNIDO and UNDP should not only clearly specify the responsibilities of the SIDFA vis-à-vis the Resident Representative, but also spell out the modalities of integrating SIDFAs in the UNDP field offices. The Administrator would propose to the Director-General of UNIDO that the title of SIDFA remain as it is, that the status held by SIDFAs should be that of UNIDO Deputy Representative and that the UNDP Resident Representative be the Representative of UNIDO.

IV. RECOMMENDATIONS FOR SECTORAL SUPPORT

16. The Administrator proposes that UNDP should continue its sectoral support to the SIDFA programme throughout the fourth cycle. In line with past practice, it is proposed that the Governing Council allocate to the SIDFA programme \$16 million, which represents approximately two thirds of the sum of \$25 million set aside for the whole sectoral support programme. This allocation would be made available to UNIDO in equal biennial instalments, with the last instalment for the fifth year of the fourth cycle being granted on an annual basis. The funds so provided would be used to employ the maximum number of SIDFAs. UNDP on the other hand would not be committed to finding funds to maintain pre-determined number of SIDFAs since the cost for each SIDFA will vary over time.

17. The Administrator will undertake a review of the SIDFA programme at the end of the second year of the fourth cycle and will report on the results of this review to the Governing Council. He will conduct a major review in 1990 in order to advise the Governing Council on UNDP's involvement in the SIDFA programme in the fifth cycle.

18. The Administrator further recommends that the volume of funds allocated to the smaller agencies be fixed at \$9 million for the fourth cycle, or an annual allocation of \$1.8 million, which would be allocated on a case-to-case basis, taking into account available resource levels and the extent to which proposed activities by agencies respond to changing requirement of Governments.

Notes

- 1/ DP/1985/63.
- 2/ DP/496, table 2, p. 11.
- 3/ DP/1983/56, para. 6.
- 4/ DP/1984/64, table 2, p. 4.
- 5/ UNDP/PROG/116; UNDP/PROG/FIELD/176; UNDP/PROG/HQTRS/170.
- 6/ UNIDO/GC. 1/10 Rev. 1, paras. 53 and 54.
- 7/ UNIDO General Conference, Second part of the first session, summary record of the 4th mtg. UNIDO/GC. 1/SR.4, p. 2.
- 8/ UNIDO/IDB. 1/14 para 15 and UNIDO/GC. 1/INF6 Dec 39.

Annex I
ALLOCATION BY UNDP OF SECTORAL SUPPORT FUNDS DURING THE THIRD CYCLE

(Thousands of US dollars)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Total</u>
SIDFA programme	3 852 ^{a/}	3 253 ^{a/}	3 030.50 ^{b/}	2 030.50 ^{b/}	2 031 ^{c/}	13 197 ^{d/}
Smaller agencies	2 042 ^{a/}	1 150 ^{a/}	912 ^{b/}	912 ^{b/}	912 ^{b/}	5 928 ^{d/}
Total	5 894^{a/}	4 403^{a/}	2 942.50^{b/}	2 942.50^{b/}	2 943^{c/}	19 125^{d/}

- ^{a/} Decision 81/39.
^{b/} Decision 83/39.
^{c/} Decision 85/41.
^{d/} DP/83/56, para. 6.

Annex II
Sectoral support for smaller agencies during the third cycle

(Thousands of US dollars)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Total</u>
International Maritime Organization	374	202	160	160	160	1056
International Labour Organisation	44	-	-	-	-	44
International Trade Centre	112	112	89	90	90 ^{a/}	493
International Telecommunication Union	343	185	146	146	146 ^{a/}	966
United Nations Educational, Social and Cultural Organization	100	22	-	-	-	122
United Nations Conference on Trade and Development	366	198	157	157	157	1035
Universal Postal Union	89	47	37	37	37	247
World Intellectual Property Organization	124	124	98	98	98	542
World Meteorological Organization	210	144	90	73	73	560
World Tourism Organization	150	80	63	63	63	419
International Atomic Energy Agency	15	6	5	20	20 ^{a/}	66
United Nations Centre for Human Settlements	115	60	47	47	47	316
United Nations Centre on Trans- national Corporations	-	-	20	20	20 ^{a/}	60
Reserve	0	0	0	1	1 ^{a/}	1
Total	2 042	1 150	912	912	912	5 928

^{a/} To be determined later on the basis of submissions and savings.

Annex III
Number of SIDFA posts financed from all sources of funds

	<u>UNDP sectoral support</u>	<u>Regular budget of the United Nations</u>	<u>Regular budget of UNIDO</u>	<u>Funds-in-trust</u>	<u>Total approved posts</u>
1982	33 ^{a/}	-	-	3	36
1983	26 ^{a/}	10 ^{d/}	-	2	38
1984	19 ^{b/}	9 ^{e/}	-	2	30
1985	18 ^{b/}	9 ^{f/}	-	-	27
1986	18 or 19 ^{c/}	-	9 ^{g/}	-	27 or 28

^{a/} Governing Council decision 81/39.

^{b/} Governing Council decision 83/39.

^{c/} Governing Council decision 85/41.

^{d/} Governing Council decision 37/212.

^{e/} Governing Council decision 38/236.

^{f/} Governing Council decision 39/232.

^{g/} UNIDO/IDB. 1/14 and UNIDO/GC.1/10/Rev.1 paras. 53 and 54.

