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**FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS**

**SECTORAL SUPPORT**

Report of the Administrator

Summary

This report responds to Governing Council decision 79/38 which, inter alia, requested the Administrator "to enter into arrangements with the Executive Director of UNIDO to undertake, on a joint basis, the country-by-country study of the needs for the services of a Senior Industrial Development Field Adviser, as proposed in the consultant's appraisal of the SIDFA programme, and to report back to the twenty-seventh session of the Governing Council, in order that a decision may then be taken on a possible increase in the number of UNDP-funded posts in the light of the relevant proposals made in that study".

The report reiterates some of the general considerations which have a bearing on the need for Senior Industrial Development Field Advisers (SIDFAs) and then reviews the work that has been undertaken jointly by UNIDO and UNDP to examine these needs on a country-by-country basis. On the basis of this review, the report concludes that the SIDFA service could be improved in a number of dimensions, including the appointment of additional SIDFAs. The Council is invited to consider the findings of the joint UNDP/UNIDO study and to decide on the provision of additional financing for the SIDFA programme.

## I. INTRODUCTION

1. Economic and Social Council resolution 1978/65 called upon UNIDO, in co-operation inter alia with UNDP, "to commission an independent and comprehensive appraisal, with a view to presenting various options, including the possibility of an increase in the number of Senior Industrial Development Field Advisers, for the effective provision of advice in the industrial sector to developing countries at their request and to make recommendations thereon to the Industrial Development Board at its thirteenth session".<sup>1/</sup>

2. This appraisal was undertaken by a consultant and his report (hereafter referred to as the Consultant's Report) was considered by the Industrial Development Board at its thirteenth session in April/May 1979.<sup>2/</sup> In presenting the report to the Board, the Executive Director fully endorsed the conclusions and recommendations<sup>3/</sup> which

(a) Recognized the usefulness and importance of the SIDFA programme;

(b) Attributed priority to the quality rather than to the number of officials who would serve in the programme;

(c) Emphasized the desirability of limiting the coverage of each SIDFA to a single country;

(d) Suggested alternative measures to provide appropriate field services to countries not covered by SIDFAs;

(e) Proposed that the agreement between UNIDO and UNDP be reconsidered;

(f) As an intermediate target, pending the conversion of UNIDO into a specialized agency, called on UNDP to finance up to 50 SIDFAs by the end of 1980; and

(g) Suggested that, as soon as UNIDO had been converted into a specialized agency, the programme should be financed from the assessed budget of the Agency.

3. The Board endorsed the views expressed in the Consultant's Report that the SIDFA programme required to be strengthened. It further "requested the Executive Director to inform the Administrator of UNDP of its views, in particular with regard to the recommendation contained in the Consultant's Report that the costs of up to a maximum of 50 SIDFAs by the end of 1980 be underwritten by UNDP, and invited him to bring these views to the attention of the Governing Council of UNDP at its next session, when it considered sectoral support and budgetary arrangements for 1980-1981".<sup>4/</sup>

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<sup>1/</sup> See Official Records of the General Assembly, Thirty-third session, Supplement No. 3A, (A/33/3).

<sup>2/</sup> See Official Records of the General Assembly, Thirty-fourth session, Supplement No. 16, (A/34/16), paragraphs 56-66. The Consultant's Report is contained in document ID/B/228 Annex .

<sup>3/</sup> See ID/B/228.

<sup>4/</sup> See Official Records of the General Assembly, Thirty-fourth session, Supplement No. 16, (A/34/16), paragraph 64.

4. The recommendations of the Consultant and the views of the Industrial Development Board were brought to the attention of the Council at its twenty-sixth session.<sup>5/</sup> Following its consideration of this matter, the Council adopted decision 79/38 by which it, inter alia, "requested the Administrator to enter into arrangements with the Executive Director of UNIDO to undertake, on a joint basis, the country-by-country study of the needs for the services of a Senior Industrial Development Field Adviser, as proposed in the consultant's appraisal of the SIDFA programme, and to report back to the twenty-seventh session of the Council, in order that a decision may then be taken on a possible increase in the number of UNDP-funded posts in the light of the relevant proposals made in that study".<sup>6/</sup> The present report responds to this request of the Council.

5. Section II of this report starts by pointing to some general considerations which have a bearing on the need for the services of SIDFAs. This is followed by a summary of the results of a desk study undertaken jointly by UNIDO and UNDP which reviewed some of the measurable variables which might be considered as determinants of the need for the SIDFA service. Finally, the section summarizes the results produced by a questionnaire which was sent to most UNDP field offices enquiring about the nature of the services currently provided under the SIDFA programme and about the services required in future. In the light of the conclusions drawn in Section II about the nature and extent of the need for the SIDFA service, Section III points to some of the alternative means of responding to these needs.

## II. ASSESSING THE NEED FOR THE SIDFA SERVICE

### (a) General considerations

6. The Council's previous consideration of the need for the SIDFA service has been undertaken in the context of the over-all issue of sectoral support. It is therefore appropriate to consider the need for the SIDFA service in the light of the factors which were taken into account when considering sectoral support. However, in doing so, there are two further considerations which need to be borne in mind.

7. The first of these is the need to distinguish between the SIDFA "service" and SIDFA posts per se. The Consultant's Report referred to a number of "alternative methods for providing the SIDFA service in developing countries ... where the appointment of a full time SIDFA is not appropriate".<sup>7/</sup> The Administrator agrees that a distinction should be made between the SIDFA "service" and SIDFA posts and that, in some cases, there may be a more effective and/or efficient means of providing the SIDFA service than by appointing a SIDFA to a country.

8. A second consideration to be taken into account is the nature of the SIDFA service. Clearly, the SIDFA "service" involves more than providing sectoral

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<sup>5/</sup> See DP/374/Add.1.

<sup>6/</sup> See Official Records of the Economic and Social Council, 1979, Supplement No. 10, (E/1979/40), Chapter XXI, Section N.

<sup>7/</sup> See ID/B/228, Annex, paragraphs 36-40.

support. As pointed out in the Consultant's Report,<sup>8/</sup> SIDFAs assist UNIDO to "effectively discharge its constitutional responsibilities"; they also provide UNDP with "important services at the field level to enable its programme to be initiated, executed and followed-up efficiently"; and they sometimes provide technical advice to Governments on particular issues. The SIDFA "service", therefore, comprises a mix of sectoral support and other facets of the technical co-operation process. In some cases, all or part of this service is provided by a SIDFA; in other cases, it is provided by alternative means.

9. In his report to the twenty-sixth session of the Council on the subject of sectoral support, the Administrator pointed out that governments' needs for sectoral support vary among countries and over time, as well as for other reasons.<sup>9/</sup> It is apparent that governments' needs for the SIDFA service, although it embraces more than sectoral support, are also subject to considerable variation both among countries and over time. The variable nature of the need for the SIDFA service leads the Administrator to the conclusion that it is difficult to determine the long-term "need" for the SIDFA service on a country-by-country basis, and that it is correspondingly difficult to be definitive in specifying what is required in order to meet these varied needs. Moreover, the need for the SIDFA service cannot be examined in isolation; other United Nations system activities in the country concerned, both projects and activities of an administrative and programme support nature, have a vital bearing on the need for this service.

10. As pointed out both in last year's report to the Council<sup>10/</sup> and in the Consultant's Report<sup>11/</sup>, the means which the United Nations system has of responding to sectoral support needs in general and, more specifically, to the need for the SIDFA service are several and varied. The Council's previous consideration of this subject has focused on the question of the number of UNDP-funded SIDFA posts, but it needs to be emphasized that different aspects of the SIDFA service are already being provided by alternative means and financed from different sources. One vital component of the present SIDFA programme is the network of some 40 UNIDO Junior Professional Officers (JPOs) who now work under the supervision of SIDFAs and who are financed on a voluntary basis by certain developed countries. In addition, a part of the SIDFA service is provided through missions by UNIDO Headquarters staff and by UNIDO regional and inter-regional advisers. Such missions are variously funded from the UNIDO Regular Budget or from the IPF. In other cases, the country programme includes an industrial planning or similar project and all or part of the SIDFA service is provided by the personnel of the project. Thus, the SIDFA service is being provided by a variety of means and funded from a variety of sources. For the purpose of the study, it was assumed that these additional services provided from non-UNDP resources not only would continue but also would have their scope and effectiveness enhanced, so that they, together with advisory services that might be funded from IPF resources, would continue to be a vital complement to the corps of resident SIDFAs.

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<sup>8/</sup> Ibid, paragraph 82.

<sup>9/</sup> See DP/374, paragraph 3.

<sup>10/</sup> Ibid, paragraph 5.

<sup>11/</sup> See ID/B/228 Annex, Section V.

(b) UNIDO/UNDP Desk Study

11. In deciding upon the scope and method of the study to be carried out in compliance with the Council's decision 79/38, it was agreed that an assessment of country needs for the SIDFA service, as suggested in the Consultant's Report, called for a systematic desk study analyzing technical co-operation programmes and programme opportunities related to industrial development in each country, supplemented where and as appropriate by enquiries with particular field offices. The country-by-country desk study was carried out jointly by UNDP and UNIDO staff and included extensive interviews with programming and substantive personnel.

12. The study focused on services provided by SIDFAs residing in developing countries and assigned to cover either a single country or a number of countries. In view of the variable nature of the need for the SIDFA service, it was recognized that it would not be possible to rely on standard criteria to determine the need for this service or to suggest a definitive pattern of SIDFA deployment. However, a catalogue of possible services consistent with the general SIDFA functions recommended in the Consultant's Report was drawn up and used as a guide in assessing the specific needs of individual countries. A listing of these functions is given in the Annex. In addition, the study examined the following data for each country relating to the size and nature of its past, present and prospective technical co-operation programmes in order to evaluate its need for the SIDFA service:

(i) UNDP total IPF allocations for 1972-76 and 1977-81;

(ii) Estimated share of UNDP/IPF resources in approved country programmes allocated to projects for UNIDO implementation;

(iii) New projects approved for UNIDO implementation 1976-1978; and

(iv) Expert assignments on UNIDO projects 1976-1978.

13. In addition to the data relating to technical co-operation programmes, consideration was given to the priority attributed to the industry sector in the country's development plan or strategy, to the share of the industry sector in the country's gross domestic product, and to the average annual rate of growth in manufacturing in recent years. Finally, the special needs of the least developed countries were taken into account, as well as the needs of countries which had begun to receive assistance from the United Nations system only recently.

14. This analysis confirmed not only the growing importance of the industry sector in the developing countries but also the increase in the proportion of IPF resources allocated to industrial development. Following this analysis, an illustrative allocation of a possible fifty SIDFA posts was drawn up, providing full or part-time coverage to a total of 118 countries in which there appeared to exist a substantial need for SIDFA services as described in the Consultant's Report. This list included an increased number of SIDFA posts for single country coverage and, in most cases, limited the multiple coverage to no more than two or three countries.

(c) Country-by-country enquiry to Field Offices

(i) Nature of the enquiry

15. After an internal discussion of the desk study with the Regional Bureaux, the Administrator decided to supplement its preliminary findings by means of a cabled questionnaire to UNDP field offices, seeking their views on the need for a resident or a non-resident SIDFA. This enquiry was not addressed to all countries, either because the nature of the SIDFA service required was already known or because circumstances in the country at the time of the survey were not conducive to obtaining a meaningful result.

16. Those countries where a SIDFA is currently located were asked about the value of the adviser in identifying and formulating projects for United Nations system financing, in providing technical advice on industrial matters to the Government, and in backstopping on-going United Nations system industrial activities. These offices were also asked about the workload of the SIDFA in relation to the total demands imposed on the UNDP office. Most importantly, these offices were asked whether a continuation of the existing post were required.

17. Those countries without a resident SIDFA were asked the same questions about the value of the adviser who covers their country in undertaking the three types of activity outlined in the preceding paragraph. They were also asked whether the present arrangement of a "visiting" SIDFA were satisfactory and whether a resident SIDFA would be required. In order to judge the effective demand for resident SIDFAs, the Resident Representatives in those countries where a resident SIDFA was deemed necessary, either as a continuation of the existing post or as a new post, were asked whether the Government was likely to be prepared to contribute to the cost of the post. It was not specified whether this contribution was to come from the country's own financial resources, from its UNDP IPF, or from some other source available to it.

(ii) Statistical results of the survey

18. Responses to the questionnaire were received from 90 Field Offices. Twenty Field Offices received reactions from the government to the questions; others gave their own views of the Government's likely response on the basis of prior communications with the Government on this subject or a closely related issue (such as project activities in the industrial sector). In some instances, Resident Representatives were unable to provide the Government's viewpoint by the deadline that was imposed and they responded with their own views. In a few cases, the differing views of both the Government and the Resident Representatives were provided. The results of the survey are summarized in Table 1. These responses from Field Offices were supplemented by an analysis by UNDP of the requirements of a further 33 countries, excluding the smaller islands of the Pacific and Caribbean regions, to give an estimate of the requirements of 123 developing countries. This analysis is also contained in Table 1.

19. The results of the Field Office survey and the supplementary analysis by UNDP indicate that 44 SIDFA posts are required to provide the services of a SIDFA on a full or part-time basis to 96 developing countries, and that there are 27 countries which do not require coverage by a SIDFA post at the present time. A definitive

Table 1

Analysis of SIDFA requirements

	<u>RBA</u>	<u>RBAP</u>	<u>RBAS</u>	<u>RBLA</u>	<u>UE</u>	<u>TOTAL</u>
No. of countries surveyed	42	26	19	24	12	123
No. of replies	32	18	17	23	-	90
<b>A. <u>Requirements of respondents</u> (90 countries)</b>						
1. "One-country SIDFA"	3	9	5	1		18
2. Resident SIDFA, coverage not specified	6	-	3	1	-	10
3. Shared SIDFA, coverage specified	8	2	-	13	-	23
4. Shared SIDFA, coverage not specified	9	1	7	5	-	22
5. SIDFA service provided by						
(i) Project	4	1	-	-	-	5
(ii) Missions	-	-	1	1	-	2
(iii) JPO	-	1	-	1	-	1
(iv) No service required	2	4	1	1	-	9
<b>Total</b>	<b>32</b>	<b>18</b>	<b>17</b>	<b>23</b>	<b>-</b>	<b>90</b>
<b>B. <u>Administrator's estimate of requirements of non-respondents</u> (33 countries)</b>						
1. "One-country SIDFA"	1	2	1	-	-	4
2. Resident SIDFA, coverage not specified	2	1	-	-	-	3
3. Shared SIDFA, coverage specified	-	2	-	-	2	4
4. Shared SIDFA, coverage not specified	7	3	1	1	-	12
5. SIDFA service provided by						
(i) Project	-	-	-	-	-	-
(ii) Missions	-	-	-	-	-	-
(iii) JPO only	-	-	-	-	-	-
(iv) No service required	-	-	-	10	10	
<b>TOTAL</b>	<b>10</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>12</b>	<b>33</b>

distribution of SIDFA posts on a country-by-country basis was not produced for all countries, but it was estimated that 19 posts are required for "single-country" coverage, with these posts covering three additional small countries, for a total of 22 countries. An additional 10 posts could provide multi-country coverage of a further 28 specific countries. A further 46 countries were considered to require multi-country coverage, although the precise groupings were not specified. If it were assumed that there should be, on average, one SIDFA post for each three of these countries, another 15 posts would be required.

20. In those countries currently without a resident SIDFA, the majority of responses indicated that a SIDFA post was considered unnecessary. In many of these countries without a resident SIDFA, it was felt that the present and anticipated future levels of United Nations system activities in the industrial sector, and to a lesser extent the importance of the industrial sector as a whole in the economy, did not justify the appointment of a one-country SIDFA. In some of these instances, the view was expressed that the present multi-country SIDFA arrangements were satisfactory. However, even in the significant number of cases where the visiting SIDFA arrangement was found to be inadequate and ineffective, only a small minority of responses indicated that a resident one-country SIDFA was the most appropriate means of remedying the situation. The majority preferred one or more alternative courses of action, most notably more frequent and extended visits by a SIDFA resident in a neighbouring country or by a UNIDO Headquarters official familiar with the country, its industrialization programme and United Nations system activities in the industry sector. In these cases, it was felt that the duty station of the individual concerned was of considerably less importance than the nature and scope of his visits.

21. In some of the countries without a resident SIDFA, the part of the SIDFA service involving the provision of assistance and advice directly to the Government was already being, or was expected to be, provided through a project financed from the country IPF and this arrangement was expected to meet future needs for this type of advice. In other cases, the part of the SIDFA service which involved the provision of assistance to the Resident Representative in the backstopping and monitoring of projects was being covered by a UNIDO JPO or another member of the UNDP office, and this was also expected to continue. Some responses referred to a third possibility: the ability of the Resident Representative to call upon assistance from UNIDO Headquarters to respond to any specific requests for assistance in the industrial sector.

22. It is apparent that none of the various alternatives in the previous paragraph covers all the functions which might be assumed by a resident SIDFA, and views differed as to whether the mechanism referred to sufficed as an adequate alternative to a resident SIDFA or needed to be complemented by periodic visits by a non-resident SIDFA. In those cases where part of the SIDFA function was being assumed under a project, some of the other aspects of the SIDFA service were being assumed by the UNDP office and, on balance, SIDFA visits were not required. On the other hand, in those countries with only a UNIDO JPO, it was frequently felt that this individual needed to be supported by periodic visits from a SIDFA or from a UNIDO Headquarters official.



### III. CONCLUSIONS AND PROPOSALS FOR ACTION BY THE COUNCIL

23. The country-by-country survey indicates that scope exists for improving the SIDFA service. The possible improvements which have been identified could take a number of forms, conforming with the present varied methods of providing the SIDFA service. First, provision of additional SIDFA posts would improve the coverage currently provided to some countries. However, it is neither feasible nor necessary to have each SIDFA cover only one country. Second, in appointing individual SIDFAs, greater attention should be paid to ensuring that their qualifications, experience, etc. conform more closely with the particular needs and circumstances of the country or countries to which they are being assigned. This would require, inter alia, deliberate efforts in recruitment and the preparation of professional profiles specifically responding to the requirements of each post, rather than a standard job description applicable to all SIDFAs.

24. In countries where a one-country SIDFA is not required, arrangements need to be made to ensure that the needs for the SIDFA service are met. This can be achieved in a variety of ways, usually employing a combination of methods. In some cases, a middle-level industrial programme officer is required, quite frequently a JPO. Such personnel, however, require improved support, either in the form of more frequent and longer visits by a SIDFA, or by more substantial missions from UNIDO Headquarters, or both. Even in those cases where there is a SIDFA resident in the country, albeit covering a number of other countries, the evidence points to the need for improved dialogue with UNIDO Headquarters. This need is more pronounced in countries which are only visited by a SIDFA. In some countries, where the SIDFA service required involves mainly the provision of substantive advice to the Government on general issues of industrial strategy and programming, this need can be met by project personnel located in the relevant government ministry and financed from the UNDP IPF or the Industrial Development Fund.

25. The Administrator sees two complementary means available for bringing about these improvements in the SIDFA service. First, there is a need to make more efficient and effective use of the financial, human and other resources which are currently allocated to the SIDFA service. On the basis of the results of the survey and in close consultation with the Governments and others concerned, the Administrator will co-operate with the Executive Director to put in motion the necessary steps to improve the deployment of the resources currently provided for the SIDFA programme, both from UNDP and from other sources.

26. A second means of improving the programme is to increase the financial resources which Governments commit to it. On the basis of the country-by-country reviews described in the previous section of this paper, the Administrator considers that forty-four SIDFA posts would be appropriate. At present, UNDP is financing 36 SIDFA posts at an estimated net cost of \$7,687,000 for the biennium 1980/81 and some three other posts are being financed by voluntary contributions to UNIDO from member Governments. Consequently, the financing for five additional posts is required. In 1981, it is estimated that the total net cost of a SIDFA post (inclusive of such support costs as a secretary, driver, etc.) may reach \$110,000 per annum. The five extra posts identified would therefore require additional financial resources of \$550,000 for the year 1981.

27. The Administrator has consulted the Executive Director of UNIDO on this matter and the Executive Director is of the view that a total of 50 SIDFA posts would be

desirable in 1981, as proposed in the Consultant's Report and endorsed by the Industrial Development Board at its thirteenth session. The Executive Director is therefore of the opinion that the Council consider providing the funding necessary for an additional fourteen posts.

28. Some of the other improvements in the SIDFA service which are desirable, most particularly an increase in the travel undertaken by multi-country SIDFAs and improved support from UNIDO Headquarters, would also require additional financial resources. It is estimated that an additional \$300,000 is required for this purpose in 1981.

29. The Council is invited to review the findings of the UNIDO/UNDP study and, as indicated in decision 79/38, to determine whether UNDP should fund any of the additional costs involved, in particular the costs of the additional SIDFA posts which have been identified. Any such additional financing would be charged against the line item "sectoral support", established by the Council in decision 79/38.<sup>12/</sup>

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<sup>12/</sup> See Official Records of the Economic and Social Council, 1979, Supplement No. 10, (E/1979/40), Chapter XXI, Section N.

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Annex

List of possible SIDFA services

Programme Support

- identification of the technical co-operation requirements of the country to enable it to carry out its industrialization strategy, plans and policies in the context of the country's economic, social and political setting, and administrative and institutional infrastructure;
- formulation of inter-sectoral and sectoral technical co-operation programmes for financing from external sources;
- country-level co-ordination of UNIDO programmes and projects in the industry sector with other industrialization activities and with each other;
- evaluation of UNIDO projects and programmes, and application of evaluation findings in the design, appraisal and implementation of other projects and programmes;
- promotion of economic and technical co-operation among developing countries in the industry sector;
- provision of information concerning the country's industry sector and its plans and strategies for industrialization as well as its political, administrative and institutional infrastructure.

Project Design

- technical investigation to identify specific needs for technical co-operation activities and opportunities for TCDC/ECDC;
- definition of development and immediate objectives of projects and linkages between project objectives and expected project outputs;
- assessment of project inputs to be provided by the developing country itself and those required from external sources.

Project Implementation

- monitoring of delivery of project inputs, with appropriate follow-up with UNIDO Headquarters;
- assessment of substantive progress of work, with periodic reporting;
- assistance in the preparation for and conduct of tri-partite and other project reviews;
- assistance in the preparation of revisions of project documents;
- assistance in the selection of candidates for expert posts for submission to the Government and in their processing for clearance;

- assistance to project expatriate staff, particularly short-term experts or those assigned to projects without an expatriate Chief Technical Adviser, in establishing liaison with the appropriate government authorities;
- assistance in appropriate follow-up actions by UNIDO following project completion.

Activities not directly related to technical co-operation field project

- informing government officials and other concerned persons of the results of relevant research and studies carried out by UNIDO;
- facilitating and encouraging participation in UNIDO-sponsored expert group meetings, seminars, consultations, etc.;
- assistance to the Government in arranging to host UNIDO-sponsored meetings;
- interviewing candidates for UNIDO assignments;
- identifying research institutions, consulting firms, training institutions, and manufacturers who might provide goods and services for UNIDO activities;
- establishment and maintenance of contacts with non-governmental organizations as well as with intergovernmental organizations and other UN system organizations active in the country in the industry sector;
- assistance in the identification and promotion of industrial investment projects;
- promotion of contributions to the United Nations Industrial Development Fund.

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