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ORIGINAL: ENGLISHGOVERNING COUNCIL
BUDGETARY AND FINANCE COMMITTEE
Twenty-seventh session
June 1980**DRAFT REPORT ON THE BUDGETARY AND FINANCE COMMITTEE**Rapporteur: Miss Marian Al AWADHI (Kuwait)AddendumDraft report on agenda item 10(h) Sectoral Support

1. For the consideration of item 10(h) of the Council's agenda, the Committee had before it document DP/480 containing the report of the Administrator summarizing the results of UNDP/UNIDO studies of the country-by-country needs for Senior Industrial Development Field Advisers (SIDFAs).
2. Introducing the item, the Acting Assistant Administrator, Bureau for Programme Policy and Evaluation, recalled that a Consultant's study on the effectiveness of the SIDFA programme 1/ had been referred to the previous session of the Council by the Industrial Development Board. As a result of its consideration of this item at its twenty-sixth session, the Council had requested the country-by-country study which was before the Committee. He also referred to two points which had been raised earlier in the plenary 2/, saying that both expert advisers and Junior Professional Officers (JPOs) could, under certain circumstances, fulfil some of the functions of SIDFAs, although other complementary inputs would be required to ensure that all aspects of the SIDFA service were covered.
3. Members generally welcomed the report of the Administrator. Several members expressed the view that the report demonstrated the need for an increase in the number of SIDFA posts; some of these endorsed the Administrator's view that the number should be 44 (as proposed in document DP/480), while others supported the proposal put forward in the Consultant's study 3/ and endorsed by the Industrial Development Board that the number of posts should be 50. Those supporting an increase in the number of SIDFA posts pointed, first, to the

1/ See ID/B/228 Annex.
2/ See DP/SR._____, paragraphs _____.
3/ See ID/B/228 Annex, paragraph 2.

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importance of industrialization to the development of developing countries; and second to the contribution of the United Nations system, including SIDFAs, to such industrial development. One member said that the financing of one SIDFA post by her Government attested to the importance which it attached to the SIDFA programme.

4. Other members indicated that they did not consider that the case for an increase in the number of SIDFA posts had been adequately demonstrated and they considered that 36 posts continued to be sufficient. One member, welcoming the distinction between the SIDFA service and SIDFA posts, commented that the report of the Administrator demonstrated the need for the SIDFA service but did not give justification for additional SIDFA posts. This member pointed out at the fourteenth session of the Industrial Development Board, that Group B countries, while joining in the consensus for an increase in the number of SIDFAs, had expressed their reservations about the proposed increase to the particular level of 50 posts.

5. When addressing the question of the desirable number of SIDFA posts, most members also gave their views on the most appropriate source of financing for the SIDFA programme. Some members felt that UNIDO should assume this responsibility. These members expressed the view that some of the activities of SIDFAs were representational in nature and consequently should be financed from the UNIDO regular budget. One member compared the situation with that of FAO Country Representatives and commended FAO for having assumed the financial responsibility for those posts under its regular budget. Others pointed out that UNIDO was not yet a Specialized Agency and consequently could not finance additional posts from its own budget. Some others noted that some of the functions of SIDFAs listed in the Annex to document DP/480 corresponded to those which Agencies were expected to finance from support costs. One member remarked on the similarity between the listing of SIDFA activities in document DP/480 Annex with those identified by the Joint Inspection Unit (JIU) in its report on support costs 4/ as being an integral part of project support and backstopping.

6. A second group of members argued that the costs of the SIDFA programme should be borne by UNDP. One member expressed the view that such an arrangement was in keeping with UNDP's role as the central funding organization for technical co-operation activities. Another member suggested that UNDP should bear the cost because UNIDO, still being part of the United Nations, could not necessarily arrange for the financing of SIDFAs from its regular budget, a contrast with the position of other Agencies which had control over their own regular budgets. A third member suggested that it was necessary to associate the costs of the SIDFA programme with the benefiting organization. To the extent that a SIDFA assisted in the country programming process, for example, the relevant costs should be borne by UNDP, but any costs associated with activities purely of concern to UNIDO should be attributed to that organization. Another member suggested that some of the proposed SIDFA services referred to in the Annex to the report should be the responsibility of the recipient government. A further member, supported by two others, proposed that countries benefiting from the services of a SIDFA should contribute to the cost of the post from their national IPFs.

4/ See DP/WGOC/1, paragraph ____.

7. Most members considered the question of the quality of SIDFAs to be of paramount importance and stressed that particular attention should be given to this dimension of the SIDFA programme. It was pointed out that quality should be maintained when increasing the quantity of SIDFAs. One member stated that greater emphasis should be given to the selection process than to the speed of selection. Another member expressed doubt as to whether a Junior Professional Officer (JPO) could be an adequate substitute for SIDFAs, saying that the experience and expertise required of the post necessitated a senior person. Attention was also drawn to the extensive experience of the socialist countries in industrialization and it was suggested that this experience could be put to use in the developing countries. In making this proposal, one member said that SIDFAs should be drawn from a wider range of countries; another member suggested more SIDFAs should be recruited from developing countries.

8. The representative of UNIDO invited to address the Committee drew the attention of members to the statement by the Executive Director in the plenary in which the question of SIDFAs was addressed at length. ^{5/} The UNIDO representative pointed out that three studies - the Consultant's report, the UNIDO/UNDP desk study and the UNDP questionnaire - had all demonstrated the need for additional SIDFA posts. He stated that, at each session of the Industrial Development Board and at UNIDO III, UNIDO was requested to provide additional SIDFA posts, funded either by the United Nations regular budget or by UNDP. The UNIDO secretariat was in a dilemma since sufficient financing was not forthcoming from either source and consequently the expressed needs of the developing countries were not being met. He commented that JPOs could not substitute for SIDFAs because they lacked the high level expertise required, whereas project personnel were project-oriented and could not replace a SIDFA in providing advice to the government, both as and when required and in co-operation with the Resident Representative. He pointed out that not all the costs of the SIDFA programme were met by UNDP; some \$300,000 of travel costs were being provided from the UNIDO Regular Budget. With regard to the view that part of the costs of the SIDFA programme should be met from support costs, he indicated that UNIDO's support costs already amounted to 21 per cent of programme expenditures. With only 14 per cent being met by UNDP, the balance was charged to the UNIDO regular budget and it would be difficult to increase this amount further, since the United Nations regular budget was constrained to zero growth.

^{5/} See DP/SR.____, paragraph ____ to ____.