Governing Council
Twenty-eighth session
June 1981
Agenda item 9

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

SECTORAL SUPPORT

Report of the Administrator

Summary

The present report responds to Governing Council decision 80/32, in which the Council decided, inter alia, "to review the entire question of sectoral support, including the need for sectoral support, and UNDP financing of such support". In addition to describing the use of the allocation for sectoral support approved by the Council for the biennium 1980-1981, the report reiterates some of the general considerations which have a bearing on the need for sectoral support. It also reports on aspects of decision 80/32 pertaining to the Senior Industrial Development Field Adviser programme.

The latter half of the paper deals with the financing of sectoral support during the third programming cycle, in the first instance during the biennium 1982-1983. In view of the financial constraints which are anticipated in 1982-1983, the Administrator proposes that $12 million be made available for sectoral support activities during that period. It is furthermore proposed that UNDP continue to finance those SIDFAs who are currently in post at a cost of $8.311 million and that the outcome of the negotiations currently underway with Governments drawing upon the services of a SIDFA on the possibility of national contributions to the cost of the SIDFA be considered in determining where these SIDFAs be placed. An allocation of $3.689 million would also be made available for sectoral support activities carried out by Agencies other than UNIDO. The Council's approval of these proposals is sought.
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ANNEX List of possible SIDFA services
I. CURRENT SITUATION

1. The overall question of sectoral support has been before the Council on several previous occasions, most recently at its twenty-fifth and twenty-sixth sessions. Both reports presented to the Council at those sessions (DP/323 and DP/374) dealt with the question of sectoral support in depth, presented definitions for the adoption by the Council, discussed the need for sectoral support as perceived by Governments, Agencies and UNDP, and presented proposals for financing. In view of the extensive consultations which have already taken place in the Council, the present report focuses on a review of the arrangements which have been made to date and on proposals for the future.

2. In 1978, the Governing Council allocated $1.4 million from the Administrative and Programme Support Budget for sectoral support activities carried out by Agencies other than the United Nations Industrial Development Organization (UNIDO) and indicated that these funds were to be used in the first instance to respond to those requests which had been submitted to the Council in 1978.1/ The Administrator used the flexibility granted by the Council to respond primarily to the needs of the smaller Agencies. In 1979, when the Administrator reported on the activities undertaken under the 1978 allocation for sectoral support, the Council recognized the particular needs of the smaller Agencies for sectoral support financing and approved a proposal to create a new line item in the Main Field Programme Costs to accommodate sectoral support costs during the biennium 1980-1981.2/

3. The special budget line for sectoral support created by the Governing Council in decision 79/38 contained total allocations of some $11.4 million for sectoral support activities during the biennium 1980-1981. This amount comprises $7.687 million (increased to $7.962 million in 1980)3/ for Senior Industrial Development Field Advisers (SIDFAs), $100,000 for UNDP's share of the cost of the joint UNIDO/UNDP country-by-country study on the needs for the services of a SIDFA (submitted to the twenty-seventh session of the Council) and $3.65 million for sectoral support activities provided by Agencies other than UNIDO to be used at the discretion of the Administrator. On the basis of this decision, the following distribution of sectoral support allocations for the biennium was made:

2/ Ibid., 1979, Supplement No. 10 (E/1979/40), Chapter XXI, decision 79/38.

/...
4. The activities financed from the special line for sectoral support are designed to complement similar activities financed by the Agencies themselves. In two cases, this takes the form of co-financing. The International Labour Organisation (ILO), which has been supplementing the UNDP allocation with its own sectoral support resources since 1979, is continuing to do so during the present biennium in order to finance missions on management training needs in the Middle East and Europe; advisers in hotel training in Asia and in social security in Africa; and a fact-finding mission to assess rural women's needs and to elaborate components to further the participation of women in projects in Latin America. The United Nations Educational, Scientific and Cultural Organization (UNESCO) also contributes to the financing of sectoral support activities out of its own resources and is using its allocation to finance regional advisers in education in Africa and Asia; a regional adviser in science in Asia; and an adviser in the preservation of cultural heritage in the Arab States.

5. Other Agencies depend on UNDP for the full financing of some of their sectoral support activities. The World Meteorological Organization (WMO) is carrying out sectoral needs assessments and planning missions in meteorology and hydrology. In 1979, the Inter-Governmental Maritime Consultative Organization (IMCO) appointed interregional advisers in the fields of maritime safety administration, marine pollution, marine engineering, and the training of deck personnel. The advisers are continuing their activities during the present biennium. The International Telecommunication Union (ITU) is also continuing advisers appointed in 1979 in the Arab States, the Caribbean and Central America, together with short-term consultancies, primarily in the latter two regions. The International Atomic Energy Agency (IAEA) is using its allocation to contribute to the cost of programming missions. The United Nations Conference on Trade and Development (UNCTAD) has appointed interregional advisers in trade policies and trade development, in planning of

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**Table 1**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Allocation ($'000)</th>
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<tbody>
<tr>
<td></td>
<td>1980</td>
</tr>
<tr>
<td>ILO</td>
<td>163</td>
</tr>
<tr>
<td>UNESCO</td>
<td>110</td>
</tr>
<tr>
<td>WMO</td>
<td>163</td>
</tr>
<tr>
<td>IMCO</td>
<td>333</td>
</tr>
<tr>
<td>ITU</td>
<td>333</td>
</tr>
<tr>
<td>IAEA</td>
<td>15</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>408</td>
</tr>
<tr>
<td>WTO</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,725</strong></td>
</tr>
<tr>
<td><strong>Total for biennium</strong></td>
<td><strong>3,650</strong></td>
</tr>
</tbody>
</table>

/...
the external sector and in maritime and multimodal transport. UNCTAD provides, in addition, short-term consultants in response to requests for sectoral support in other fields. Finally, the World Tourism Organization (WTO) is carrying out a number of short-term planning and needs identification missions in the tourism sector. Each of these Agencies wishes to continue these activities at their present level in 1982-1983.

II. NATURE OF AND NEEDS FOR SECTORAL SUPPORT

6. In its discussion of this subject at its twenty-sixth session, the Governing Council took note of the definition of sectoral support presented in document DP/374. On the basis of this definition, the Administrator had proposed to finance several of the activities submitted by Agencies other than UNIDO for financing from regional and interregional IPFs. The Council at that time, however, decided to maintain the financial arrangements for sectoral support and also created a special budget line for this purpose.

7. In previous reports to the Council discussing sectoral support funding, it was stressed that the need for such support varied not only among countries, but also among sectors and Agencies and, more importantly, over time. This was viewed as one reason why so many different mechanisms for providing such support had evolved in the United Nations system. In addition to activities performed by Agencies, UNDP field office staff assist Governments in meeting their sectoral support needs, although a quantification of such activities is not feasible. Moreover, other United Nations system personnel (for example, international experts and Agency field level representatives) also perform functions related to sectoral support and which are equally difficult to quantify. It is clear, however, that while the various functions performed by these international staff relate mainly to general technical co-operation, they also respond to needs of Governments for assistance of a general sectoral support nature.

8. The Governing Council has recognized the necessity of increasing the involvement of Executing Agencies in the preparation of the third-cycle country programmes. In this connexion, smaller Agencies have pointed out that they often have no field level representation and that, therefore, any field-level presence entails additional costs which are difficult to meet from their limited resources. In addition, smaller Agencies have often indicated that specific requests for sectoral support in some cases are not forthcoming since Governments are not aware of the services many smaller Agencies can provide, and that needs of countries in the areas of competence of such Agencies are thus not being met. During the Administrator's consultations with Agencies on this subject, they have pointed out that this important function should not be underestimated in assessing needs for sectoral support.

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5/ DP/374, paras. 2-4; and DP/323, paras. 32, 38 and 39.
9. The designation of Resident Co-ordinators for the United Nations system's operational activities in a number of countries will also have a bearing on the provision of sectoral support. The Administrative Committee for Co-ordination (ACC) discussed this issue and underlined the necessity of involving the organizations of the United Nations system, acting as a team under the leadership of the Resident Co-ordinator. It furthermore emphasized that the Resident Co-ordinator should ensure that the Government has access to information on available funds, expertise and facilities from the system as a whole.9

10. The Committee noted that the wishes of the Government concerned, as well as local circumstances and requirements, should guide the Resident Co-ordinator in developing the interagency consultative arrangements which can most effectively support the Government. Finally, the Committee stressed that the successful operation of any such arrangements would require the full participation of all United Nations organizations involved in operational activities in the country.7 The implementation of such arrangements may further increase the need for sectoral support.

11. In a recent circular on sectoral support, Resident Representatives were asked to submit any views and comments they had on the effectiveness of the present arrangements, based on their experience of the activities carried out during the period 1979 to date. The replies indicate that Resident Representatives feel that there is a need to continue sectoral support financing by UNDP, especially in very specialized or new areas. They point out that the need for short-term specialist advice in different fields within a given sector cannot always be met through the advisers provided under the present programme. Concerning the timeliness of the provision of sectoral support, funds should be programmed gradually throughout the biennium instead of at the outset.

III. SENIOR INDUSTRIAL DEVELOPMENT ADVISERS

12. Following the comprehensive UNIDO/UNDP country-by-country study of the needs for the services of a Senior Industrial Development Field Adviser which was reviewed by the Governing Council at its twenty-seventh session, the Council appropriated an increase in the special line for sectoral support "to cover the net additional costs for SIDFA services in 1980-1981 to $7,962,000 in order to permit an appropriate number of SIDFAs within this amount ..." It furthermore requested "the Administrator to enter into consultations with Governments so that, for the third programme cycle 1982-1986, some part of the cost of the SIDFA programme be financed from national IPFs, and/or other national sources".8

7/ Ibid., para. 10.
8/ DP/480.
13. In order to implement this decision, the Administrator has approached Governments in those countries where it is envisaged that a SIDFA will be placed during the biennium 1982-1983. Least developed countries were excluded from such consultations. In the countries where consultations have been, or are being, carried out, the Administrator has pointed out that available resources are not sufficient to meet all needs of developing countries for SIDFAs and alternative financing must be found; and that, in the short term, a contribution from the national IPF and/or other national sources is probably the only means of financing the total number of SIDFAs requested by developing countries. It was also pointed out to Governments in the concerned countries that if they wished to continue enjoying the SIDFA services, but did not wish to allocate any part of their national IPF for this purpose, other arrangements would have to be made.

14. Thus, it was proposed that, as a first step, Governments finance the local support costs of the SIDFA in addition to its contribution, if any, to the costs of the UNDP field office where the SIDFA is located. After a careful review of the annual costs of a SIDFA, it was found that local costs constitute approximately one-quarter of the total average annual cost of a SIDFA which was then estimated at $160,000 for 1982-1983. One-quarter of that average would thus amount to $40,000 per year, which Governments have been asked to contribute. The Administrator also indicated that this contribution could be made in national currency if so desired. In cases where the SIDFA covers more than one country, consultations have initially been carried out only with Governments in the countries where the SIDFA is stationed, since most of the local costs are incurred there.

15. Present indications are that the Governments of ten countries are positively inclined towards the proposed co-financing arrangements. Only five countries have reacted negatively; in the remaining eighteen countries, a reaction has not yet been forthcoming. The Council will, in the course of its deliberations of this question, be provided with the information then available.

16. At its twenty-seventh session, the Governing Council invited UNIDO to "provide the necessary financial resources to ensure that all SIDFAs, particularly those who cover more than one country, are able to undertake the travel which is necessary for the effective performance of their duties". In its budget proposal being submitted to the thirty-sixth session of the General Assembly, UNIDO is requesting that the travel funds it is making available to SIDFAs be increased so as to respond to this request by the Council.

10/ Ibid., para. 5.
17. The Governing Council further requested the Administrator, "in consultation with the Executive Director of UNIDO, to revise the list of possible SIDFA services contained in the annex to DP/480, and to submit such a list to the twenty-eighth session of the Governing Council for its comments." This list has been revised in consultation with UNIDO, and is attached in the Annex to the present report. The Administrator wishes to reiterate his view that a distinction should be made between SIDFA services and SIDFA posts, expressed in both his report to the twenty-seventh session of the Council and in the report to the Industrial Development Board's thirteenth session on the provision of effective advice in the industrial sector to developing countries. The list of possible SIDFA services contains those services provided not only by the SIDFA, but also by missions by UNIDO headquarters staff, the network of the UNIDO Junior Professional Officers under the supervision of a SIDFA and international personnel attached to projects in the industry sector.

18. In recruiting SIDFAs, the Administrator, in consultation with the Executive Director of UNIDO, is following the recommendation of the twenty-seventh session of the Council that primary consideration be given to the technical competence and experience of the individuals concerned, while at the same time recruiting from as wide a range of countries as possible, particularly developing countries. Thus, approximately two-thirds of presently operational SIDFAs are from developing countries, and one-third from developed countries.

IV. CONCLUSIONS AND PROPOSALS FOR FUTURE UNDP FINANCING OF SECTORAL SUPPORT

19. The Administrator considers that the activities undertaken under the special line for sectoral support established by the Council in 1979, have proved to respond to genuine needs of the developing countries. Consequently, the Administrator considers that UNDP should continue to finance such activities in the third programming cycle mainly for those Agencies which have neither an established field structure nor access to regular programme funds for technical co-operation activities. The Administrator therefore proposes that an allocation be approved for sectoral support activities to be carried out in 1982-1983.

20. Assuming an inflation rate of 15 per cent, the allocation for sectoral support activities carried out by Agencies other than UNIDO would need to be increased to $4.830 million during the biennium 1982-1983 in order for UNDP to maintain the level of activities provided during the present biennium. In addition to the on-going activities outlined in paragraphs 4 and 5 above, UNDP has received a number of further requests for sectoral support financing. The
World Intellectual Property Organization (WIPO) has requested the funding of an interregional adviser in its sector; the Universal Postal Union (UPU), two regional postal advisers with effect from 1981; and WMO, the funding of an additional adviser in agrometeorology together with a request for $25,000 to provide advice in other fields. UNCTAD has submitted a request for two additional interregional advisers in shipping and ports; IMO for the continued funding of a regional adviser in Latin America; and the United Nations Centre for Human Settlements (HABITAT) for sectoral support missions, together with general requests submitted by other Agencies for increased sectoral support financing made available through UNDP. Identifiable additional requests would thus require the financing of seven advisers in 1982-1983 at an estimated cost of $130,000 per adviser; i.e., a total of approximately $1.820 million which, together with the request for an allocation of $100,000 for short-term missions by HABITAT and $25,000 by WMO, would require an additional allocation of $1.945 million, thereby necessitating a total of $6.775 million during the biennium 1982-1983.

21. At its twenty-seventh session, the Governing Council decided to maintain UNDP financing of the SIDFA programme in 1981. A summary of past allocations and estimates for the sectoral support programme is contained in Table 2.

Table 2

<table>
<thead>
<tr>
<th>Main field programme costs</th>
<th>Original allocation 80/81</th>
<th>Revised allocation 80/81</th>
<th>Estimated total requirements 82/83</th>
<th>Proposed allocation 82/83</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Industrial Development Field Advisers</td>
<td>7,687</td>
<td>7,962</td>
<td>13,528</td>
<td>10,631</td>
</tr>
<tr>
<td>Government contribution of one-quarter of cost</td>
<td></td>
<td></td>
<td>(2,640)</td>
<td>(2,320)</td>
</tr>
<tr>
<td>Study on needs for SIDFAS</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total cost to UNDP of SIDFA programme</td>
<td>7,787</td>
<td>7,962</td>
<td>10,888</td>
<td>8,311</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>3,650</td>
<td>3,650</td>
<td>6,775</td>
<td>3,689</td>
</tr>
<tr>
<td>Grand total</td>
<td>11,437</td>
<td>11,612</td>
<td>17,663</td>
<td>12,000</td>
</tr>
</tbody>
</table>

...
The Administrator considers that the SIDFA programme should be continued until the end of the third cycle, or until such time as UNIDO becomes a Specialized Agency and would assume responsibility for the financing of the totality of the SIDFA programme under its assessed budget as recommended to the thirteenth session of the Industrial Development Board. In the first instance, such financing could be made available during the biennium 1982-1983. It is estimated that in order to maintain the programme in real terms, total costs during the biennium 1982-1983 would amount to $13.528 million, as the costs for field personnel have risen dramatically during the past year, due to post adjustment increases and increases in local staff costs. With a Government contribution of $40,000 per year per SIDFA, the total cost to UNDP would amount to $10.888 million.

22. In order to satisfy all identifiable requests for sectoral support, as outlined in paragraphs 20 and 21, a total allocation of $17.663 million would be necessary. On the other hand, decision 80/30, adopted at the twenty-seventh session of the Governing Council, made the special line for sectoral support subject to the same across-the-board reductions as those which might become necessary in IPFs, as a result of a shortfall in the mobilization of resources. In view of the Administrator's recent decision to institute an 80 per cent ceiling on the third cycle programmable resources, the funds available under the special line for sectoral support will thus be to the order of $30 million during the third cycle, rather than the $37.5 million tentatively allocated to this line in past estimates. On a biennial basis, and assuming an equal distribution over the cycle, $12 million would be programmeable in 1982-1983, a figure far short of the estimate.

23. In view of the constraint on resources, the Administrator considers that sectoral support financing in 1982-1983 must be accommodated within the $12 million available for sectoral support during the biennium, assuming an 80 per cent ceiling on resources. The Administrator therefore proposes that UNDP financing should be limited to the 33 SIDFAs who are now in post or under recruitment. UNDP will meet the full costs only for those four SIDFAs presently servicing least developed countries. In view of the decision of the Governing Council that some part of the cost of SIDFAs be met from national sources, the Administrator suggests that one-quarter of the cost of the SIDFA, be met either by a direct contribution by the Government to the cost of the SIDFA, or through a charge to the IPF. In those cases where a SIDFA covers more than one country, this contribution might be made from "pooled" national sources.

15/ ID/B/228.
17/ DP/496, Table 2, Page 11.
18/ See para. 12 above.
24. The total average annual cost of each SIDFA in post is currently estimated at $161,072 in 1982-1983. The total cost for these SIDFAs during the biennium would thus amount to $10.631 million. A Government contribution of $40,000 per year per SIDFA will permit the continued financing of SIDFAs in post at a total cost to UNDP of $8.311 million. The Administrator therefore proposes that such an amount be approved for the SIDFA programme in 1982-1983. The Administrator and the Executive Director of UNIDO will determine where the SIDFAs will be stationed in 1982-1983, taking into account the outcome of the negotiations currently underway on the possibility of national contributions to the cost of the SIDFA.

25. The Administrator also proposes that an allocation of $3.689 million for non-UNIDO sectoral support activities be made available primarily to those Agencies which were allocated such funds during the biennium 1980-1981 with the addition of WIPO, UNCHS and UPU. This will be less than the $6.775 million necessary to meet all requests. The Administrator believes that sectoral support activities other than those carried out by SIDFAs should be approved on a case-by-case basis, taking into account budgetary constraints as well as the extent to which the proposed activities respond to specific Government requests, bearing in mind the needs of the smaller Agencies with a newly emerging technical co-operation programme. The Council may therefore wish to delegate to the Administrator the responsibility for the distribution of this sectoral support allocation among Agencies.
List of possible SIDFA services

A. Programme support and development

1. Assist the Government as requested in such activities as:

   - Identifying the 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;

   - Formulating inter-sectoral and sectoral technical co-operation programmes for financing from external sources;

   - Promoting economic and technical co-operation among developing countries in the industry sector; and

   - Providing information concerning the country's industry sector and its plans and strategies for industrialization as well as its political, administrative and institutional infrastructure.

2. Assist the Resident Representative and the Government as requested in:

   - Country-level co-ordinating of UNIDO programmes and projects as well as co-ordinating them with other industrialization activities.

   - Assisting in the identification and promotion of industrial investment projects for UNDP, United Nations Industrial Development Fund (UNIDF) or other financing sources;

   - Identifying specific needs for technical co-operation activities and opportunities for TCDC/ECDC; and

   - Assisting in appropriate follow-up actions by UNDP/UNIDO following project completion.

B. Project design

   - 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.
C. Project implementation

- Monitoring of delivery of project inputs, with appropriate follow-up with UNIDO Headquarters;

- Assessing substantive progress of work, with periodic reporting;

- Evaluating UNIDO projects and programmes and application of evaluation findings in the design, appraisal and implementation of other projects and programmes;

- Assisting in the preparation for, and conduct of, tripartite and other project reviews;

- Assisting in the selection of candidates for expert posts for submission to the Government and in their processing for clearance;

- Assisting 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.

D. General

- Providing information concerning the programmes and activities of UNIDO, especially those which have been indicated by its governing bodies, such as transfer of technology, ECDC, etc., and 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 Programmes, expert group meetings, seminars, consultations, etc.;

- Assisting 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;

- Establishing and maintaining contacts with non-governmental organizations, as well as with intergovernmental organizations and other United Nations system organizations active in the country in the industry sector;
- Promoting contributions to the United Nations Industrial Development Fund;

- Representing UNIDO in conferences, seminars, etc.;

- Acting as focal point of UNIDO on subjects specifically assigned;

- Providing technical advice on specific subjects within his or her area of specialization.