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P O L I C Y

BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

SECTORAL SUPPORT

Report of the Administrator

Summary

At its twenty-eighth session, the Governing Council reviewed the entire question of sectoral support and, in decision 81/39, endorsed the Administrator's proposal contained in document DP/555 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. In view of decision 82/38, by which the Governing Council decided to review further progress in this area, the present report focuses on arrangements which have been made to date and presents proposals for the future.

1. The allocation for sectoral support during the biennium 1982-1983 approved at the twenty-eighth session of the Governing Council amounted to \$12 million, subject to resource availability, of which \$3.689 million was to be used at the discretion of the Administrator, primarily for the smaller agencies, and \$8.311 million to cover the net costs to UNDP for the services of Senior Industrial Development Advisers (SIDFAs). This allocation was based on 80 per cent of the overall allocation for sectoral support in the third cycle, 1982-1986, made at the twenty-seventh session of the Governing Council. (See decision 80/30).^{1/} In view of the across-the-board reductions in programming levels for all countries to 55 per cent of the illustrative IPFs to which the sectoral support funds are also subject, these funds were further reduced correspondingly. The actual allocations to agencies other than the United Nations Industrial Development Organization (UNIDO) amounted to \$2.042 million in 1982 and \$1.150 million in 1983; and for the SIDFA programme, to \$3.852 million and \$3.253 million, respectively. This corresponded to 73.3 per cent in 1982 and 64 per cent in 1983 of the original tentative allocation. The decrease in the allocation between 1982 and 1983 to agencies other than UNIDO was due to the fact that more than half the funds available during the biennium 1982-1983 had been allocated in 1982 in order to permit a gradual scaling down of agencies' activities.

2. At its twenty-ninth session in June 1982, the Governing Council, in decision 82/38,^{2/} inter alia, decided to provide sectoral support financing in the future primarily to the smaller agencies and requested the Administrator to take the necessary steps in order to maintain the sectoral support programme within the overall financial resources of the Programme and reaffirmed that the sectoral support programme should be subject to the same percentage reductions as those in the programming levels for all countries, mentioned in para. 1 above.

3. As a result of the Council's decision to approve the Administrator's proposal to allocate \$2.042 million for 1982, and to apply the relevant ceilings in 1983, \$1.150 million was available for 1983. The Administrator has allocated these funds as follows:

	1982 (\$)	1983 (\$)
International Maritime Organization (IMO)	374 000	202 000
International Labour Organisation (ILO)	44 000	-
International Trade Centre (ITC)	112 000	112 000
International Telecommunication Union (ITU)	343 000	185 000
United Nations Educational, Scientific and Cultural Organization (UNESCO)	100 000	22 000
United Nations Conference on Trade and Development (UNCTAD)	366 000	198 000
Universal Postal Union (UPU)	89 000	47 000
World Intellectual Property Organization (WIPO)	124 000	124 000
World Meteorological Organization (WMO)	210 000	114 000
World Tourism Organization (WTO)	150 000	80 000
International Atomic Energy Agency (IAEA)	15 000	6 000
United Nations Centre for Human Settlements (HABITAT)	115 000	60 000
	2 042 000	1 150 000

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4. The activities which are financed from the special budget line for sectoral support are designed to complement similar activities financed by the agencies themselves. In three cases this has taken the form of direct co-financing. ILO in 1982 co-financed an adviser in vocational rehabilitation in the Asia and Pacific region and UNESCO co-financed two advisers in Africa, one in science and technology and one in education. IAEA is carrying out project identification missions in several regions and finances the bulk of these from its own resources, with the UNDP sectoral support resources contributing a small share. The remaining agencies' sectoral support activities are completely financed by UNDP. IMO continues in 1983 to provide sectoral support advice in maritime training, maritime safety and marine pollution through interregional advisers and consultants. ITC is providing short-term advisers in technical co-operation requirements in specialized trade promotion services; ITU provides specialized advice in telecommunications through regional advisers and consultants; UNCTAD is maintaining one interregional adviser in maritime and multimodal transport and consultants in the areas of trade policies and trade development; UPU provides regional consultants in postal services administration in the Latin America region; and WIPO has appointed an interregional adviser in the field of industrial property. Sectoral support advice in the areas of meteorology, agrometeorology and hydrology are provided by WMO consultants and by WTO and HABITAT in tourism development and human settlements respectively. As stated in last year's report, DP/1982/61, each of these agencies would like to continue these activities at least at the same level of financing as in 1980-1981.

5. In accordance with operative paragraph 2 of decision 82/38, the Administrator has allocated these funds primarily to the smaller agencies. In view of the sharp decrease in the resources available, the Administrator has decided that in 1983, and until such time as the resources picture improves, only smaller agencies should receive sectoral support financing from UNDP. The small allocation to UNESCO in 1983 is to cover activities which were approved for one year in 1982 but which started only in April 1982.

6. In the biennium 1984-1985, the funds available for sectoral support will be further reduced. The original tentative allocation of \$37.5 million to the sectoral support budget line for the third cycle, 1982-1986 (Governing Council decision 80/30), implied that \$7.5 million would be available for each year of the cycle, assuming an equal distribution over the cycle. At the new reduced level of resources, the funds available for sectoral support for the third cycle will be \$19.125 million. After deduction of 1982-1983 allocations, \$8.828 million will be available for the remainder of the cycle, 1984-1986. The Administrator believes that the uncertain resource situation justifies an equal distribution between the years. This means that the total allocation for the biennium 1984-1985 would amount to \$5.885 million, leaving \$2.943 million for 1986. If the shares of the SIDFA programme and that of agencies other than UNIDO are kept proportionately equal, and assuming an equal distribution over the remainder of the cycle, the SIDFA programme would receive \$4.061 million and agencies other than UNIDO \$1.824 million in 1984-1985. The funds available for agencies other than UNIDO will thus decline from \$3.192 million in 1982-1983 to \$1.824 million in 1984-1985 which will be reflected in allocations to individual agencies. A summary of past and present allocations is contained in the annex to this report.

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7. The Administrator proposes that sectoral support financing for the smaller agencies be continued in 1984-1985 and that an allocation of \$1.824 million be made available for this purpose. If the resources situation should improve, the allocation would be adjusted upwards as required and the possibility of reinstating sectoral support financing to the larger agencies would be considered. The Administrator believes that the arrangements for the distribution of individual allocations to agencies, approving these 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, has worked satisfactorily. The Council may therefore again wish to delegate to the Administrator the responsibility for the distribution among agencies of the sectoral support allocation.

Senior Industrial Development Field Advisers

8. With regard to the SIDFA programme, the Governing Council, in its decision 82/38, authorized the Administrator to finance the maximum number of SIDFAs possible within existing resources, while continuing the consultations with Governments drawing upon the services of SIDFAs initiated in response to decisions 80/32³/ and 81/39.4/. At the same time, the Council invited the attention of the Economic and Social Council and the General Assembly at their ensuing regular sessions to the urgent need for UNIDO to bear an increased share of the cost of the SIDFA programme, inter alia, because of the projected decrease in UNDP-funds for this purpose in 1984-1985 (see paragraph 11 below).

9. At its thirty-seventh session, the General Assembly adopted resolution 37/212 by which it decided that adequate resources should be provided in the budget of UNIDO for 1983 to finance up to ten additional posts in order that SIDFAs may be appointed, in particular in the least developed countries and especially those in Africa, and that in future these advisers might be appointed in all developing countries that need them, as mentioned in Economic and Social Council resolution 1982/66. The General Assembly further invited the Industrial Development Board to examine the question of financing the posts of SIDFAs in the developing countries at its next session and decided to consider, on the basis of the recommendations of the Industrial Development Board, the question of appropriate budgetary support for the biennium 1984-1985 with a view to maintaining and, if necessary, increasing the SIDFA programme at its thirty-eighth session.

10. Taking into account the allocation from the UNIDO regular budget as well as some savings incurred in the UNDP-financed SIDFA programme in 1982, it is estimated that approximately 40 SIDFAs can be financed in 1983. In order to respond to the Governing Council's request that the Administrator pursue consultations with countries drawing upon the services of a SIDFA in a concerted manner, it was deemed necessary to determine the over-all distribution of the SIDFA posts before such consultations could be pursued. The distribution of posts was completed in early 1983, following which a letter signed by both the Administrator and the Executive Director of UNIDO was addressed to the Governments drawing upon the services of SIDFAs, inviting them to contribute to the cost of the SIDFA programme so that some part of the total net cost for those services may be financed from national sources.

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At the time of writing, only very preliminary results of these consultations are at hand. The Administrator will report orally on progress in this matter to the Council at its thirtieth session.

11. With the allocation provided from the UNIDO regular budget, the SIDFAs in 1983 are financed from four different sources of funds, in the following order of magnitude: (i) UNDP's sectoral support budget; (ii) the UNIDO regular budget; (iii) voluntary contributions to UNIDO; and (iv) contributions from Governments drawing upon the services of SIDFAs. Taking into account some savings accrued from 1982, UNDP's sectoral support budget will be able to finance approximately 28 SIDFAs; UNIDO's regular budget will finance ten SIDFAs; UNIDO trust funds two; and recipient Governments' contributions 0.5 SIDFA (at the time of writing). This arrangement has, *inter alia*, entailed a different contractual status for SIDFAs, some being UNDP staff members and others UNIDO staff, but without any change in their functional status. In addition, regular budget funds must be spent during the year for which they are approved, whereas the UNDP sectoral support allocation was approved for the third programming cycle which permits carry-over of funds between years, taking into account the over-all availability of resources. The Administrator and the Executive Director of UNIDO have therefore decided to give priority in 1983 to funding new and vacant posts from the regular budget. Any savings from the UNDP sectoral support budget line would be used in later years so as to offset the decline in the number of SIDFAs which will occur in 1984-1986 as a result of the sharp decrease in the UNDP-resources available for SIDFAs projected for those years: i.e., from \$7.105 million in 1982-1983, to \$4.061 million in 1984-1985.

12. The Administrator proposes that an allocation of \$4.061 million, and any savings made as indicated in paragraph 11 above, be made available for the SIDFA programme in 1984-1985. He considers that the present arrangements for the financing of the SIDFA programme should be viewed as transitional. In the longer term and in order to bring about coherent procedures for the SIDFA programme, he proposes that UNDP and UNIDO jointly elaborate proposals with a view to exploring the possibility of pooling financial resources to be made available to the SIDFA programme. These proposals would then be presented to the thirty-first session of the Governing Council for its consideration. In this context the Governing Council may also wish to review the future financing of the SIDFA programme after UNIDO has become a specialized agency with a budget of its own.

Notes

1/ Official Records of the Economic and Social Council, 1980, Supplement No.12 (E/1980/42/Rev.1), p. 45.

2/ Official Records of the Economic and Social Council, 1982, Supplement No.6 (E/1982/16/Rev.1), p.75.

3/ Official Records of the Economic and Social Council, 1980, Supplement No.12 (E/1980/42/Rev.1), p.53

4/ Official Records of the Economic and Social Council, 1981, Supplement No.11 (E/1981/61/Rev.1), p.82

Annex
Sectoral support allocations
(\$'000)

	Allocation 1982-1983 based on decision 81/79 and 82/38	Breakdown* 1982 1983		Proposed allocation 1984-1985 based on 55 per cent	Balance for 1986
Total cost of SIDFAs	7 205	3 462	3 743	4 161	2 081
Estimated Government contribution of one-quarter of annual cost per SIDFA	(100)	(50)	(50)	(100)	(50)
Total cost to UNDP for SIDFA programme	7 105	3 412	3 693	4 061	2 031
Other Agencies	3 192	2 042	1 150	1 824	912
Grand total	10 297	5 454	4 843	5 885	2 943

* Including carry-over of savings between 1982 and 1983 and revised estimated Government contributions.

