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P O L I C Y

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

SECTORAL SUPPORT

Report of the Administrator

Summary

In accordance with decision 83/39 adopted at the thirtieth session of the Governing Council, this report provides information on the history and rationale of the sectoral support programme and gives an assessment of the Senior Industrial Development Field Advisers programme as well as sectoral support provided to other agencies. The report concludes that, on the whole, sectoral support is responding to an important and continuing need of developing countries in needs assessment, programme co-ordination and the formulation of sectoral and inter-sectoral technical co-operation projects for UNDP funding. The report also identifies areas which merit further attention.

The report concludes that the balance of \$2.493 million for 1986, which is based on a projected allocation to the sectoral support programme at the current programming level of 55 per cent for the third programming cycle, 1982-1986, should be made available, subject to any decision regarding to future IPF levels in the third cycle as well as the outcome of the Governing Council's own review of the programme.

I. HISTORY AND RATIONALE OF SECTORAL SUPPORT

1. This report has been prepared in accordance with decision 83/39 of the thirtieth session of the Governing Council. The report deals with both Senior Industrial Development Field Advisers (SIDFAs) and sectoral support provided to other agencies. Where appropriate, specific references are made to matters pertaining to SIDFAs only. The report is based on UNDP's own internal assessment of sectoral support as reflected in section II, taking into account information provided by agencies. It also reflects the outcome of discussions with agencies at the Inter-Agency Consultative Meeting (New York, December 1983). In view of the fact that a number of detailed studies have been prepared for the Council in the past, this report will only briefly give an outline of the history of this programme.^{1/}

2. Sectoral support originated in the early 1960s as a consequence of the expansion of technical co-operation activities. In order to support Governments in formulating United Nations Special Fund projects, personnel serving in projects financed under the Expanded Programme for Technical Assistance provided "unofficial" technical and administrative expertise in agriculture in over 50 countries.^{2/} In 1966, the function of Senior Agricultural Adviser (SAA) was established with financing from UNDP's administrative budget. One year later, UNDP and the United Nations Industrial Development Organization (UNIDO) established the function of SIDFA. Both types of resident advisers were integrated into UNDP field offices. Their purpose was to help improve the co-ordination at the field level of FAO and UNIDO activities and to advise Governments in the preparation of their technical assistance requirements in agriculture and industry. They also served as channels of communication on matters of technical co-operation between the agency, host country and UNDP.^{3/}

3. In 1971, SAA were given the additional title of Food and Agriculture Organization Country Representative and their cost was shared by UNDP and FAO. Starting in 1976, the arrangement was phased out, over three years, and replaced by a network of FAO Country Representatives financed by FAO which was, at least in part, a reflection of a more independent posture by FAO.

4. In 1978, the Governing Council agreed to allocate resources to agencies other than FAO and UNIDO in order to provide effective and timely sectoral support to developing countries.^{4/} One year later, in its decision 79/38, operative paragraph 3, the Governing Council endorsed the proposal of the Administrator to establish a new budget line under Main Field Programme Costs to be entitled Sectoral Support. Eventually, this allocation was extended to thirteen agencies. Table 1 provides a quantitative overview of the allocations to agencies since 1979. In 1981, the Governing Council decided that, apart from SIDFAs, sectoral support would be intended primarily for the smaller agencies.^{5/} At the same time, additional agencies became eligible for UNDP-financed sectoral support (HABITAT, ITC, UPU and WIPO). The Administrator proposed in 1983 that sectoral support financing for smaller agencies be continued through the 1984-1985 biennium and expressed the view that arrangements for individual allocations to agencies should be made by him on a case-by-case basis, taking into account the availability of resources as well as the extent to which the proposed activities responded to

specific Government requests^{6/}. The Governing Council, in its decision 83/39, endorsed these proposals of the Administrator and approved an allocation of \$1.824 million for 1984-1985. Taking fully into account the procedures described above and in paragraph 14 below, as well as on the basis of the authority granted to him by decision 83/39, the Administrator expects to allocate resources for 1985 along the lines of the allocation made for 1984 as set out in Table 1 below.

Table 1. Allocations by UNDP of sectoral support funds (excluding SIDFAs)
(Thousands of US dollars)

Agency	1979	1980	1981	1982	1983	1984	TOTAL
IMO	300	333	367	374	202	160	1 736
ILO	150	163	197	44	-	-	554
ITC	-	-	-	112	112	89	313
ITU	280	333	367	343	185	146	1 654
UNESCO	100	110	140	100	22	-	472
UNCTAD	375	408	442	366	198	157	1 946
UPU	-	-	-	89	47	37	173
WIPO	-	-	-	124	124	98	346
WMO	150	163	197	210	114	90	924
WTO	-	200	200	150	80	63	693
IAEA	10	15	15	15	6	5	66
HABITAT	-	-	-	115	60	47	222
UNCTC	-	-	-	-	-	20	20
Reserve	35	-	-	-	-	-	35
TOTALS	1 400	1 725	1 925	2 042	1 150	912	9 154

Sources: (DP/1983/56, para.3; DP/1982/16, para.3; DP/555, para.3; DP/374, para.7).

5. At the beginning of the third programming cycle, 1982-1986, the Administrator had estimated the tentative requirements for sectoral support at \$37.5 million^{7/}. In accordance with decision 80/30, adopted at the twenty-seventh session of the Governing Council, the special line for sectoral support is subject to the same across-the-board reductions as those applied to IPFs as a result of a shortfall in resources. Consequently, total resources available for sectoral support in the third cycle had been reduced first to 80 per cent or \$30 million, and later to \$19.125 million in view of the general reduction of illustrative IPFs for the third cycle.^{8/} In successive decisions (81/79, 82/38 and 83/39) on sectoral support in the third cycle, the Governing Council approved a total allocation for the 1982-1983 and 1984-1985 bienniums of \$16.182 million leaving a balance of \$2.943 million for 1986, the last year of the cycle. Using the ratio established for the first four years of the cycle, this would mean that \$2.031 million would be available for SIDFAs and \$0.912 million for other agencies in 1986. (See table 2 for details). Allocations for 1986 should be made under the arrangements applied in 1984 and 1985 as mentioned in the preceeding paragraph.

Table 2. Summary of sectoral support allocation 1982-1986
(Thousands of US dollars)

Total funds available 1982-1986 ^{a/}		19 125
Allocation for 1982-1983 ^{b/}	SIDFA	7 105
	OTHERS	3 192
Allocation for 1984-1985 ^{c/}	SIDFA	4 061
	OTHERS	1 824
Balance 1986 ^{d/}	SIDFA	2 031
	OTHERS	912

- ^{a/} See DP/1983/56, paragraph 6 .
^{b/} Decision 81/39 and DP/1983/56, paragraph 1.
^{c/} Decision 83/39.
^{d/} Not allocated by the Governing Council.

II. THE PRESENT SIDFA PROGRAMME

6. In its decision 83/39, the Governing Council approved \$4,061,000 to cover the net costs to UNDP for the services of SIDFAs during the biennium 1984-1985. The current average cost of SIDFAs, with support services, is now estimated at \$125,000 for 1984 and \$137,500 for 1985. This is based on the assumption that current rates of exchange will essentially remain unchanged. Based on the ceiling of available resources, including savings from 1983, UNDP will finance 19 posts in 1984, while foreseeable resources for 1985 would enable UNDP to support 15 posts. This does not assume any substantial additional resources from Governments that might become available. (See paragraph 23 below). Since the General Assembly in its resolution 38/192 approved only \$1 million for 1984, the original number of 17 posts foreseen from that source had to be reduced to 9; in addition, 2 posts are being financed from voluntary contributions for 1984. For 1984, the total of 30 posts which can be accommodated within the available resources constitute a considerably reduced number from earlier estimates. For example, in April 1980, the Administrator had presented the results of a detailed survey of SIDFA requirements in developing countries (DP/480, paragraph 19). The report concluded that 44 SIDFA posts were required to provide the services of a SIDFA on a full- or part-time basis to 96 developing countries. It had been anticipated that in 1983 about 40 SIDFAs could be posted. In fact, only 38 SIDFA posts were financed in 1983 in order to ensure a gradual and equitable distribution of resources between 1983 and 1984. Extensive consultations are taking place between UNDP and UNIDO in order to phase out certain posts and to make the best use of available funds as well as to explore ways of obtaining additional financing from other sources. This process has been made more urgent by the reduced levels approved by the General Assembly in its resolution 38/192.

7. Due to the fact that the number of SIDFA posts had to be reduced from 38 to 30 following General Assembly resolution 38/192, a redistribution for 1984 had to be undertaken. As can be seen in the list of staff of the UNDP secretariat (DP/Staff Listing/12), the majority of SIDFA advisers has been recruited from developing countries.

III. ASSESSMENT OF THE EXPERIENCE WITH SECTORAL SUPPORT

A. Basic characteristics of sectoral support

8. Before providing an assessment of sectoral support, it may be useful to recall that a variety of mechanisms exists through which Governments and resident representatives have access to technical advice from agencies and other sources:

(a) Regional offices of agencies as well as field-level representatives financed through agency regular programmes;

(b) Missions fielded by agencies;

(c) Project personnel;

(d) Consultants recruited by resident representatives for programme-related purposes;^{9/}

(e) Intercountry and interregional advisers financed from UNDP programme funds and agency regular programmes;

(f) Regional commissions supplementing agencies with technical support in the economic development field.

9. While no single definition of sectoral support has been adopted by the Governing Council, there is, nevertheless, a working definition in use which describes the core activities of sectoral support which could serve to circumscribe future activities:

(a) Identification of sectoral technical co-operation requirements in the context of each Government's sectoral and intersectoral goals and each country's specific socio-economic setting;

(b) Formulation of sectoral and intersectoral technical co-operation programmes and projects for UNDP funding;

(c) Field-level substantive co-ordination of UNDP technical co-operation programmes and projects in the sector or sectors concerned with other United Nations system programmes and, as appropriate, with other multilateral and bilateral technical co-operation programmes.^{10/}

10. Because it is difficult to ascertain precisely the future needs for sectoral support, the Administrator allocates resources to agencies on an annual basis and the agencies report ex post facto on the precise use of these

resources. In order to achieve greater precision in the allocation of resources, agencies had been requested to submit their estimated needs for the following year on the basis of a project document.

11. There is agreement that sectoral support, when flexibly utilized, is an effective and useful source of advice to Governments. In order for sectoral support to be effective, it is important to ensure that:

(a) Governments have access to individuals who are fully familiar with the local situation and have considerable experience and substantive know-how;

(b) Sectoral services are provided through a variety of sources, including some of the mechanisms described in para. 8 above, in order to meet the wide range of requirements which far exceed available financial resources provided by this programme;

(c) Whenever possible, the United Nations system facilitates full utilization of locally available skills and expertise.

B. Sectoral support by smaller agencies

12. By and large sectoral support for smaller, highly technical agencies has proved to be effective because:

(a) Missions were usually timely and provided high-level technical advice to Governments and UNDP field offices;

(b) Missions were on the whole carefully and precisely programmed in relation to an expressed need, in consultation with all parties concerned.

All agencies continue to consider sectoral support services to be vitally important to developing countries. Without UNDP financing of these services, a number of important programming missions could not have been undertaken in the 1982-1983 biennium.

13. The Governing Council had recognized on several occasions the importance of increasing the involvement of executing agencies in the preparation of third-cycle country programmes. Since a number of the smaller agencies have no field representation, and since any field presence entails costs which cannot always be met by available resources, sectoral support has proved useful in facilitating the participation of agencies in the programming process. The smaller agencies of the United Nations system have pointed out on many occasions that Governments are not always aware of the services which these agencies can provide and that, consequently, the needs of developing countries in these areas of competence may not always be fully met. This has been an important rationale for the establishment of this programme and its continuation to the present. It is also important to note that since all Governments must apply more stringent selection procedures in establishing priorities, in view of the generally lower levels of available resources for development activities, sectoral support is useful in supporting Governments to undertake the required assessments for this process.

14. Sectoral support has been instrumental in financing a considerable number of missions to developing countries in all regions, primarily by the smaller agencies. These missions were usually concerned with needs identification, project formulation and the co-ordination of programming. The recommendations of these missions are submitted to Governments and, in a number of cases, they have produced new policy orientations and new projects. Sectoral support allocations have also been useful in complementing resources obtained from other sources in order to finance such missions. Some agencies have used these resources to establish interregional or regional advisory posts in order to provide a more permanent source of sectoral services in a specific field. In most cases, however, such services are offered through short-term consultancy missions upon request from the host country and after consultation with resident representatives. These missions and other sectoral services have been strongly endorsed by the smaller agencies as an essential element in carrying out their advisory functions at the country level. Available resources are far below the estimated requirements submitted by the agencies. Consequently, a stringent selection process has to be implemented by them in deciding how best to utilize these limited resources.

15. The current assessment has raised two issues which merit further attention in order to make sectoral support more effective:

(a) A single resident advisor is sometimes unable to respond fully to the needs of Governments and resident representatives. As had been reported previously, such resident advisors often cannot provide comprehensive sectoral services because of the complexity and diversity in the range of skills demanded which is beyond the scope of a single individual.^{11/} Thus, resident advisors, including SIDFAs, should be appointed only after the most careful review of all options, including the use of recurrent visits of specialized missions of consultants^{12/};

(b) Inadequate consultation between agencies and the office of the resident representative sometimes create misunderstandings. In order to achieve better results, resident representatives must be involved in the planning of missions, and in particular, they should agree on the timing of missions. Moreover, UNDP field offices must be fully associated with the work of such missions. UNDP and the Government should be briefed by sectoral missions and should receive copies of the mission report at the earliest possible time, preferably before the mission leaves the country.

16. Sectoral support must be judged in the context of a changing environment characterized by generally reduced resources for development, a need for more specialized advice by developing countries and a concurrent need for greater cost-effectiveness of all UNDP-supported activities. Further financing of sectoral support is justified because it responds to the needs of Governments and agencies. Particularly, if sectoral support is carried out on the basis of full consultations and better communication, it should be of considerable benefit to developing countries. While, on the whole, UNDP prefers short-term, special purpose consultancies rather than long-term arrangements of a more general nature, some carefully selected longer-term posts should be continued. Such a selective approach is particularly relevant in view of the reduced levels of resources available for both the SIDFAs and sectoral support, and the variety of sources which can be utilized to provide such services.

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C. Assessment of the SIDFA programme

17. Based upon the "Memorandum of Agreement concerning the establishment of a UNIDO Field Service at the country level to be integrated with UNDP field offices" of 3 October 1967, close co-operation between UNIDO and UNDP has produced an effective service to developing countries. The nature and scope of advice provided by SIDFAs is quite varied and broad, including, inter alia, advice on:

(a) Policy aspects of industrialization of developing countries (including their development policies and plans) and contributions of the UNDP and United Nations system to that process;

(b) Programme development and preparation of UNDP country programmes;

(c) Operational matters relating to the implementation by UNIDO of UNDP assistance to projects;

(d) The appraisal, monitoring and evaluation of project proposals and on-going projects;

(e) Evaluation of existing or terminated projects.^{13/}

18. More specifically with respect to the new dimensions of technical co-operation, SIDFAs are increasingly providing support to project co-ordination and management, particularly in view of the fact that many projects have now nationally recruited Project Co-ordinators and a large number of internationally recruited short-term experts and consultants. SIDFAs also function as liaison officers and negotiate on behalf of UNIDO, including discussions with substantive Ministries on matters of industrial policy and co-operation between the Governments and UNIDO. They are also often called upon for assistance in such emergencies as national disaster relief, planning and operations.

19. In discharging these functions, SIDFAs provide information and advice directly to institutions dealing with industrial development, including information on suppliers, technologies and cost of equipment. They analyze macro-economic aspects and economic strategies and advise on developing infrastructures as a basis for industrialization. They support Governments, regional commissions and development banks in regional co-operation, industrial planning, project evaluation, information and technology acquisition. Moreover, SIDFAs assist in facilitating economic and technical co-operation among developing countries (ECDC/TCDC) by exploring new approaches to technical co-operation through joint ventures. They help select experts for TCDC projects and are involved in the training of specialists from other developing countries, advising on contractual and logistic arrangements of such projects.

20. In order to respond to sophisticated and specialized technical requests, SIDFAs act as "focal points" and provide advice to the resident representatives and Governments of the countries to which they are assigned as well as to other resident representatives, Governments and institutions on subjects for which they are especially qualified in view of their personal background and experience. For example, in Latin America, one SIDFA has been identified for the development

of the capital goods industries, another one for transfer of technology and energy. In Asia one SIDFA provides advice for the development of the building materials industry. It is expected that, in 1984, other specific fields will be identified in the different regions in order to make maximum use of the diversified qualifications of SIDFAs.

21. Thus Governments and resident representatives have access to a valuable service through SIDFAs who perform a vital function in a number of countries in the promotion of industrial development. Unfortunately, while there is wide agreement on the usefulness of SIDFA services, it has not been possible to arrive at an assured basis of financing. Even UNDP's essential support had to be reduced from \$7.1 million in the 1982-1983 biennium to \$4.061 million for 1984-1985. (See also paragraph 5 above).

22. The General Assembly, in its resolution 83/192 on industrial development co-operation, operative paragraph 5, decided that:

" Adequate resources should be provided from the United Nations regular budget for the United Nations Industrial Development Organization in 1984 to maintain the total staffing of the Senior Industrial Development Field Advisers programme at the existing level of already appointed Senior Industrial Development Field Advisers, in addition to the utilization in full of the allocation in the United Nations Development Programme budget, including the carry-over from 1983, as well as voluntary funding through the United Nations Industrial Development Organization."

This resolution merely maintains for 1984 staffing levels of 1983 and relies heavily upon UNDP financing. The resolution, in paragraph 7, invites UNDP to finance "the maximum possible number of senior industrial development field advisers during the biennium 1984-1985."

23. The resolution, in paragraph 6, also appeals to all States to provide voluntary contributions to the SIDFA programme in order to maintain and increase the number of posts. In this connection, it is regrettable that the Administrator's efforts to implement paragraph 4 of decision 81/39 of the twenty-eighth session of the Governing Council on financing of SIDFA services from national IPFs or national sources with a view to achieving a share of one quarter of this cost have not been successful. Fourteen countries with a third cycle IPF over \$4 million, and which are not designated "least developed", were contacted in 1983 through a joint appeal by UNDP and UNIDO. Only two Governments have so far agreed to contribute to the SIDFA programme. It would appear, therefore, that this programme cannot count on substantial additional resources furnished by recipient Governments. The status of UNIDO as a specialized agency is still under consideration. It is the conclusion of both UNDP and UNIDO that even if UNIDO were to achieve the status of a specialized agency in 1985, there would not be enough time to change existing financial arrangements until the following year.

24. Thus, while the SIDFA programme continues to serve a vital function and enjoys broad support in developing countries, its financial foundation remains

shaky. Although it should be possible to review the future financing of the SIDFA programme after UNIDO has become a specialized agency with a budget of its own, present indications are that UNDP would have to continue to provide a level of financing which maintains the programme until the end of 1986 at least for the poorest countries.

III. CONCLUSIONS AND RECOMMENDATIONS

25. As has been discussed in this report, sectoral support to a number of the smaller executing agencies is responding, on the whole, to an important and continuing need of developing countries. The Administrator proposes that support to this programme also be extended to the end of 1986 and that the balance of \$0.912 million be made available for this purpose, subject to any decision relating to IPF levels. In carrying out this programme, the Administrator should continue to have the authority to allocate resources primarily to smaller agencies on a case-by-case basis, taking into account available resource levels and the extent to which proposed activities by agencies respond to changing requirements of Governments.

26. In light of General Assembly resolution 83/192, the Administrator proposes that UNDP continue to provide financial support to the SIDFA programme on the basis of current arrangements. This means that in 1984 and 1985, UNDP will provide financing for the SIDFA programme in the amount of \$4.061 million in accordance with the allocation approved by the thirtieth session of the Governing Council in its decision 83/39. If Governments respond to the appeal of General Assembly resolution 38/192, paragraph 6, and provide voluntary contributions to the SIDFA programme and if the General Assembly and later the member States of UNIDO as a specialized agency agree to provide increased financing, this important programme could respond more fully to the requirements of developing countries.

27. The balance of \$2.031 million for 1986, mentioned in paragraph 5, should be made available for the SIDFA programme in 1986. If the resource situation continues to improve, the allocation would be adjusted upwards in line with any across-the-board decision taken on IPF levels. At the same time, the Administrator and the Executive Director of UNIDO will continue to explore ways and means of maintaining current levels of SIDFAs in about 30 countries while, at the same time, reviewing the possibility of a gradual reduction of UNDP financing. Preference in providing financial support should be given to the least developed countries. Within present programming levels, any reduction of UNDP financing for 1986 should be conditioned upon UNIDO's ability to maintain the minimum level of SIDFA services from other sources, including voluntary contributions, its assessed budget and financing from recipient governments of part of the SIDFA costs.

Notes

1/ For details about the SIDFA programme please refer to a report submitted to the Industrial Development Board at its thirteenth session in April/May 1979 (ID/B/228). Subsequently, the matter was reviewed by the twenty-sixth session of the Governing Council on the basis of document DP/374 and the twenty-seventh session on the basis of document DP/480.

2/ DP/323, paragraph 11.

3/ Ibid., paragraph 12.

4/ Decision 25/25.

5/ Decision 81/39.

6/ DP/1983/56, paragraph 7.

7/ DP/496, Table 2, page 11.

8/ DP/1983/56, paragraph 6

9/ A number of "umbrella" projects have been approved for this purpose financed by country IPFs.

10/ DP/374, paragraph 21.

11/ DP/323, paragraph 14.

12/ As concerns flexibility in providing SIDFA services, please refer to DP/480, paragraphs 23-29.

13/ For a list of other SIDFA functions refer to DP/480, Annex.

