



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1985/63
2 April 1985

ORIGINAL: ENGLISH

Thirty-second session
June 1985, New York
Item 9(f) of the provisional agenda

P O L I C Y

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

SECTORAL SUPPORT

Report of the Administrator

Summary

This report deals with the current and future development of sectoral support pursuant to Governing Council decision 84/41. The bulk of the report deals with the results of an extensive review of the future of the programme of sectoral support with respect to the smaller agencies and measures being taken to improve that programme.

A presentation regarding UNDP support to the Senior Industrial Development Field Advisers (SIDFA) programme in the fourth programming cycle has been postponed pending clarification of the future status of the United Nations Industrial Development Organization (UNIDO). It is envisaged that this issue will be considered at the thirty-third session of the Governing Council in June 1986. In the meantime, the allocations for the SIDFA programme have already been decided through 1986 and no immediate decision on the matter is required of the Governing Council at the present session. The specific inquiry regarding the linkage between sectoral support and sectoral analysis is also addressed.

The report concludes with the recommendation that the sectoral support programme with respect to the smaller agencies be extended through the fourth cycle with improved management measures.

/...

INTRODUCTION

1. The present report responds to the request contained in Governing Council decision 84/41 that the Administrator report on the current and future development of sectoral support. Because of the considerably different set of factors to be considered in each case, the Administrator has decided to treat separately the two aspects of future sectoral support policy, namely the question of future support of the SIDFA programme, and the question of further allocations in the fourth cycle to smaller agencies^{1/} from UNDP central resources. The latter question is dealt with below in chapter III of the present report, and is based on a recent review carried out with the assistance of a senior consultant. Detailed review of the former question has been postponed in view of UNIDO's impending change of status to a specialized agency, and will be submitted for consideration by the Governing Council at its thirty-third session in June 1986.^{2/}

I. CURRENT STATUS OF THE SECTORAL SUPPORT PROGRAMME

2. A complete history of the sectoral support programme was provided to the thirty-first session of the Governing Council in DP/1984/64. This chapter of the present report therefore is limited to updating the information provided last year.

3. The Governing Council, in its decision 83/39, decided that an allocation of \$1,824,000 could be used at the discretion of the Administrator for the sectoral support programmes of the smaller agencies during the 1984-1985 biennium. An allocation of \$912,000 was made for 1984. Subsequently, the Governing Council, in its decision 84/41, endorsed the further allocation of funds for 1985 and 1986 on the same basis as for 1984. The net result of these decisions is reflected in the following updated table 1 showing allocations for the entire third cycle.

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

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Total</u>
2 042	1 150	912	912	912	5 928

4. These funds are currently being used by three agencies for four full-time interregional sectoral advisers, with the remaining agencies using the funds either for hiring the necessary outside expertise for short-term consultancy missions, or to supplement their own funds for the purpose of sending out their headquarters staff for sectoral advisory work. This pattern differs considerably from the initial experience at the beginning of the third cycle when the agencies used the funds to a much larger extent to hire

full-time interregional advisers, some of whom tended to do representational work on behalf of the agency or were generalists who did not have proper understanding of the particular problems in the sector. The situation has changed over the past few years partly as a result of the cut-back in resources for sectoral support which has meant that better priorities for use of the funds have been applied, and partly because of the effort by UNDP since 1981 to formalize the preparation of project documents for sectoral support by each agency and to require better progress reporting. The four remaining sectoral support interregional advisers^{3/} are not generalists, and their continued use is well justified. Indeed, in very specialized fields such as maritime training, maritime and intermodal transport and intellectual property, both for reasons of economy and because it is essential in these fields that national actions on an individual country basis be co-ordinated with intercountry standards that exist, it is important and justifiable to have the services of interregional advisers. Through their accumulated experience and their overall view of the subject, such advisers are in a position to take a co-ordinated view of the activities in various countries and regions which would be impossible through short-term consultants. Thus, these advisers do not fall into the same category as some others in the past who were handling subjects too diversified for a single individual.

5. With regard to the SIDFA programme, the Governing Council, by the same decisions mentioned above, has provided for the continuation of UNDP support for 1985 and 1986 at the same level as for 1984. The net result is reflected in table 2:

Table 2. Allocations by UNDP to the SIDFA programme, 1982-1986
 (Thousands of US Dollars)

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>TOTAL</u>
3 852	3 253	2 030 50	2 030 50	2 031	13 206

6. In 1985, due to the continued strength of the United States dollar and a lower than anticipated rate of inflation, no cut-back in the number of SIDFA posts financed from UNDP funds has been necessary. Thus, UNDP continues to finance 19 SIDFA posts in 1985. In turn, the General Assembly, in resolution 39/232 II adopted at its thirty-ninth session, agreed to continue financing nine SIDFA posts for 1985; UNIDO has obtained voluntary trust-fund contributions for two more posts, and is currently negotiating with donor countries on the possibility of their financing additional posts. Thus, no reduction in the overall number of SIDFA posts is expected in 1985, and the possibility exists even of a slight increase, depending on the outcome of UNIDO's negotiations with donors. As of the time of writing, it is not possible to predict how many SIDFA posts can be financed in 1986 since that will depend on the strength of the United States dollar, the rate of inflation, the decisions of the General Assembly at its fortieth session and the actions of various donors.

II. LINKAGE BETWEEN SECTORAL SUPPORT FUNDS AND SECTORAL ANALYSIS

7. In its decision 84/41, paragraph 7, the Governing Council asked that this year's report specifically take into account the linkage between sectoral support and sectoral analysis. Accordingly, in an effort to establish the importance and nature of that linkage, all agencies currently receiving sectoral support funds from UNDP were asked to report the titles of all sectoral analyses undertaken with UNDP sectoral support funds during the third cycle. Likewise, the matter was specifically discussed by the senior consultant appointed to conduct the review of sectoral support allocations to smaller agencies in the course of his recent visits to their various headquarters in Europe. In turn, the question was part of a questionnaire on sectoral support sent to all field offices. (Both the review and the questionnaire are dealt with more extensively in chapter III below.)

8. The results show that while the linkage most definitely exists, it is not necessarily direct. Specifically, it was found that while very few missions dedicated solely to carrying out sectoral analyses have been fielded, this did not mean that the need for that kind of analysis had been ignored. In the comparatively narrow and highly technical fields of the smaller agencies, most mission reports contain an element of both sectoral support and sectoral analysis. Most agencies estimate that about three fourths of the missions combine sectoral analysis with other aspects of sectoral support work. Whether it is advice to Governments, or identification of technical co-operation requirements, or formulation of sectoral or multi-sectoral technical co-operation programmes and projects or substantive co-ordination of programmes, the starting point is an analysis of the sector or the setting of a sector. How detailed this analysis is depends upon the individual circumstances of the mission. Such analyses are useful because they not only make it possible to identify the constraints in the sector but also because they better inform Governments on the potential role of that sector in development.

9. A further important point which emerged in this regard is that, in the perception of the smaller agencies, the question of sectoral analysis and the availability of sectoral support funds from UNDP is of less bearing to them in the context of either the country programming or the round-table processes than it might be to the larger agencies which represent major sectors in the economy. This is because the smaller agencies, while they welcome the opportunity to participate in these processes and stand ready to do so on specific request, believe that the analysis of the more specialized sectors or disciplines covered by them would, in normal circumstances, not play a significant role at that time. Rather, they argue that they are better able to collaborate with UNDP and the Governments through ad hoc missions undertaken under UNDP's sectoral support programme or from other resources under the concept of continuous programming. The contention of these agencies is amply borne out by the following examples: in the case of the International Maritime Organization (IMO), out of 75 missions from 1982 to 1984, none has been undertaken for the country programming or round-table exercises as such; regarding the World Intellectual Property Organization (WIPO), out of 61 missions during the same period, none was undertaken for country programming or round-table meetings; and with respect to the

International Trade Centre (ITC), out of 29 missions, none was for country programming or round-table meetings. The same holds true for the other smaller agencies.

10. These findings lend support to the need for UNDP to maintain a certain flexibility in its interpretation of the scope and purposes of the sectoral support programme in order to allow the smaller agencies to participate in the manner most appropriate to their capabilities and interests in technical co-operation.

III. FUTURE ROLE OF UNDP SECTORAL SUPPORT ALLOCATIONS

11. As indicated above, only the future of UNDP's sectoral support allocations to the smaller agencies is dealt with here; the question of the future of the SIDFA programme will be submitted to the thirty-third session of the Governing Council in June 1986.

12. Since the thirty-first session of the Governing Council, an extensive and critical review has been undertaken of UNDP's allocation of funds from central resources to smaller agencies for sectoral support with a view to determining what recommendations should be made to the Governing Council at its thirty-second session about future UNDP policy in this matter during the fourth cycle.

13. The review, which was primarily carried out by an experienced senior consultant, included specific inquiries to each agency concerned regarding the relationship between sectoral analysis and sectoral support, pursuant to decision 84/41, paragraph 7; a questionnaire to all UNDP resident representatives; discussions at the headquarters of all the concerned agencies except the United Nations Centre for Human Settlements (HABITAT); discussions with all the regional bureaux and other concerned units at UNDP headquarters; and a desk review of all relevant Governing Council decisions and documents and UNDP headquarters files.

14. The review found that the vast majority of resident representatives, as well as all the agencies contacted, envisage a continuing need by host Governments and field offices for sectoral advisory services in the fourth cycle.

15. While there are obviously a number of different ways in which sectoral advisory services have been provided and are likely to continue to be provided in the future,^{4/} it was found that the present system, whereby UNDP makes direct allocations to the agencies from central resources, should be maintained, with certain improvements, as one of the alternate means of providing sectoral support for three reasons.

16. First, the review has confirmed that often neither the Governments nor even the resident representatives are fully aware of the services which small and highly technical agencies can provide, and the capability of the United Nations system to meet the needs of developing countries in such areas may not, therefore, be utilized. Since the smaller agencies generally lack direct field representation, as well as sufficient allocations of funds by their

/...

governing bodies for technical assistance activities, they are in most cases highly dependent on UNDP's sectoral support allocations in order effectively to bring to the attention of developing countries priorities which may need attention in their particular fields of competence.

17. Second, it has been noted that the members of the governing bodies of the various agencies concerned have consciously limited the funds allocated directly to the agencies themselves for technical assistance work, while calling on UNDP to increase its sectoral support contributions. This has the effect of upholding the principle that UNDP is to be the main conduit of funds for technical assistance in the United Nations system. By acting to make available to those agencies at least the minimum amount of technical assistance funds which they need to carry out sectoral advisory functions, UNDP can therefore be said to be reinforcing this central and important principle.

18. Third, it was determined that in comparison with various alternative arrangements which have been proposed, the continued allocation of sectoral support funds directly to agencies from UNDP central resources would be both more practicable and cost efficient. This is because only with advance knowledge of the amount to be available from UNDP on at least an annual basis can the agencies hope to make adequate plans to have available the necessary expertise and to co-ordinate the UNDP-supported activities with those supported from their own resources. Adequate planning becomes even more important as the resources diminish. In turn, if the funds were centrally controlled by UNDP headquarters, or divided up into small country funds put at the disposal of resident representatives, as has been considered, the responses by agencies to requests for sectoral advisory services would become much more difficult to arrange, more ad hoc hiring outside the agencies would be necessary, and in the end the arrangement would be more costly because two organizations would be directly involved instead of one.

19. The major conclusion of the Administrator based on the review, therefore, is that a very definite need for sectoral support services on the part of host Governments and resident representatives will continue into the fourth cycle, and that the continued allocation of a modest amount of UNDP's central resources to the smaller agencies for this purpose should be maintained, in conjunction with certain improvements in the management of the programme by the UNDP and the agencies which are discussed below.

IV. IMPROVEMENTS IN THE MANAGEMENT OF THE SECTORAL SUPPORT PROGRAMME WITH SMALLER AGENCIES

20. While the findings of the recent review substantiate the need to continue the present sectoral support programme with smaller agencies, the review has also revealed various aspects of the programme which need improvement in order to increase its effectiveness. In order to effect the necessary improvements, the following reforms in the handling of the sectoral support programme have been or are being implemented this year:

(a) Resident representatives shall be informed regularly by UNDP headquarters about the structure of the sectoral support programme and its purposes. This will include inter alia, an explanation that the activities of the agencies are not to be limited to a determination of the nature of technical co-operation programmes to be financed by UNDP only, but by all potential sources, including national sources. Thus, if IPF funding is not available or is limited, as is frequently the case, but the Government nevertheless is interested in a particular activity for improving a sector, then the sectoral support services of an agency may serve as an extremely useful tool to help mobilize non-UNDP funds;

(b) All agencies receiving UNDP sectoral support allocations will be required annually to inform resident representatives of the types of advisory services they envisage having available in the coming year. Furthermore, agencies will be required to inform the resident representative at least six weeks in advance of the proposed arrival of a sectoral support mission, and to indicate the nature of the request for sectoral advisory services to which the mission responds, including the source of the request within the Government in those cases where the request has been transmitted directly and not through the resident representative. The agency will also explicitly inform the resident representative and the Government in each case where the mission is funded in whole or in part by UNDP, and this shall likewise be stated as a preamble in all mission reports. Finally, all such missions shall call on the resident representative's office at the beginning of their visit and shall debrief the office prior to their departure;

(c) To ensure better planning by the agencies and better management of its funds by UNDP, agencies will be asked to submit in June a proposal for their sectoral support programme for the following year. The document to be used will be simplified, requiring information limited to the countries, subregions or regions to be covered, activities, results and follow-up actions envisaged, and a budget for UNDP funds, which shall not include any amounts for agency headquarters administrative support costs. In July, firm allocations by agency for the following year will be decided by UNDP along with a tentative amount for the year after. The agencies will be so informed, and final documents in the simplified format will be drawn up and signed before the end of the year;

(d) Decisions about allocations to individual agencies shall continue to rest with the Administrator, within the framework of the overall allocation for sectoral support approved by the Governing Council. In deciding on the agency allocations, the degree to which individual agencies have established their own field network, thus reducing their dependence on sectoral support missions as a means of spreading an awareness of their capacities to host Governments and resident representatives, will weigh heavily;

(e) Reporting requirements for agencies will be simplified and tightened-up to assure that the resident representatives, and UNDP headquarters are more regularly and systematically informed about sectoral support activities undertaken with UNDP funds. In turn, agencies will be requested to send mission reports to Governments through the resident representative concerned;

(f) Within UNDP headquarters, individual technical advisers will be assigned responsibilities as the focal point for all matters concerning the sectoral support activities of specific agencies. This will include monitoring their activities through the review of progress and mission reports; assuring that reports are properly disseminated to the regional bureaux and resident representatives; maintaining a dialogue with the agencies concerned, and participating with the regional bureaux in the evaluation of agency proposals and the formulation of recommendations to the Administrator regarding the allocations to be made among agencies.

V. RECOMMENDATIONS

21. The review of the sectoral support programme with smaller agencies as a basis for determining recommended policy for the future of the programme in the fourth cycle has revealed that a very good case exists for the continuation of the present arrangement of allocations from central UNDP resources to the agencies for their sectoral support activities. It is therefore recommended that, with the improved management measures outlined in chapter IV above, the sectoral support programme with smaller agencies be continued through the fourth cycle.

22. With regard to the level of allocation to be made to the smaller agencies, the Governing Council may wish to consider this in conjunction with the future of the SIDFA programme at the thirty-third session in June 1986. It is further suggested that at that time the Governing Council, in keeping with past practice, allocate to the smaller agencies approximately one third of the total allocation for sectoral support in the event that the Council ultimately decides to continue with both aspects of the sectoral support programme as presently constituted.

Notes

1/ Agencies currently benefitting from sectoral support allocations are: the United Nations Centre for Human Settlements (HABITAT), the International Atomic Energy Agency (IAEA), the International Maritime Organization (IMO), the International Trade Centre (ITC), the International Telecommunication Union (ITU), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Centre on Transnational Corporations (UNCTC), the Universal Postal Union (UPU), the World Intellectual Property Organization (WIPO), the World Meteorological Organization (WMO) and the World Tourism Organization (WTO).

2/ Since it had been expected that UNIDO's status would be changing in the first half of 1985, it was originally decided not to undertake a review of UNDP's policy towards the SIDFA programme until after the effect of UNIDO's changed status on its field representation was known. Thus, the SIDFA programme was deliberately excluded from the scope of the review of the sectoral support programme recently undertaken by a consultant. Just at the time of writing, however, it became evident that the change in UNIDO's status was likely to be postponed. It is thus now apparent that the matter should be dealt with at the thirty-third session of the Governing Council.

3/ The remaining full-time interregional sectoral advisers are with UNCTAD (1), WIPO (1) and IMO (2).

4/ Possible other sources of sectoral advisory services might include, inter alia, regional, interregional, or global projects; agency regular staff or other experts financed by agency regular budgets or funds-in-trust; consultants hired under the budgets of existing national IPF projects or from specially established programme support or "umbrella" projects, or other projects financed by UNDP-administered special funds, funds-in-trust, or cost-sharing resources; sectoral or other experts from UNDP headquarters; experts already serving in the country on projects; advisors from regional United Nations commissions; economists and experts from other multilateral sources (i.e. the World Bank, International Monetary Fund (IMF), regional development banks); TOKTEN programmes; bilateral sources.

