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**POLICY**

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

SECTORAL SUPPORT

Report of the Administrator

Summary

In accordance with decision 86/50 of the Governing Council, this report deals with the review of the Senior Industrial Development Field Adviser (SIDFA) programme which was undertaken by independent consultants jointly hired by UNIDO and UNDP. In addition, both organizations held extensive internal discussions on the findings and recommendations of the consultants and arrived at the conclusion that the programme should continue.

In the report, the Administrator recommends the implementation of a number of proposals and that the allocation of \$6,400,000 withheld by decision 86/50 of the Governing Council be allocated for funding the SIDFA programme in 1990 and 1991.

## Introduction

1. This report was prepared in accordance with Governing Council decision 86/50 which requested the Administrator to undertake an objective, substantive review of the SIDFA programme jointly with UNIDO. The decision stipulated that the review should include an assessment of the modality and the functions of the SIDFAs, the optimum number of SIDFAs required in the foreseeable future, their possible location, and their effective integration into the UNDP field offices. The decision also required that proposals be made for the long-term financing of the SIDFA programme. Therefore, this report requests decisions from the Governing Council which have financial implications.

2. UNIDO and UNDP accordingly agreed to hire two Senior Consultants who began their work in October 1986. The consultants made visits to selected developing countries, and held consultations with delegations of several donor countries at Vienna and New York. Their report, "Review of the SIDFA Programme", was transmitted to the Administrator and the Director-General of UNIDO on 11 December 1986. The report is available to delegations on request. It should be noted, however, that the consultant's report did not, in UNDP's opinion, provide an adequate assessment of the SIDFA programme. Accordingly, extensive internal consultations were held within UNDP in order to arrive at a UNDP position on this matter.

### I. CONSULTANT'S REVIEW OF THE SIDFA PROGRAMME

#### A. SIDFA role and functions

3. The consultants came to the conclusion that all SIDFA job descriptions should have a common core of functions. In each case, however, additional specific activities based on the requirements of each post, should be defined. The core functions are listed below and relate to matters within the mandate of UNIDO:

- (a) Project development and programming;
- (b) Project implementation;
- (c) The provision of policy and technical advice to the Resident Representative;
- (d) The provision of policy advice to the Government in general;
- (e) Assisting Governments in problem and needs identification and assessments and either providing solutions or arranging to provide solutions for them;
- (f) The provision of advice both of a policy and technical nature of regions and subregions. It is envisaged here that SIDFAs, in addition to their normal duties, could take on special advisory roles which could be exercised throughout the region;
- (g) Providing and supporting such UNIDO activities and programmes as ECDC/TCDC, investment promotion, consultation systems, the integration of women

into industrial development technology transfer, industrial information and rural development;

(h) Establishing and maintaining contacts with NGOs and UNIDO's national committees;

(i) Co-ordinating industrial project work in the field; and

(j) Covering, on behalf of UNIDO, conferences, seminars and meetings in the country.

B. The co-ordination of UNDP's and UNIDO's activities at the field level

4. Through resolutions of the Industrial Development Board and UNIDO's General Conference, member States have recommended that the SIDFA programme be kept as an integral part of UNDP's field operations. UNIDO has therefore decided to reinforce its sectoral support in the industrial sector through the UNDP field offices. UNDP resident representatives would operate also as UNIDO's representatives and would in selected countries be supported by SIDFAs, who as an integral part of the UNDP field offices would be deputy representatives responsible for the industrial programme. The consultants have confirmed that this model generally functions well and that the integration of SIDFAs in the UNDP field offices has avoided many of the normal difficulties of co-ordination.

C. Location and geographic coverage of SIDFA posts

5. The consultants were of the view that, ideally, SIDFAs should be located in each UNDP field office where an important industrial sector or programme exists. They stated that resource constraints have restricted the geographical coverage of SIDFA positions and urge that more funds be made available to meet the almost global requirements for SIDFAs. They recommended that multi-country coverage be limited to those countries where a visiting SIDFA could ensure adequate follow-up and continuity of his mission. The consultants argued that there was a need for SIDFAs in all recipient countries, no matter the stage of their economic evolution. Given the resources constraints, however, the Consultants indicated a range of 36 to 50 SIDFAs as a reasonable deployment, without identifying the individual countries in which they should be located.

D. The Junior Professional Officer scheme as a supporting supplementary service

6. The consultants' assessment of the UNIDO JPO programme was positive. They have stated that the contribution of JPOs to sectoral support in UNDP offices has been considerable, even in those countries where it has not been possible to place SIDFAs and where JPOs work on their own. In those offices in which a SIDFA and a JPO work together, the JPOs' involvement in project monitoring and in project preparation is an essential contribution to the programme, in that it allows the

SIDFA to devote more time to his or her advisory role to the Resident Representative and to the Government. The consultants take the view that for the SIDFA service to become fully effective, SIDFAs should be assisted by JPOs in every SIDFA duty station.

#### E. The financing of SIDFAs

7. The question of financing remains the main issue, since the implementation of the SIDFA programme depends entirely on the availability of resources. The consultants, having considered the basic functions of SIDFAs to be an integral part of the UNDP field offices and also in view of their role as technical advisers to both the Government and the UNDP Resident Representative, were of the opinion that the financing of the programme should be the joint responsibility of all three parties: UNDP, UNIDO and recipient Governments. In addition, voluntary contributions from developed countries through multi-fund arrangements could be considered. The consultants urged that secure funding be provided for the SIDFAs at least on a five-year cycle basis to avoid the uncertainty the programme now faces.

8. The consultants were of the view that the Governments of countries in which SIDFAs are stationed could cover an important share of local operational costs, as was done in the past by some Governments on a voluntary basis. The consultants also elaborated policies with regard to the contributions of Governments to SIDFA operations. The proposals range from no contributions from a least developed country (LDC) through contributions to local operating costs by some countries, to the full financing of the SIDFA operations by others. Of special interest is the suggestion that countries that are relatively economically advanced should finance the SIDFA programme either by reimbursing UNDP and UNIDO for their costs or by covering the SIDFA costs from their respective IPFs.

#### F. Selection and career of SIDFAs

9. The consultants have recommended that all SIDFAs be awarded contracts by only one organization (either by UNDP or by UNIDO) in order to avoid differentiation instead of the present situation where some SIDFAs have UNDP contracts and others have UNIDO contracts. These contracts should be for four or five years, subject to an initial period of probation. They have also recommended that the procedures of supervision be standardized and that the selection of candidates continue to be made on the basis of agreement between UNDP and UNIDO. They have suggested that the minimum level of grading for SIDFAs should be P-5 and the maximum D-1. The SIDFAs should be either engineers or economists or both, if possible, according to the requirements of the posts. SIDFAs should as at present be recruited from the market. However, suitable members at present part of UNIDO's headquarters staff should be encouraged to serve as SIDFAs, and as a rule be accorded preference in case of equal qualification with outside candidates.

#### G. Administering the SIDFA service

10. The consultants considered that the present arrangements for the overall administration of the SIDFA programme has split responsibilities between UNDP and

UNIDO, according to the source of financing. They have therefore recommended that all the resources be pooled in order to have a clearer overview of the availability of funds. Additionally, voluntary contributions should be granted to the SIDFA programme as a whole in order to strengthen the overall resources and not for specific posts. The management of the resources should be left to one organization which should be accountable to the other. In addition, a system of evaluation of performance should be introduced on a regular and unified basis.

## II. UNDP RECOMMENDATIONS

11. The Administrator has thoroughly reviewed the report and has held consultations with the Director-General of UNIDO on the future of the SIDFA programme and proposes that:

(a) Core of the functions of SIDFA be as recommended by the consultants specifying the requirements for each post;

(b) SIDFAs be an integral part of the UNDP field office team, and, in performing their functions under the direction of the UNDP Resident Representative, be responsible for all aspects of UNIDO's and UNDP's support to the industrial programmes of recipient countries as senior adviser for industrial development;

(c) UNDP resident representatives be designated UNIDO representatives, and SIDFAs be designated UNIDO deputy representatives;

(d) UNDP and UNIDO should jointly and periodically review the locations of SIDFAs in order to ensure their optimal utilization;

(e) At the headquarters level, UNIDO should administer the SIDFA programme and all SIDFAs should have UNIDO contracts. However, in doing so, UNDP's clearance will be required in the selection, location, transfer and promotion of SIDFAs;

(f) UNIDO staff members, successful project team leaders, and qualified candidates from the market, should constitute the basic sources for the selection of SIDFAs, who should be appointed at the P-5/D-1 level. Initial contracts should be for a period of two years after which extensions could be made subject to an evaluation of the performance of SIDFAs by both UNIDO and UNDP;

(g) SIDFAs should be funded from a common pool of resources which would be administered by UNIDO which would be accountable to UNDP for those funds which the latter provides;

(h) UNDP's financial contribution to the SIDFA programme should not exceed the allocation already made for the fourth programming cycle. More specifically, the Administrator recommends that the sum of \$6,400,000, that has been withheld in accordance with Governing Council decision 86/50, be allocated for the implementation of the SIDFA programme in 1990 and 1991. The UNDP contribution would be used to employ the maximum number of SIDFAs and UNDP would not be committed to maintain a pre-determined number of SIDFAs; and

(i) The basic agreement between UNDP and UNIDO be updated.

DP/1987/58

English

Page 6

12. The Administrator further proposes to undertake a review of the SIDFA programme in 1990 in order to inform the Governing Council on the nature and scope of UNDP's involvement in the SIDFA Programme during the fifth programming cycle.

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