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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Sectoral support

Report of the Administrator

SUMMARY

In accordance with Governing Council decision 87/48 of 19 June 1987, this report deals with the review of the sectoral support programme. The Administrator recommends that the review would be more usefully presented to the Governing Council at its thirty-eighth session (1991), since the integration of the senior industrial development field adviser programme within UNDP field offices took place only on 1 January 1990.

The Administrator also proposes a tentative allocation of \$30 million for this programme for the fifth cycle.

## INTRODUCTION

1. By its decision 87/48 of 19 June 1987, the Governing Council requested the Administrator to undertake a review of the whole sectoral support programme and to report to the Council in 1990 on the nature and scope of United Nations Development Programme (UNDP) support to the sectoral programme of relevant specialized agencies of the United Nations system during the fifth programming cycle.
2. The sectoral support programme includes the senior industrial development field adviser (SIDFA) programme financed jointly with the United Nations Industrial Development Organization (UNIDO) and the sectoral support programme for the smaller agencies.
3. The Administrator recommends that the review would be more usefully presented to the Governing Council in June 1991 for reasons outlined in paragraph 13. He also proposes an interim allocation for the fifth cycle.

### I. THE SENIOR INDUSTRIAL FIELD DEVELOPMENT ADVISER PROGRAMME

4. When decision 87/48 was adopted, it was stressed in the report of the Budgetary and Finance Committee (BFC) (DP/1987/BFC/L.2/Add.7, para. 7) that the review should be definitive and the Council should not be asked to look yet again at the so-called in-depth studies of the SIDFA programme. It should also be recalled that some BFC members, while agreeing to continue to support the programme in the fourth cycle, wished to give a clear signal to UNIDO that it was by no means certain that UNDP would assist the SIDFA programme in the fifth cycle (DP/1987/BFC/L.2/Add.7, para. 5).
5. Decision 87/48 also contains (a) an endorsement by the Governing Council of the Administrator's proposal related to the integration of the SIDFA with the UNDP field service and (b) the release of an allocation of \$6,400,000 to be used in 1990 and 1991 for the funding of the SIDFA programme.
6. On the basis of the above decision, UNDP and UNIDO signed, in April 1989, a memorandum of understanding relating to the integration of the UNIDO field service with the UNDP field office. The UNDP Resident Representative now also acts as the UNIDO representative at the field level; the SIDFA functions as UNIDO deputy Representative, with the title of UNIDO Country Director. The whole management of the SIDFA programme has been transferred to UNIDO with effect from 1 January 1990.

### II. SECTORAL SUPPORT PROGRAMME FOR SMALLER AGENCIES

7. Smaller agencies are receiving financial contributions through this programme to provide short-term assistance to Governments and to UNDP Resident Representatives in determining what should be the nature of technical co-operation programmes, whether financed by UNDP or other resources, as follows:

- (a) Identification of sectoral technical assistance needs;
- (b) Provision of sectoral policy advice;
- (c) Formulation of sectoral and intersectoral technical co-operation programmes and projects; and
- (d) Field-level substantive co-ordination of UNDP programmes and projects with other technical co-operation programmes.

8. The following executing agencies are eligible for support under this programme: 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 Universal Postal Union (UPU); the World Intellectual Property Organization (WIPO); the World Meteorological Organization (WMO); the World Tourism Organization (WTO); the International Atomic Energy Agency (IAEA); the United Nations Centre for Human Settlements (Habitat) (UNCHS); and the United Nations Centre for Transnational Corporations (UNCTC).

### III. FUNDING OF THE PROGRAMME

9. The following allocations were made by the Governing Council for the third and fourth cycles:

	Millions of US dollars
<u>Third cycle</u>	
SIDFA programme	13.2
Smaller agencies	<u>5.9</u>
Total	<u>19.1</u>
<u>Fourth cycle</u>	
SIDFA programme	16
Smaller agencies	<u>9</u>
Total	<u>25</u>

### IV. THE FUTURE REVIEW

#### A. Previous evaluations

10. Four evaluations of the SIDFA programme were undertaken between 1975 and 1986, all of which recognized its importance and made recommendations for its further development and its management. The results and recommendations of all these evaluations have been presented to the Governing Council.

11. The sectoral support to smaller agencies was evaluated by a senior consultant in February 1985. Most of the recommendations made by the consultant were incorporated in the management arrangements for the programme at the beginning of the fourth cycle (see circulars UNDP/PROG/116; UNDP/PROG/176; UNDP/PROG/HQTRS/170).

## B. Objectives of the next evaluation

12. The whole sectoral support programme will be subject to an independent review in the second half of 1990. Besides reviewing the management, effectiveness and financial needs of the SIDFA programme and the sectoral support to the smaller agencies, a number of specific aspects will also be evaluated. For the SIDFA programme, the review is expected to assess the impact on co-ordination between UNDP and UNIDO at the field level resulting from the integration of the UNIDO field service within the UNDP field offices. For sectoral support to the smaller agencies, it is important (a) to assess the continuing relevance of funding some activities through this programme, particularly as new mechanisms have been established, such as the Project Development Facility for the funding of project identification missions and (b) to identify the current support needs of the smallest agencies.

## V. PROPOSALS

13. UNDP proposes that the detailed review of these issues be postponed until the thirty-eighth session of the Governing Council. This postponement is proposed for the following reasons:

(a) The changes in the management of the SIDFA programme, which is currently the most important component (in financial terms, at least) of the whole programme, took effect only on 1 January 1990. Thus, there is not sufficient experience with the new arrangements on which to base a review for presentation to the Governing Council at its thirty-seventh session;

(b) UNIDO is planning to study the feasibility of a long-term financing scheme for the SIDFA programme in 1990. The UNDP financial contribution to such a programme would be determined on the basis of (i) resources available; (ii) the results of the internal review and (iii) the level of UNIDO participation;

(c) This postponement would also enable the review to include the benefit of more than three years of experience with the new procedures established for the management of the sectoral support programme to the smaller agencies;

(d) The financial resources available to sectoral support in the current cycle, i.e., \$25 million, cover the programme until the end of 1991. The Council's decision to be taken at its thirty-eighth session (1991) on the future of this programme will be well in time for implementation from the commencement of the fifth cycle.

14. The Governing Council is scheduled to adopt the budget for the fifth cycle at its thirty-sixth session. A tentative allocation of \$30 million is therefore proposed for the sectoral support programme in the fifth cycle. A new redistribution of resources between the two programmes as well as among smaller agencies is anticipated as a result of the review of the programme in 1990. The shift should favour the smallest agencies.