



# UNIDOScope

weekly internet newsletter

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## UNDP-UNIDO initiative on Private Sector and Development recommendations

New York USA, 23 September, 2004



"... the launch of the report will be followed by a plan of action and set of initiatives ..."

UN Secretary General Kofi Annan at the launching of *Unleashing Entrepreneurship*

UN Development Programme ([UNDP](#)) Administrator, Mark Malloch Brown and UNIDO Director-General Carlos Magariños concluded an agreement ([view or download Agreement](#)) in New York on 23 September 2004, that establishes a basis for both organizations to develop joint technical cooperation programmes, particularly in support of private sector development in developing countries. At the same time, it introduces a new model of field representation, with UNIDO desks established in UNDP Offices. The Agreement will be due for renewal after five years.

In his statement to the Executive Board of the UNDP ([view statement](#)), Mr. Malloch Brown referred to the Agreement with

UNIDO as an "exciting new partnership" that in closely linking operations of the two organizations at the country level, "particularly in support of civil society partnerships and private sector development" is one of the most recent examples where commitment to UN reform has been translated into tangible action. When presenting the proposal for the UNDP-UNIDO alliance to the UNIDO Programme and Budget Committee ([view or download statement](#)) on 8 September, 2004, UNIDO Director-General Magariños drew members' attention to benefits that the expansion of UNIDO offices from 30 to 80 offered to "the many poor countries that are not represented in our governing bodies or have no voice in our informal consultations".

During the special session of the UNDP Executive Board set aside for the UNDP-UNIDO Agreement on 22 September, the UNIDO Director-General made a special request to the Board to be actively involved in the monitoring of the implementation of the Agreement.

The Director-General said that UNIDO would evaluate the Agreement in terms of its ability to generate more programmes and mobilize more funds for developing countries in fields related to capacity building for private sector development; technology management, transfer and diffusion - particularly in the environment field, but not only there; and trade capacity building. The six UNDP Executive Board member countries: Austria; Cameroon; Denmark; Ireland; Russian Federation; and UK, that commented during the session all spoke positively on the Agreement.

The UNIDO/UNDP joint programme of cooperation on private sector development will be implementing the recommendations contained in the report of the [United Nations Commission on Private Sector and Development](#) entitled *Unleashing Entrepreneurship* (see [UNIDOScope 21 - 27 March 2004](#) for more [and below to download](#) the report in English French or Spanish) and [UNIDO's Corporate Strategy Productivity Enhancement for Social Advance](#). *Unleashing Entrepreneurship* challenges Governments to act as facilitators of private sector development and avoid actions that impede it. It says Governments and inter-governmental agencies can facilitate private sector development only by fostering properly functioning competitive markets. The Commission Report says the approach to resolving these issues is simple and the experience well demonstrated—what it requires is the will to implement change.

The UNDP-UNIDO Agreement is not reinventing any wheels, it is a recognition the advantages of combining UNIDO's core competencies in enhancing the productivity of industry and the strength that UNDP has with its 135 country offices and capacity to deliver development services to a wide range of partners. UNDP will support the inclusion of areas of UNIDO expertise in country-level frameworks such as the [Poverty Reduction Strategy Papers \(PRSP\)](#), and the [Common Country Assessment \(CCA\)](#) and [United Nations Development Assistance Framework \(UNDAF\)](#). UNDP will also assist UNIDO in presenting its areas of expertise to national counterparts and civil society in order to increase the scope of its programming and the UNDP Country Offices will provide UNIDO support in the implementation of its programmes and projects agreed under the Agreement. UNDP has also undertaken to explore with UNIDO further opportunities for cooperation, including the possibility of joint resource mobilization activities to secure additional funding for joint programmes and projects.



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UNIDO core competencies to be provided via the UNDP Offices are spelt out in the Agreement under the headings: Trade Capacity Building; Investment Promotion; Agro-industries; Energy; Cleaner and Sustainable Industrial Development; and Entrepreneurship and Small and Medium-sized Enterprise (SME) Development. While joint technical cooperation activities will draw on all of these core areas, those focusing on private sector development will use the synergies between UNDP programmes such as [Growing Sustainable Business for Least Developed Countries](#) and [micro-finance](#), and UNIDO programmes related to [business partnerships](#), [SME cluster development](#), [investment promotion](#) and [agro-industries](#) promotion. To ensure a rapid response, initially some 10 countries will be selected jointly to develop private sector development programmes. (The *Growing Sustainable Business in the Least Developed Countries* initiative was officially launched at a high-level roundtable event at the World Summit on Sustainable Development ([WSSD](#)) in Johannesburg on 2 September, 2002). The objectives, substantive areas and cooperation modalities of the joint programmes to strengthen private sector development are set out in a Framework that was

signed along with the Agreement ([view or download the Framework for Joint UNIDO / UNDP Technical Cooperation Programmes on Private Sector Development](#)).

The expansion of UNIDO's field presence under the Agreement will be implemented in a phased approach. UNIDO is represented today in 30 countries through 9 regional offices and 21 Country Offices. UNIDO intends to increase, including through a rationalization of its field structure and the establishment of UNIDO Desks in UNDP Country Offices, its country coverage to up to 80 countries to increase synergy between its activities and UNDP programmes at the country level. The ultimate objective of having a presence in 80 countries will be achieved by opening UNIDO Desks at locations where UNIDO does not have an office, by converting Country Offices into UNIDO Desks, and / or by establishing UNIDO Regional Technical Centres. In some cases, in order to achieve greater synergies and further enhance the joint

operations, the possibility of establishing joint UNIDO/UNDP Regional Technical Centres / Offices will be explored.

Initially, UNIDO will establish, jointly with UNDP, a UNIDO Desk within UNDP premises in fifteen countries to be selected from [UNIDO Member States](#), where a significant amount of programme and project activities are under implementation or planned to be developed. Together with UNDP, the experience of these Desks will be assessed after a year. Based on the outcome, and in consultation with UNDP, the network of the UNIDO Desk will be either expanded to other countries, or the approach and arrangements will be modified, or the duration of the pilot phase extended. One professional officer, recruited either locally or internationally will staff the UNIDO Desk. The cost of this staff member will be covered by UNIDO. The UNIDO Desk will be closed, if after two years of operation, programmes and projects generated do not produce sufficient income to cover costs.

UNDP will represent UNIDO at the country level where the UNIDO Desk is established and, bearing in mind UNIDO's commitment to work within an integrated framework at the country level, will undertake to meet the operating costs of the fifteen UNIDO Desks for two years. After one year, the implementation of the Agreement and joint project activities will be reviewed. Subsequent reviews will be biannual.

In his address to the UNDP Executive Board, Mr. Magariños put the UNDP - UNIDO strategic alliance in the context of UNIDO's medium term vision and the reform of the UN System, saying that future UN reforms cannot take place in isolation but must be rooted in better cooperation within the UN System as a whole. "No Agency can progress in a sustainable manner working in splendid isolation" he said.

The UNIDO Director-General has been promoting these ideas since the beginning of his first term as UNIDO Director- General in 1998. His formal proposal to address the problem, entitled [The Future of Multilateralism - A Way Forward in the Economic Development Field](#), was distributed to the 28th Session of UNIDO's Industrial Development Board (IDB28) in May 2004. At IDB28 the Director-General said the new approach "could well become a Business Plan to achieve the MDGs", by "redressing the current undersupply of public goods in developing countries". He said it would "facilitate the exchange of information on programmes carried by different agencies providing a better interaction with the World Bank and IMF and a more useful role for the UN in the formulation of the Poverty Reduction Strategy Papers." In December 2003 the UNIDO Director-General forwarded his proposal to the Secretary General of the UN and in April 2004, the same proposal was debated at the meeting of the Executive Heads of the United Nations. On May 28 2004, just after the IDB, the Director- General met with the Heads of ILO, WTO, [DESA](#) and UNCTAD in Geneva to further develop the idea.

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## [coming events](#)

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