



United Nations Industrial Development Organization

Distr.: General
21 April 2006

Original: English

Industrial Development Board

Thirty-first session

Vienna, 6-7 June 2006

Item 6 of the provisional agenda

Implementation of the medium-term programme framework, 2006-2009, including South-South cooperation

Implementation of the medium-term programme framework, 2006-2009

Note by the Secretariat

Reports on the implementation of the medium-term programme framework, 2006-2009, and summarizes the approach to the documentation under this item.

I. Introduction

1. The General Conference at its eleventh session considered the proposals of the Director-General for the medium-term programme framework (MTPF), 2006-2009, as submitted in document GC.11/12. The Conference also considered the documentation on the strategic long-term vision statement, including a report following consultations with Member States on that subject. While the Conference adopted the strategic long-term vision statement (resolution GC.11/Res.4), no resolution or decision was adopted on the MTPF, 2006-2009.

2. In considering the approach to the documentation under the present agenda item, the Secretariat has taken into account the developments summarized in paragraph 1 above, as well as the submission of the annual report on the activities of the Organization in 2005 to the current session (IDB.31/2 and Add.1). A further consideration relates to the budgetary constraints for documentation issued to the policy-making organs, and to the interest of Member States in avoiding overlap in documentation.

3. For these reasons, a more detailed report on the implementation of the MTPF, 2006-2009, including South-South cooperation, is issued as a conference room paper (IDB.31/CRP.2). That document employs the thematic format contained in the

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

strategic long-term vision statement and refers to three areas of focus: poverty alleviation through productive activities, trade capacity-building, and environment and energy, as well as a number of cross-cutting approaches. In addition, the MTPF for 2006-2009 places particular emphasis on South-South cooperation and also makes special reference to UNIDO's research programme and competitiveness surveys. The implementation of these activities is therefore also covered in the conference room paper. Moreover, in view of the increased importance being given by UNIDO to the concept of results-based management (RBM), a special effort is made in the conference room paper to focus on the achieved or intended developmental outcomes of the activities undertaken in the context of the MTPF.

4. In the interest of efficiency and avoiding duplication in reporting to the policy-making organs, it is the intention for future years to cover the implementation of the MTPF in the annual reports on the activities of the Organization.

5. The present document refers to two issues of particular relevance in the current context: the need for an effective decentralization of the Organization's functions and activities to the field, and the need for the mobilization of adequate financial resources. Both of these issues have been given high priority in the opening months of the current MTPF period, with the Director-General having established task forces to analyse and assess them, and advise him accordingly.

II. Field presence

6. The strategic long-term vision statement approved by the General Conference refers to a number of regional dimensions and issues related to supporting the implementation of UNIDO's programmatic activities. Of these, the need for an effective decentralization of the Organization's functions and activities to the field has been the focus of major efforts of the Secretariat in response to mandates of the Member States. This issue has been given high priority in the opening months of the current MTPF period, and a task force was established to analyse and assess the UNIDO field presence.¹

7. These efforts resulted in the introduction of a new field mobility policy in April 2006, which marks a major milestone in the history of UNIDO's reform process. This policy reflects a clear recognition by UNIDO of the critical importance of an effective field service to the Organization, and accords closely with the country-level focus of the broader United Nations reform process. The new policy, which has been carefully assessed for its feasibility and sustainability, provides for the assignment or re-assignment of internationally recruited staff to the field to meet the operational requirements of the organization. In doing so, it ends the unwarranted distinction between field and headquarters assignments, and establishes predictability with regard to the duration of field postings. It also foresees appropriate induction and orientation courses for the staff members selected for field service and monitoring of results achieved, as well as the earmarking of funds for programme formulation and global forum activities in the country and regional offices. The new policy will significantly strengthen UNIDO's staff capacities in the field, ensure a proper and systematic rotation of staff between Headquarters and the field, and establish a clear career development path for staff assigned to the field.

¹ Detailed information on the implementation of the Cooperation Agreement with the United Nations Development Programme is provided in the documentation submitted under item 5 (IDB.31/8).

III. Finance for development

8. The strategic long-term vision statement also places strong emphasis on the mobilization of adequate financial resources in support of programmatic activities. As reported in the *Annual Report 2005*, considerable progress has been made in terms of increasing the share of the Industrial Development Fund (IDF) and trust funds in the overall funds mobilized by UNIDO compared with the share originating from multilateral sources. In 2005 over 60 per cent of new funding originated from these, mainly governmental sources, with just over one-third originating from multilateral funds. Virtually all growth in total funding in recent years has been due to growth in IDF and trust funds. In the view of the Secretariat, the increasing funding is in part the result of the increased focus in areas where the Organization has, and is recognized as having, strong comparative advantages, and where it is responding to increasing demand and agreed global priorities. UNIDO will continue to develop and promote the importance of these focus areas and at the same time aim at increasing further its close cooperation with complementary organizations so as to be able to deliver a more complete service to both its clients as well as to donors. It is expected that this will result in a continuation of the strongly positive development of funding of UNIDO's priority programmes.

9. UNIDO believes that there is a significant potential for mobilizing additional resources from the GEF that is not being fully exploited. Since 2003, UNIDO has been accorded direct access to GEF funding in the focal area of POPs through its status as executing agency under expanded opportunities, which has allowed the Organization to be particularly successful in obtaining funding in this area. This is not the case in the other focal areas of GEF, however, where UNIDO has equally good standing and in-house expertise, and where it is promoting projects, e.g. in the fields of climate change, international waters, and land degradation. Here, UNIDO has to submit projects as an executing agency through one of the three implementing agencies (UNDP, UNEP or the World Bank) to access GEF funding. Under this arrangement, even where there has been strong country support for projects, there have been considerable delays in project approval, and a good number of proposals could not even be finalized. Consequently, there is a strong case to be made for UNIDO to work towards being granted the same direct access that it has in the POPs focal area in all of the focal areas relevant to UNIDO's work programme. This accords well with the interest that the GEF Council has shown in a broader direct access of GEF partners to GEF funds. Currently, the GEF Secretariat is comparing the relative strengths of executing agencies in developing and implementing GEF projects in all of the focal areas.

IV. Action required of the Board

10. The Board may wish to take note of the information provided under this agenda item, in particular concerning the status of UNIDO as an executing agency for GEF funding. The Board may also wish to note the intention for future years to cover the implementation of the medium-term programme framework in the annual reports on the activities of the Organization.