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Implementation of the Cooperation Agreement with the United Nations Development Programme

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Progress report by the Director-General

Reports on the progress made in the implementation of the Cooperation Agreement with UNDP and provides updated and complementary information to the documents submitted to the General Conference at its eleventh session.

I. Introduction

1. At the eleventh session of the General Conference, Member States were provided with updated information on the implementation of the Cooperation Agreement with the United Nations Development Programme (UNDP) contained in documents GC.11/7, GC.11/7/Add.1 and GC.11/CRP.7. The present document provides additional information on the progress made since November 2005.

II. UNIDO Desks

2. Annex I to this document provides an updated overview of the current situation with regard to the operational status of the UNIDO Desks. Since the last reporting period the Secretariat is pleased to inform that the Head of UNIDO Operations in Zimbabwe has taken up his duties and the UNIDO Desk has been operational since January 2006. As a result, a total of 13 UNIDO Desks are currently operational worldwide.

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.



3. As reported in document GC.11/CRP.7, the Secretariat intensified its communication with UNDP New York to bring to its attention a number of issues with regard to the implementation of the Agreement. In this context, the Director-General invited the Deputy Director of the Bureau for Resources and Strategic Partnerships at UNDP for a visit to UNIDO. During the meetings thus held on 26 January 2006, which included special focus meetings with the UNIDO Regional Bureaux, the Director-General expressed his continued commitment to the implementation of the Agreement. He reiterated his intentions to review both the Agreement itself and the already existing UNIDO Desks within the Task Force on Field Operations he had established. The Task Force aimed, inter alia, to review and adjust the current field structure of UNIDO.

4. The Director-General also stated during the meeting that he would like to obtain an equally clear and firm commitment from UNDP on the continued implementation of the Agreement.

5. To that end, the Director-General undertook a mission to UNDP New York in mid-March 2006 to meet with the UNDP Administrator and other relevant staff, including representatives of the Regional Bureaux. During these meetings the UNDP Administrator, Mr. Kermal Derviş, confirmed UNDP's commitment and underlined the importance of a better coordination of the United Nations organizations at the field level, particularly within the context of the system-wide reform process.

6. At the meeting with the UNDP Regional Bureaux and the Bureau of Resources and Strategic Partnership, it was agreed that both UNIDO and UNDP would further reinforce the cooperation between the two organizations. Agreement was also reached on putting further emphasis on the joint programme development, particularly on Private Sector Development. Moreover, a focal point on administrative matters, including the upcoming joint assessment of the pilot phase of the Agreement, was appointed.

7. These meetings, as well as interim findings of the Task Force on Field Operations, led to the recognition of the need to consolidate the already existing UNIDO Desks and their functions, including their relationships with UNIDO field offices and Headquarters. Within this context, and pending the outcome of the work of the Task Force on Field Operations, the Director-General decided to put a hold on the process of further recruitments and expansion of the planned UNDO Desks. This will allow UNIDO to review its current achievements and also provide room for necessary adjustments if required.

III. Joint Programming—Private Sector Development

8. Further to the information already provided in documents GC.11/7/Add.1 and GC.11/CRP.7 on the progress made with regard to the implementation of the Framework for joint UNIDO/UNDP technical cooperation programmes on private sector development, annex II to the present document provides updated and detailed information. As shown in annex II, joint programme documents have been finalized for Lao People's Democratic Republic, Nicaragua, Nigeria and the United Republic of Tanzania. In addition, joint programme formulation missions were completed before the end of 2005 in Burundi, Ethiopia, Ghana and Rwanda. Furthermore, joint programme formulation has been initiated in Afghanistan, Jordan and Sierra Leone.

9. With a view to complementing the country-level cooperation, UNIDO and UNDP—with financial support from the Netherlands—participated in a range of activities that provide a private sector and entrepreneurship dimension to the second

phase of the World Summit on the Information Society (16 to 18 November 2005, Tunis). In this context, the joint exhibition on information communication technology (ICT) and convening of panels on the impact of ICTs on the performance of small and medium enterprises in order to strengthen the economic and industrial dimension of the Summit, was successfully completed.

IV. Steps ahead

10. In line with its mandate (GC.11/Res.5), UNIDO will undertake an assessment on the outcome of the pilot phase of the Agreement in consultation with Member States at the thirty-second session of the IDB. Therefore, the evaluation of the initiative will be among the next main endeavours to be undertaken by UNIDO, jointly with UNDP.

11. While additional aspects within the work of the Task Force on Field Operations are also being considered in relation to the UNIDO field network, the Secretariat will continue to implement the Cooperation Agreement to ensure that adequate information can be gathered for the forthcoming evaluation. At the implementation level, an increased focus will be placed on the joint programming activities to allow sufficient information to be presented during the deliberations of the Member States with regard to the future of the initiative.

V. Action required by the Board

12. The Board may wish to take note of the present document and the information contained therein.

Status of UNIDO Desks

<i>Number</i>	<i>Region</i>	<i>Location</i>	<i>Status as of March 2006</i>	<i>Remarks</i>
UNIDO Desks at new locations—Part of the Agreement				
1	AFR	Burkina Faso	Head appointed and UD operational	Attended induction programme May/June 2005.
2	AFR	Burundi (ex-Angola)	Recruitment process on hold.	New location identified to replace Angola during the pilot period. Recruitment on hold pending review of operations of the established Desks.
3	AFR	Eritrea	Head appointed and UD operational	Attended induction programme September 2005.
4	AFR	Mali	Head appointed and UD operational	Attended induction programme May/June 2005.
5	AFR	Rwanda	Head appointed and UD operational	Attended induction programme September 2005.
6	AFR	Sierra Leone	Head appointed and UD operational	Attended induction programme September 2005.
7	ARB	Jordan	Head appointed and UD operational	Attended induction programme September 2005.
8	ASP	Afghanistan	Head appointed and UD operational	Took up duties mid-October 2005.
9	ASP	Lao PDR	Head appointed and UD operational	Attended induction programme May/June 2005.
10	EUR	Armenia	Head appointed and UD operational	Attended induction programme May/June 2005.
11	LAC	Ecuador	Head appointed and UD operational	Attended induction programme May/June 2005.
12	LAC	Nicaragua	Head appointed and UD operational	Attended induction programme May/June 2005.
Field offices converted to UNIDO Desks—Part of the Agreement				
13	AFR	Zimbabwe	Head appointed and UD operational	Took up duties early January 2006.
14	ASP	Philippines	Advertisement pending	
15	LAC	Bolivia	Head appointed and UD operational	Attended induction programme May/June 2005.
Focal points converted to UNIDO Desks—Outside the Agreement				
16	AFR	Mozambique	Recruitment process on hold	Recruitment on hold pending review of operations of the established Desks.
17	AFR	Togo	Advertisement pending	
18	AFR	Uganda	Recruitment process on hold	Recruitment on hold pending review of operations of the established Desks.
19	ASP	Sri Lanka	Advertisement pending	
20	LAC	Cuba	Recruitment process on hold	Recruitment on hold pending review of operations of the established Desks.

Annex II

Joint UNIDO/UNDP PSD Programme: Consolidated status report as of March 2006

<i>Country</i>	<i>Status</i>	<i>Approx. budget (\$ million)</i>	<i>Substantive coverage</i>
United Republic of Tanzania	Joint programme formulation completed; programme approved; ILO formally entered cooperation as a third partner	6.0	Comprehensive programme to enhance the response capacity of private sector SMEs to the improved business environment. Easing of supply constraints hampering the ability of both formal and informal sector enterprises to seize local market opportunities and develop export readiness.
Lao PDR	Joint programme formulation completed; programme approved	2.3	Focused programme aimed at strengthening the capacities of chambers of commerce and industry, and business associations in terms of advocacy functions, organizational effectiveness and support services to member companies.
Nicaragua	Joint programme formulation completed; programme approved	14.8	Comprehensive modular programme to support productivity enhancement in agro-industrial SMEs through technical skill upgrading, investment promotion, business linkages and local economic development of the Caribbean coastal region.
Nigeria	Joint programme formulation completed; programme approved	18.0	Comprehensive programme to deepen market and production linkages between large corporate enterprises and government procurement agencies, and growth-oriented micro, small and medium enterprises (MSMEs); to support public-private partnerships for agro-industrial development; and to assist in strengthening the capacity of business membership organizations to directly provide or coordinate the provision of support services to their members.
Ethiopia	Joint programme formulation to be completed by mid-2006	5.0	Programme to upgrade the technical and managerial capacities, marketing skills and professional capabilities of the domestic manufacturing enterprises and support institutions to enable them to successfully integrate into national and global value chains. Special emphasis on environmentally and socially responsible production, inter alia within UNDP's growing sustainable business initiative.
Burundi	Joint programme formulation to be completed by mid-2006	(to be determined)	Within the scope of the UNDP Good Governance, global issues will be addressed including development of industrial policy framework, regional integration, investment promotion and trade facilitation, access to finance, and SME development in that context. The programme focus will be on business development services (BDS), human resource development, and institutional capacity-building of government and private sector organizations in designing and providing guidance and services for PSD.

<i>Country</i>	<i>Status</i>	<i>Approx. budget (\$ million)</i>	<i>Substantive coverage</i>
Ghana	Joint programme formulation to be completed by mid-2006	1.3 (Phase I) Phase II to be determined	The programme focuses on (a) refining the role of the business advisory centres (BACs) and converting them into MSME business information and referral centres; (b) establishing of business information services at the National Board of Small Scale Industries; (c) improving and promoting information provision, quality assessment and linkages between MSMEs and business service providers. At the end of Phase I, modalities for providing support services at selected BACs will be developed.
Rwanda	Joint programme formulation to be completed by mid-2006	1.0 (Phase I) 1.0 (Phase II)	The proposed programme, "Promotion of opportunities for private sector enterprise expansion, development and shared-growth—PROPSEEDS", is expected to cover: (a) Institutional capacity development, access to BDS and financial services for informal and formal MSEs in selected sectors; (b) Capacity-building of Rwanda Private Sector Federation as facilitator for private sector development.
Afghanistan, Jordan, Sierra Leone	Joint programme formulation initiated	(to be determined)	For Afghanistan, the programme is expected to focus on rural small enterprise development in the North (Mazar) with emphasis on agro-based and artisanal production and establishment of a link to existing market opportunities in and outside of the country. Focus of programmes for Jordan and Sierra Leone to be decided in the course of programme formulation.
<i>Area of cooperation</i>	<i>Status</i>	<i>Approx. Budget (\$ million)</i>	<i>Substantive coverage</i>
Global: World Summit on Information Society	Joint activities completed	0.5	UNDP and UNIDO jointly organized an ICT exhibition and convened a number of panels on the impact of ICTs on the performance of SMEs with a view to strengthening the economic and industrial dimension of the Summit.