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Implementation of the Cooperation

Agreement with UNDP

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Report by the Director-General

In compliance with decision IDB.32/Dec.6, reports on recent developments and action taken with regard to the implementation of the Cooperation Agreement.

I. Introduction

1. At the thirty-second session of the Industrial Development Board, Member States recognized the efforts made by UNIDO to contribute to United Nations system-wide coherence in light of the report by the Secretary-General's High-level Panel on System-wide Coherence "Delivering as One" (IDB.32/Dec.6). In particular, the Board considered the joint assessment of the pilot phase of the Cooperation Agreement with UNDP carried out in 2006 as well as the elements contained in the joint UNIDO/UNDP management response (IDB.32/14). The joint assessment and subsequently the joint management response recognized that the Agreement had resulted in some significant achievements despite a number of shortcomings in the Agreement itself and in the way it had been implemented. Overall, the assessment concluded that the collaboration was worth continuing, albeit with modifications in its future implementation. Among the recommendations of the joint assessment was the establishment of a joint UNIDO/UNDP task force responsible for drawing up the operational modalities for the future implementation of the Agreement, including the financial, management, evaluation and monitoring issues.

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II. Present situation

2. Presently, 13 UNIDO Desks are operational in UNDP premises in Africa, Asia and the Pacific, the Arab region, Europe and in Latin America and the Caribbean. One duty station is vacant due to the transfer of its former incumbent to a UNIDO Country Office in Africa as UNIDO Representative. The joint assessment came to the conclusion that most of the Heads of UNIDO Operations (HUOs) were rated positively by the UNDP Resident Representatives and actually were able to develop in several cases significant programme/project portfolios, though in most instances to date without external funding. A number of projects stand a realistic chance for securing funding, particularly if joint fund raising with UNDP is pursued. About half of the Heads of UNIDO Operations are accepted as active members of the United Nations Country Team (UNCT). Others are occasionally involved in UNCT-related meetings. Efforts are underway to ensure also that these HUOs are more involved in country programming in their duty stations. According to the Cooperation Agreement UNDP will cover the operating costs of 15 UNIDO Desks during the pilot phase of two years. Thus, UNDP will still provide for coverage of the operating costs of an additional two UNIDO Desks possibly to be established in the near future. Most of the 13 operational UNIDO Desks are presently concluding their respective two-year pilot phase. Therefore, arrangements are being considered to ensure their continuous operation with UNIDO covering the operating costs, as per the joint management response to the joint assessment. A further expansion of the UNIDO Desk network can only be considered once the 2008-2009 UNIDO programme and budgets have been approved.

III. Establishment of the joint UNIDO/UNDP task force

3. Following decision IDB.32/Dec.6, and in close consultation with UNDP, the joint task force was established and met for the first time at UNIDO Headquarters in Vienna on 20 April 2007. The meeting agreed on the following:

(a) Continued collaboration in establishing and operating UNIDO Desks as outlined in the joint UNIDO/UNDP management response presented in IDB.32/14. Pending the decision of the policymaking organs regarding a further expansion of the UNIDO Desk network, the Organization will develop a resource mobilization strategy to raise the additional funds that will be required to open 10 further Desks by the end of 2009 and to ensure their financial sustainability;

(b) Jointly identify a set of successful field initiatives in the area of private sector development in order to build models for wider application to the pilot countries. This would include joint fund-raising efforts. It was agreed that three or four countries would be identified from the pool of countries where either private sector joint programming has been undertaken or where – within the framework of the Desk activities – potential for joint programming exists. These three or four countries will be chosen, based on level of demand, as potential models to be further developed including follow-up joint fund raising efforts;

(c) Define arrangements to ensure the participation of Heads of UNIDO Operations (UNIDO Desks) in the country programming process and in the United Nations country teams;

(d) Organize at a UNIDO field office location a meeting of selected Heads of UNIDO Operations and Resident Coordinators to discuss common issues, including the above points, as part of the second joint task force meeting.

IV. Private sector development

4. Since the Agreement was concluded six private sector development programmes have been approved: Lao People's Democratic Republic, Nicaragua, Nigeria, Rwanda, Sierra Leone and the United Republic of Tanzania. Implementation of programme activities has started with UNIDO funds in Lao People's Democratic Republic and with UNIDO and UNDP co-funding in Rwanda. The programme in Sierra Leone will soon commence with financing provided by the Government of Ireland through a trust fund with UNDP. As mentioned above, three or four countries will now be selected, including some of the above, where joint funds mobilization activities will be initiated. During the meeting of the joint UNIDO/UNDP task force in Vienna on 20 April 2007 the UNIDO PSD team agreed to provide input by August 2007 in terms of the work that UNIDO is undertaking in the PSD arena to feed into the UNDP PSD strategy process. The purpose of this exercise is to define key areas where UNDP can bring in UNIDO's sectoral expertise at the country level.

V. Steps ahead

5. The joint task force will consider, in regular meetings starting in April 2007, all issues that the thirty-second session of the Board requested the Director-General to pursue in order to successfully implement the Agreement over the established period of five years. At the end of this period an evaluation of the Agreement is envisaged.

VI. Action required by the Board

6. The Board may wish to take note of the information provided in the present document and provide guidance for further action.
