



United Nations Industrial Development Organization

Distr.: General
10 October 2008

Original: English

Industrial Development Board

Thirty-fifth session

Vienna, 2-4 December 2008

Item 4 of the provisional agenda

Cooperation Agreement with the United Nations Development Programme

Cooperation Agreement with the United Nations Development Programme

Progress report by the Director-General

In accordance with General Conference resolution GC.11/Res.5 reports on the developments within the context of the strategic alliance formed with the United Nations Development Programme (UNDP).

Contents

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1	2
I. Expansion of the UNIDO Desk network	2-6	2
II. Programmatic cooperation in private sector development	7-11	3
III. Steps ahead	12-13	4
IV. Action required of the Board	14	4

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.



Introduction

1. At its twelfth session the General Conference took note of the progress report of the Director-General on the implementation of the Cooperation Agreement with UNDP (GC.12/9). The Agreement is part of UNIDO's efforts to forge strategic partnerships with United Nations system organizations with complementary mandates in order to build synergies and enhance its development impact. It should also be seen in the light of UNIDO's active engagement in United Nations system-wide coherence and "Delivering as One" at the country level. The recommendations in the joint assessment of the two-year pilot phase, carried out in 2006, the stipulations of the joint management response (IDB.32/14) and the ongoing United Nations system activities at the country level, based on the One United Nations concept (one programme; one leader; one budgetary framework and one set of business practices), define the basis for further activities in the context of the Agreement.

I. Expansion of the UNIDO Desk network

2. At the end of 2007, thirteen UNIDO Desks were fully operational in all five programme regions (Africa, Asia and the Pacific, Arab region, Europe and Newly Independent States and Latin America and the Caribbean). Since the two-year pilot phase has come to an end, UNDP has ceased to cover the operational costs of these Desks in accordance with the Agreement, and UNIDO now provides full funding for all thirteen Desks from its regular budget. The location of the thirteen UNIDO Desks is shown in the following table:

Table 1
UNIDO Desks by region and country

Africa	Burkina Faso
	Eritrea
	Mali
	Mozambique (under recruitment)
	Rwanda
	Sierra Leone (under recruitment)
	Zimbabwe
Arab region	Jordan
Asia and the Pacific	Afghanistan
	Cambodia (under recruitment)
	Lao People's Democratic Republic
Europe and NIS	Armenia
	Kyrgyzstan (under recruitment)
Latin America and the Caribbean	Bolivia
	Ecuador
	Nicaragua

3. Specifically in Rwanda, one of the eight "Delivering as One" pilot countries, the Agreement has produced tangible results. The UNIDO Desk established under the Cooperation Agreement with UNDP contributed to a significant participation by

UNIDO in the Rwandan One Programme. The Desk was instrumental in UNIDO's active involvement in the overall programming process and in raising its visibility as part of the United Nations Country Team (UNCT) and the One Programme in Rwanda.

4. The UNIDO Desks continue to offer a cost-effective option for increasing the Organization's field presence. UNIDO analysed possible locations for three additional Desks, two of which will receive UNDP funding for operating costs, for an initial period of two years in accordance with the Agreement. The existing UNIDO Focal Point in Mozambique, which is a "Delivering as One" pilot country, will be converted to a Desk, and additional Desks will be established in Cambodia and Kyrgyzstan in response to requests from the respective Governments. The rationale for establishing Desks in these locations is the significant volume of programme activities, either existing or under development. Consultations with the host Governments were finalized at the beginning of 2008 and the recruitment process for the three Heads of UNIDO Operations (HUOs) has reached an advanced stage.

5. In the second quarter of 2008, the vacant UNIDO Desk in Afghanistan was filled and recruitment for the UNIDO Desk in Sierra Leone, vacated by the former HUU, is also at an advanced stage. It is expected that in the course of 2009, UNIDO will have 16 Desks operational in the five programme regions.

6. In view of the largely positive experiences with the UNIDO Desks and their increasing integration into the respective UNCT networks, it is important to ensure that the Heads of UNIDO Operations (HUOs) are able to participate in the programme coordination and development work of the UNCTs in duty stations where they are located. Only with the full participation by all HUOs in these inter-agency processes at the country level could UNIDO's complementarities and synergies with other United Nations system organizations be realized and a more coherent and comprehensive response by UNIDO to national priorities be ensured.

II. Programmatic cooperation in private sector development

7. In August 2007, at the UNIDO-UNDP Meeting on Joint Programming in Private Sector Development, four priority countries (Nicaragua, Nigeria, Rwanda and Sierra Leone) were selected on the basis that they were considered to have the most potential for Joint Programmes.

8. In Sierra Leone, the modalities for the joint UNIDO/UNDP private sector development project have been finalized and project implementation has started. The Government of Ireland is funding the project with \$720,050 and UNDP with \$40,000. Of the total budget of \$760,050, UNIDO will implement \$528,496 (including support costs) of project activities while UNDP will implement the balance. In Rwanda, UNIDO and UNDP are jointly financing a project to increase the ability of micro and small enterprises (MSEs) to link up with specific market opportunities, to build the capacity of private sector associations to provide support services to formal and informal sector businesses, and to improve the investment climate in several provinces in the country. In Nicaragua and in Nigeria, programme documents have been formulated and approved by UNIDO's Programme Approval Committee, for funds mobilization. In Nigeria, negotiations have recently entered an

advanced stage with an invitation from UNDP to UNIDO to participate in the formulation and subsequent implementation of the programme.

9. In addition to these four priority countries, other countries with UNIDO Desks or UNIDO field offices have been strongly encouraged to develop joint private sector development programmes in cooperation with UNDP. For instance, in Lao People's Democratic Republic, a programme is under way to strengthen the Lao Chambers of Commerce and Industry, and other Lao business associations. UNIDO and UNDP are providing information and support on best practices for these associations, among other activities. In the Mano River Union countries, UNDP, ILO and UNIDO are cooperating on a joint regional multi-stakeholder youth employment programme. The programme complements national activities on youth employment and is funded with \$5 million by the Government of Japan. Furthermore, other joint programmes are under way or under preparation in Afghanistan, Burundi, Ethiopia and the United Republic of Tanzania.

10. In addition, cooperation with UNDP is being undertaken within the framework of the United Nations Global Compact and the UNDP-Spain Millennium Development Goals (MDG) Achievement Fund. In China and South Africa, for instance, UNIDO and UNDP are working together in a two-country programme for mitigating climate change in industry through investment and technology cooperation, and international industrial partnerships, under the United Nations Global Compact. Concerning the UNDP-Spain MDG Achievement Fund, which is managed by UNDP, work on the definition of the thematic window on Private Sector Development and Public-Private Partnerships was carried out by both UNDP and UNIDO. Recent consultations among UNDP, ILO and UNIDO also related to possible steps towards enhanced coordination among the three agencies in order to achieve greater programmatic coherence and inter-agency synergies in the field of private sector development.

11. Finally, in the overall framework of UN-Energy, currently under the chairmanship of UNIDO's Director-General and a vice-chair from UNDP, the two organizations are collaborating closely, particularly on the issue of energy access.

III. Steps ahead

12. The joint UNIDO/UNDP task force will meet regularly to review the progress made and to discuss concrete opportunities and options for further programme development and inter-agency cooperation in the framework of the Cooperation Agreement, with particular emphasis on the processes related to "Delivering as One" at the country level.

13. In 2009, a full and independent evaluation of the Cooperation Agreement will be undertaken jointly with UNDP's evaluation group.

IV. Action required of the Board

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