



United Nations Industrial Development Organization

Distr.: General
29 March 2012

Original: English

Industrial Development Board

Fortieth session

Vienna, 20-22 November 2012

Programme and Budget Committee

Twenty-eighth session

Vienna, 25-26 June 2012

Item 8 of the provisional agenda

Mobilization of financial resources

Mobilization of financial resources

Report by the Director-General

The present document responds to the mandate provided by decision IDB.25/Dec.5 in which the Director-General is requested to maintain a continuous dialogue with Member States in order to actively sustain the common resource mobilization effort. The document also reports on thematic priorities, progress made in the development of partnerships, and in the mobilization of financial resources.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1-3	2
II. Thematic focus	4-6	2
III. Outlook for funds mobilization	7-8	3
IV. Programming thrust for the biennium 2012-2013	9-11	3
V. Action required of the Committee	12	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.

V.12-52218 (E) 050412 100412



Please recycle 

I. Introduction

1. The present document responds to the mandate provided by decision IDB.25/Dec.5 in which the Director-General is requested to maintain a continuous dialogue with Member States in order to actively sustain the common resource mobilization effort. The present report on progress made is submitted to the Board through the Committee, and should be considered in conjunction with the *Annual Report of UNIDO 2011*, chapter 2, which provides information on mobilization of financial resources for that year.

2. Given the limited availability of funding for technical cooperation activities from the regular budget of UNIDO, as defined by the Constitution, the mobilization of extrabudgetary funding for the delivery of UNIDO services is imperative. As shown in the *Annual Report 2011*, the volume of these extrabudgetary funds mobilized in the year continued to increase rapidly, reaching \$230 million (including the net change in the level of future payments due under signed agreements), and reaching \$247.5 million net funds made available for implementation. Both figures represent the highest levels ever attained by the Organization.

3. As indicated in previous years, the investments made in relation to the development of a portfolio of projects for funding by the Global Environment Facility (GEF) have continued to pay off with an approval level of \$72.5 million, as compared to the previous record of 2009 of \$43.3 million. Also funding from the Montreal Protocol reached a record level with \$76.4 million. Funding from governmental sources through a variety of channels exceeded \$91 million. The European Commission remained the largest single donor in this category.

II. Thematic focus

4. The focus on the three thematic priorities and the concomitant continuing process of strengthening the expertise and visibility in these areas are seen as the basis for the strong performance in resource mobilization. The comparative advantages resulting from this specialization in three areas that continue to respond to global concerns clearly attract increased funding. In addition, the renewed interest in the productive sectors, which is considered critical to overcoming still widespread poverty in a long-term sustainable manner, results in increased funding for the activities of UNIDO.

5. In 2012 and 2013, the United Nations Conference on Sustainable Development (Rio+20) and the Sustainable Energy for All initiative are expected to even further increase the interest in the environment and energy priority theme of UNIDO. Funding in this area is therefore expected to remain at the record level of 2011.

6. The Organization will continue to strengthen its capacity and position in the three thematic priorities areas. It will further develop partnerships with organizations with complementary mandates and skills, and build up its own expertise and tools required in order to continuously improve the services it provides to Member States and increase the results achieved.

III. Outlook for funds mobilization

7. As mentioned in the *Annual Report 2011*, the overall funding situation continues to be healthy and diversified. In addition to 17 donors providing more than \$1 million each, funding from multilateral funds as well as multi-donor trust funds, present a sound basis for the future. The two issues of concern continue to be, as noted in previous years, the requirement of some donors as well as GEF for co-funding of projects, and the limited availability of funds that UNIDO can programme. These would be critical in order to respond rapidly to requests for assistance as well as for the design phase of projects and programmes. On the latter issue, the resources resulting from Member States that renounced their share of the unutilized balances of appropriations for the benefit of the thematic and the Latin America and Caribbean trust funds provide an important but limited basis. Additional contributions to these trust funds would be highly effective.

8. As concerns the multi-donor trust funds that provided about \$20 million in 2009 and 2010, and almost \$15 million in 2011, the outlook is mixed. Unfortunately it is anticipated that funding from the “Delivering as One” funds is decreasing as the outlook for these country level funds in about 20 countries appears less positive than before. Similarly the funds remaining for disbursement under the Millennium Development Goals Achievement Fund are very limited. On the other hand, funding from the various post-crisis trust funds, the human security trust fund and the peace-building funds appear increasingly interested in the activities of UNIDO.

IV. Programming thrust for the biennium 2012-2013

9. For the biennium 2012-2013 the priority in respect of developing programmes and allocating funds available to the Organization will continue to be given to (a) participation in joint programmes, especially in countries where the One UN approach involves integration of activities on a United Nations-wide basis, but also in other inter-agency activities; (b) (sub)regional thematic projects and programmes under the priority themes as mentioned above; and (c) priority stand-alone projects.

10. In thematic terms, the initiatives in the areas of agro/food and agri-business activities, access to (renewable) energy, as well as environment and climate change, and trade capacity-building, both at the country and subregional level, are expected to present the growth areas.

11. In terms of geographical distribution, overall priority will continue to be given to the least developed countries (LDCs) and Africa. However, especially in the areas of environment and energy/climate change, as well as trade capacity-building, focused programmes will specifically aim at meeting the requirements of more advanced developing countries.

V. Action required of the Committee

12. The Committee may wish to consider recommending to the Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information contained in document IDB.40/9-PBC.28/9;

“(b) Decides to delegate to the Director-General the authority to approve projects for financing under the Industrial Development Fund in 2012 and 2013 in accordance with the priorities defined in the medium-term programme framework 2010-2013 (IDB.35/8/Add.1) and as adjusted in the midterm review of the medium-term programme framework 2010-2013 (IDB.39/8*);

“(c) Encourages Member States and other donors to increase their voluntary contributions to UNIDO;

“(d) Also encourages all donors to consider contributing programmable funds, specifically to enable UNIDO to respond rapidly to requests for assistance and develop and implement its programmatic activities in a prompt and coordinated manner;

“(e) Requests Member States to consider contributing to UNIDO to enable the Organization to work with funding sources requiring co-funding, either through contributing to the dedicated trust funds or by special purpose funding at country or global level;

“(f) Further encourages Governments of recipient countries to play an active role in sharing with UNIDO the responsibility for mobilizing funds for jointly agreed priority activities, and specifically to take the lead in identifying and accessing funds available at the country level, including local cost sharing opportunities, and funds from bilateral donors, multi-donor trust funds, United Nations Development Programme, World Bank as well as other development finance institutions;

“(g) Strongly recommends Member States to cooperate with and support the Organization in its efforts to develop and promote its programmes and initiatives in the international development context, and especially through international conferences and other forms of dialogue, in order to ensure that these initiatives are well known, their relevance for international development targets are recognized, and resources are made available.”