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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 within the context of the strategic alliance formed with the United Nations Development Programme (UNDP) and implemented through the Cooperation Agreement signed on 23 September 2004.

I. Introduction

1. At its thirty-third session the Industrial Development Board took note of the progress report of the Director-General on the implementation of the Cooperation Agreement with UNDP (IDB.33/16). The Agreement continues to be a useful tool for UNIDO to engage in the United Nations system-wide coherence agenda in light of the report by the Secretary-General's High-level Panel on System-wide Coherence "Delivering as One". 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) set the basis for further actions by both organizations in the context of the Agreement. The joint assessment had concluded primarily 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 task force (UNIDO/UNDP) responsible for drawing up the operational modalities for the future implementation of the Agreement, including financial, management, evaluation and monitoring issues.

2. This joint task force was established in February 2007 and met for the first time at UNIDO Headquarters at Vienna on 20 April 2007, under the chairmanship of



UNDP's Assistant Administrator and Director of Partnerships Bureau and the Managing Director, Programme Coordination and Field Operations Division, UNIDO. The outcome of the meeting is summarized in document IDB.33/16, paragraph 3.

II. Implementation of the joint task force proposals

3. As a preparatory meeting to the second meeting of the joint task force later in 2007 in New York, a delegation from the Private Sector Division of UNDP New York visited UNIDO Headquarters from 20 to 22 August 2007. The meeting discussed areas and modalities of enhancing further cooperation in private sector development (PSD) and intensifying follow-up to joint programming under the Agreement, particularly joint funds mobilization. While the main purpose was to discuss cooperation and joint programming in PSD, several of the proposals of the first joint task force meeting were also addressed. Thus, the question of institutional relationship and the need for a more transparent arrangement for the operational activities of the Heads of UNIDO Operations (HUOs) was addressed. In addition, comments received from HUOs during the Bangkok capacity-building retreat for UNIDO Representatives and Heads of UNIDO Operations in July 2007 were followed up.

4. The termination of co-financing provided by UNDP for the UNIDO Desks during their two-year pilot phase was addressed. UNIDO is now providing the Desks with regular office budgets beyond the pilot phase, initially until the end of 2007. The establishment of up to five additional UNIDO Desks under the Cooperation Agreement is under consideration.

III. Private sector development

5. Within the framework of the Agreement, joint private sector development programmes have been finalized and approved in seven countries: Afghanistan, 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 PDR and with UNIDO and UNDP co-funding in Rwanda. The programme in Sierra Leone will commence shortly with partial funding from Irish Aid through a UNDP Trust Fund.

6. As agreed in the first joint task force meeting, several countries have been selected for immediate follow-up by UNIDO and UNDP on the basis of funding prospects. In the first group (Nicaragua, Nigeria, Rwanda and Sierra Leone), where approved joint programmes exist, joint funds mobilization activities will be accelerated and the programmes will be promoted to the local donor community. For the second group (Ecuador and Jordan), joint programme formulation and approval will be accelerated so that programmes can be submitted to the UNDP/Spain Millennium Development Goals Achievement Fund, which is opening a PSD funding window. Both UNDP and UNIDO will actively follow up with their field offices in these countries and undertake field missions as necessary for consultation with the donor community to develop an overall joint funds mobilization strategy based on feedback from potential donors. The strategy will be reviewed by the

second joint task force meeting in New York scheduled in the fourth quarter of 2007. Efforts to develop joint PSD projects in other countries will continue, making use of the experience gained in the above-mentioned countries.

7. Furthermore, consultations were held in relation to the new UNDP private sector strategy, with a view to identifying areas for joint programmes where UNDP can benefit from UNIDO's core competencies and specialized expertise.

IV. Steps ahead

8. The joint task force will consider in regular meetings all the issues which the Industrial Development Board has requested the Director-General to pursue in order to continue the Cooperation Agreement successfully and over the established period of five years. Thereafter, an evaluation of the Agreement is envisaged.

V. Action required by the General Conference

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