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Item 8 of the provisional agenda

IMPLEMENTATION OF THE COOPERATION AGREEMENT WITH THE UNITED NATIONS DEVELOPMENT PROGRAMME

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 and implemented through the Cooperation Agreement signed on 23 September 2004.

I. INTRODUCTION

1. Prior to the tenth session of the General Conference Member States showed renewed interest in decentralization. The Conference at its tenth session adopted resolutions GC.10/Res.2 and GC.10/Res.10, which called, inter alia, for the rationalization of the field operations and requested the Director-General to present additional recommendations on decentralization. At the twenty-eighth session of the Industrial Development Board, Member States were provided with updated information contained in documents IDB.28/6 and IDB.28/CRP.7, and, inter alia, encouraged the Director-General to continue his dialogue with the United Nations Development Programme (UNDP), with a view to submitting a proposal on a potential alliance in the field (IDB.28/Dec.2).

2. In May and June 2004 the Director-General undertook intensified discussions with the UNDP Administrator, and providing a response to the United Nations Commission on the Private Sector and

Development, a special focus area, private sector development (PSD), was identified to complement the Cooperation Agreement. At the twentieth session of the Programme and Budget Committee in September 2004, Member States were informed of the progress made (IDB.29/9-PBC.20/9). In addition, the Committee took note of the Director-General's intention to conclude the Cooperation Agreement with UNDP (conclusion 2004/6). Subsequently, the Agreement was signed by the Director-General and the UNDP Administrator on 23 September 2004 and was circulated to Member States on 27 September 2004.

3. Documents IDB.29/17 and IDB.29/CRP.4 provided updated information to the Board on progress made in the implementation of the Agreement. Document IDB.29/CRP.4, inter alia, contained the proposed draft criteria to be applied to identify the locations for UNIDO Desks as well as a draft implementation plan. Some Member States acknowledged the proposed criteria during that session.

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II. UNIDO DESKS

4. The Secretariat continued to actively consult Member States to ensure that the implications of the Agreement were clarified, including those pertaining to the selection of the locations for the UNIDO Desks (UDs). With a view to identifying these UD locations for the pilot phase of the Agreement, the Secretariat applied the criteria defined and developed a set of indicators in November 2004 providing the tool for an appropriate analysis of these locations. As a result, locations were identified in each region and in order of priority. This approach covered both the locations for new UD locations as well as existing field offices to be converted to UD locations.

5. Continued discussions also resulted in a decision to convert five of the existing focal points in three regions into UNIDO Desks in order to streamline the current field network structure.

6. The Comptroller General and the UNIDO Executive Board reviewed these results. Following their approval, the results were first presented to the Member States during a meeting of the Group of 77 and China in early December 2004. At the same time, the results were also communicated to UNDP. Taking into account the specific needs of the different countries in terms of their industrial development policies and priorities, job descriptions were prepared and advertised.

7. The first set of applications was reviewed during January 2005 and towards the end of that month, the first series of interviews were held on site. The interview panels comprising Regional Bureau Directors, the Director of Human Resource Management, and the UNDP Resident Representative or their respective representatives conducted interviews with shortlisted candidates. The first interviews took place in Ecuador, Lao People's Democratic Republic, Mali and Nicaragua.

8. The selected candidates received UNIDO letters of appointment as National Professional Officers with the salary scale of NO-C or NO-D and the functional title of Head of UNIDO Operations, as stipulated in the Agreement.

9. The Regional Bureaux, entrusted with the implementation of the Agreement, continued consultations with UNDP on the relevant issues pertaining to the provision of office space, equipment and secretarial support for the Head of UNIDO Operations. Discussions with the respective UNDP Resident Representatives also focused on the substantive aspects of programme development as well as on the operational interaction between the UNDP Resident Representatives, the Head of UNIDO Operations, the Regional Bureau and staff members in the technical branches at UNIDO Headquarters.

10. Progress made with regard to recruitment and the establishment of the UD locations, as of mid-May 2005, is presented in the annex to this document. By the time of the forthcoming thirtieth session of the Board, the Secretariat estimates that up to 14 UD locations will be operational, increasing by some 50 per cent the size of the UNIDO field network as compared to the current number of field offices.

III. JOINT PROGRAMMING—PRIVATE SECTOR DEVELOPMENT

11. The Cooperation Agreement contains a clear description of the areas of UNIDO technical cooperation within which the two organizations envisioned developing joint programmes. The agreement was complemented with a framework specifically covering the area of private sector development (PSD). This "Framework for joint UNIDO/UNDP technical cooperation programmes on private sector development" was also signed by the Director-General on 23 September 2004 and was circulated to Member States on 27 September 2004. In order to proceed with the implementation of this framework, the UNIDO Executive Board approved resources for stakeholder consultations, programme design, programme formulation and funds mobilization activities with a view to developing a programme portfolio related to joint PSD support in selected countries.

12. At the same time, and to ensure that this undertaking is managed in a well-coordinated manner, a UNIDO/UNDP task force on implementing the framework was established. At its first meeting, held in October 2004 in Vienna, the task force agreed on targeting some 10-15 countries to initiate joint programme development exercises. This list of countries was considered a flexible tool for initiation of dialogues with UNDP and UNIDO country offices as well as other country-level stakeholders. In addition, the discussions covered issues pertaining to modalities of donor sensitization and funds mobilization, options for programme development and implementation modalities, and the time frame for the work ahead. A second meeting of the task force took place in New York in April 2005.

13. Joint programme development and formulation has progressed well and in a constructive spirit. The feedback from all stakeholders (Governments, private sector organizations, potential donors) has been overwhelmingly positive. In particular, various donor agencies have expressed their appreciation for the collective and focused action on the part of UNIDO and UNDP. Furthermore, in the case of some countries, additional United Nations agencies have joined the initiative, which clearly adds to its potential impact and

makes it an effective instrument of donor coordination. At the time of writing, three programme documents have been fully formulated and a number of further programmes are at various stages of completion.

IV. STEPS AHEAD

14. UNIDO, its Member States and UNDP have demonstrated a good working relationship and made considerable progress in targeting the fulfilment of the United Nations Secretary-General's call for United Nations reforms, including at the field level. Within less than a year thereafter the discussions on a strategic alliance with UNDP had been formalized, the first UD's had become operational and several joint programmes on PSD had been developed. However, many related tasks are still to be completed.

15. The Secretariat aims to build on the current momentum to ensure that maximum benefit can be derived from the Agreement. Further emphasis will be placed on joint programme development, covering areas other than PSD. In addition, the new field presence, through the Heads of UNIDO Operations, will also increasingly focus on and ensure that the mandate, experience and comparative advantage of UNIDO is well presented to the local counterparts, donors and other United Nations organizations present at the field level.

16. To strengthen the capacity of the Heads of UNIDO Operations, the first group has been invited to

Vienna for a two-week training session starting late May 2005. The training will include information on UNIDO technical cooperation and service delivery, the service modules and thematic clusters, management of programmes and projects, and the general administrative procedures governing the actions in the field. Special emphasis will be placed on issues related to programme/project development, funds mobilization at the country level, team forming/building, and other elements assisting in making the initiative of the UD's a success to build upon. The training sessions, comprising staff from both the Regional Bureaux and technical branches, will seek to ensure that the required team spirit between the Heads and their colleagues at UNIDO Headquarters is formed.

17. A detailed operational guideline is under preparation to enable UNDP Resident Representatives, the Regional Bureaux, the Heads of UNIDO Operations, and staff in the technical branches to gain a common understanding of the operational functions and required interaction between them.

18. To provide the most up-to-date information on the above issues and progress with regard to the implementation of the Agreement, the Secretariat will issue a conference room paper.

V. ACTION REQUIRED BY THE BOARD

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

Annex

Status of UNIDO Desk locations

Number	Region	Location	Status as of mid-May 2005
UNIDO Desks at NEW locations—Part of the Agreement			
1	AFR	Angola	Interview to be held with shortlisted candidates
2	AFR	Burkina Faso	Staff member appointed and UD is operational
3	AFR	Eritrea	Interview to be held with shortlisted candidates
4	AFR	Mali	Staff member appointed and UD is operational
5	AFR	Rwanda	Interview held with shortlisted candidates
6	AFR	Sierra Leone	Staff member appointed and UD is operational
7	ARB	Jordan	Identified candidate to be appointed
8	ASP	Afghanistan	Staff member appointed and UD is operational
9	ASP	Lao PDR	Staff member appointed and UD is operational
10	EUR	Armenia	Staff member appointed and UD is operational
11	LAC	Ecuador	Staff member appointed and UD is operational
12	LAC	Nicaragua	Staff member appointed and UD is operational
Field offices converted to UNIDO Desks—Part of the Agreement			
13	AFR	Zimbabwe	Interview to be held with shortlisted candidates
14	ASP	Philippines	Advertisement pending
15	LAC	Bolivia	Identified candidate to be appointed
Focal points converted to UNIDO Desks—Outside the Agreement			
16	AFR	Mozambique	Advertisement pending
17	AFR	Togo	Advertisement pending
18	AFR	Uganda	Advertisement pending
19	ASP	Sri Lanka	Advertisement pending
20	LAC	Cuba	Advertisement pending