United Nations Industrial Development Organization

Distr: General
19 May 2009

Original: English

Industrial Development Board
Thirty-sixth session
Vienna, 23-26 June 2009
Item 7 of the provisional agenda
United Nations system-wide coherence: UNIDO's role

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Report by the Director-General

> In accordance with resolution GC.12/Res.6, the present document provides updated information which highlights the contributions that UNIDO continues to make to United Nations system-wide coherence.

Contents

> 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 thirty-fifth session, the Industrial Development Board took note of document IDB.35/12 providing information on major developments relating to United Nations system-wide coherence at the intergovernmental, inter-agency and country levels. Member States expressed appreciation for UNIDO's contributions to increasing coherence in the development activities of the United Nations system, in accordance with the decisions taken by the Organization's policymaking organs. They welcomed the active participation of UNIDO in the Chief Executives Board for Coordination (CEB) Cluster on Trade and Productive Capacity and its lead role in the preparation of the inter-agency resource guide on trade-capacity building, as well as the Director General's chairmanship of UN-Energy. In decision IDB.34/Dec.7, the Board underlined the importance of UNIDO's continued active participation in the Delivering as One initiative in the pilot countries in line with United Nations General Assembly resolution 62/208 on the 2007 triennial comprehensive policy review (TCPR) of operational activities for development and the guidance received from Member States in the Organization's own governing bodies.

2.   The present document updates the information contained in document IDB.35/12 and highlights the contributions that UNIDO continues to make on system-wide coherence and in the Delivering as One pilot countries. It also examines the challenges in achieving increased coherence in the development activities of the United Nations system. This document forms part of the series of reports presented to the Industrial Development Board at its thirty-third session (IDB.33/CRP.6), its thirty-fourth session (IDB.34/7), its thirty-fifth session (IDB. 35/12) and to the General Conference (GC.12/CRP.6) on system-wide coherence. Together these documents serve to underline the continued strong commitment to and proactive engagement of UNIDO to increased coherence in the development activities of the United Nations system.

I.   Recent developments on system-wide coherence at the intergovernmental and inter-agency levels

(a)   Intergovernmental consultations

3.   UNIDO continued to follow developments in the intergovernmental consultative process on system-wide coherence and to participate actively in inter-agency processes in line with the decisions taken by the policymaking organs of the Organization.

4.   Following a series of consultations held in 2007 and 2008, the Co-Chairs, Ambassador Augustine Mahiga (United Republic of Tanzania) and Ambassador Paul Kavanaugh (Ireland), presented their report in July 2008. The General Assembly adopted resolution 62/277 on 15 September 2008 stipulating that the work on system-wide coherence would focus, exclusively and in an integrated manner, on five issues: Delivering as One at country and regional levels; harmonization of business practices; funding; governance; and gender equality and the empowerment of women. The General Assembly requested the Secretary-General to provide Member States with substantive papers on the issues of funding and governance

with a view to facilitating substantive action by the Assembly during its sixty-third session. The Secretary-General was also requested to provide a further, detailed modalities paper on the issue of gender equality.

5. Following the General Assembly's adoption of resolution 62/277, the President of the General Assembly appointed Ambassador Kaire Munionganda Mbuende (Namibia) and Ambassador Juan Antonio Yañez-Barnuevo (Spain) on 20 February 2009 to serve as Co-Chairs of the consultative process on system-wide coherence in the course of the sixty-third session.

6. The first informal plenary consultations of the sixty-third session were held on 13 March 2009 under the chairmanship of the new Co-Chairs. The Secretary-General emphasized, in this time of crisis, the need for Member States and the United Nations system to work together as a single family to "deliver real benefits that improve lives". He noted that the current crisis poses serious risks to the continued growth of the funding base of the United Nations system and its work on development while the system needed to address its own internal contradictions and challenges. Stronger coherence was thus essential and the informal consultations should help forge common approaches and genuine programmatic cooperation across the system.

7. The General Assembly convened a meeting on 30 March 2009 to consider the paper prepared on gender equality and to review the two options contained in the paper. The first option was to leave the current institutional arrangements as they are and focus on financing and improved inter-agency cooperation. The second option was to consolidate the four gender-specific United Nations entities (Office of the Special Adviser on Gender Issues and the Advancement of Women – OSAGI; the Division for the Advancement of Women – DAW; the United Nations Fund for Women – UNIFEM; and the United Nations International Research and Training Institute for the Advancement of Women – INSTRAW). Following discussion, the second option (the consolidation of gender-specific entities into a composite entity), was considered to have the greatest potential in addressing the issues and challenges to advance the goal of gender equality. This composite entity would combine the features of both a fund/programme and a department of the United Nations Secretariat and would carry out analytical, normative and operational work on gender equality and the empowerment of women. The sixty-third session of the General Assembly is expected to take a final decision on how the United Nations gender equality architecture could be strengthened.

8. At the informal consultations on 13 March 2009, the Secretary-General emphasized that an improved governance system should be based on strong national ownership, transparency, enhanced coordination, participation of specialized agencies and non-resident agencies, and evaluation of the performance of the United Nations system's operational activities for development. The Secretary-General also underscored the importance of strengthening the funding system, which should be underpinned by a strong commitment to core resources; predictable, stable and adequate voluntary flows; simplification of funding architecture; equitable burden-sharing and closer links between funding and objective measures of performance of the United Nations development system.

9. Plenary informal consultations on the governance paper prepared by the Secretary-General were held on 24 April 2009. The paper contained ten main

recommendations, including a sharper delineation of the roles and responsibilities of the General Assembly and the Economic and Social Council (ECOSOC), as well as strengthening the legislative role of ECOSOC, and presented significant measures to further improve the coherence of the work of the United Nations system for development. An important objective of these proposals is to contribute to more informed decision-making at the intergovernmental level through the provision of better and more timely data and information, enriched by the participation of key actors at the country level in deliberations on operational activities. Further discussions on the funding issue are taking place following the release of the Secretary-General's paper on funding at the end of April 2009.

(b) **Inter-agency coordination**

10. At the inter-agency level, UNIDO continued to take an active part in the work of the CEB, its two high-level committees and the United Nations Development Group (UNDG) in advancing system-wide coherence.

11. In 2009, UNDG is focusing on the following key issues of system-wide coherence: aid effectiveness and financing; ongoing support to the Delivering as One (DaO) pilot countries; support to the countries where the United Nations Development Assistance Framework (UNDAF) is being rolled-out; harmonization of business operations and the implementation of a range of recommendations regarding the management of the Resident Coordinator system.

12. On the issue of aid effectiveness and financing, UNIDO was part of a UNDG delegation to the Accra High Level Forum on Aid Effectiveness (from 2 to 4 September 2008). The UNDG participated with one joint delegation and statement, and organized various side events, including an event on United Nations reform where UNIDO participated with the Government of Viet Nam and the United Nations Development Programme (UNDP). An outcome of the high-level forum was the "Accra Agenda for Action" which contains measures to strengthen accountability and transparency, change the nature of conditionality, increase the predictability of aid, and enhance the use of country systems. UNIDO also participated in a workshop organized by UNDG in February 2009 which reflected on the Accra and Doha outcomes to provide practical guidance to United Nations Country Teams (UNCTs) for effective engagement in a rapidly changing aid environment. The workshop also initiated work on a strengthened UNDG Action Plan on Aid Effectiveness.

13. As a permanent member of the UNDG Advisory Group, UNIDO has been actively involved in UNDG's ongoing support work to the DaO pilot countries. For 2007 and most of 2008, the main focus of the DaO pilot countries was the development of a common vision for United Nations reform at the country level relating to national ownership, enhanced leadership, the architecture of a more strategic common United Nations programme at the country level, as well as the necessary changes to business operations in support of a common programming architecture. In 2009, the main focus is on: the development impact of DaO innovations at the country level; documenting lessons learned from the DaO experience thus far through a stocktaking exercise which is currently under way; and continued support to the pilot countries, including preparing for the independent evaluation of the initiative and strengthening their monitoring and evaluation

frameworks. Best practices will continue to be mainstreamed across countries, particularly in the UNDAF roll-out countries.

(c)   Stocktaking pilot country reports

14.   Key points and challenges emerging from the stocktaking country reports (so far six out of eight countries have submitted reports for 2008) are based on their experiences with regard to UNCT leadership; programme; government leadership; agency involvement; funding; change management and business practices; and communications.

15.   On UNCT leadership, the feedback suggests that the Resident Coordinator (RC) system was further strengthened following improved clarity on the division of labour within the United Nations system, further clarity on the role of the RC and the firewall, and the practical application of the core management principles adopted the previous year. The Office of the Resident Coordinator is increasingly used as a one-stop shop by governments for broader United Nations system support. A strong and cohesive UNCT has allowed for ambitious decisions to be taken rapidly, ensuring an acceleration of the DaO process especially on operational and common services issues. However, it is not the Resident Coordinator alone who takes management decisions, but the UNCT as a whole and this can make the decision-making process lengthy and cumbersome. The challenge grows exponentially if it is recognized that even the UNCT members are not fully empowered to take decisions on the road map for change, as they depend, to varying degrees on support and agreement with their respective headquarters.

16.   On the programmes, initial reports confirm that all DaO pilot countries have now either initiated their One Programmes or have completed their first year of implementation. The clear division of labour among agencies participating in the Joint Programmes, based on their respective strengths and competencies, and the coordination of each programme by the convening/managing/leading agencies, resulted in enhanced collaboration and efficiencies. Nevertheless, the development of the various documents, and the related planning and review processes for DaO is time consuming for government counterparts, United Nations staff and other stakeholders alike. Ensuring that these processes are incorporated into the broader national planning and review processes continues to be a challenge and will be a priority for the future. It is proving difficult to harmonize and streamline the monitoring and evaluation tools and timelines of the participating United Nations system organizations, and there is an urgent need for simplification and harmonization of reporting obligations.

17.   With regard to government leadership, the reports show that governments are seen to be increasingly guiding United Nations system organizations in addressing national priorities. Furthermore, the Delivering as One initiative, its tools and mechanisms, such as the One Budgetary Framework and One Programme Workplan, are seen as providing a clear overview of the United Nation's work and resource allocation framework, helping the government in its effort to strengthen and harmonize donor assistance. Although much remains to be done in terms of using national financial systems, the coordination role of the government has been strengthened vis-à-vis the United Nations system. Nevertheless, intersectoral and inter-Ministerial/Departmental coordination and linkages still need to be improved. In countries where there is a shift towards decentralization of public administration,

the United Nations will need to focus its attention, not only on the leadership at the central level, but also on the provincial and district authorities.

18.   On the participation of United Nations system entities, the experiences of the pilot countries demonstrate that the DaO initiative has helped facilitate the involvement of non-resident agencies (NRA) at the country level. The inclusion and contribution of NRA's expertise has strengthened the United Nations system's response to government requests for technical policy advice and to local development needs in such areas as the environment, trade and industrial development. However, recently conducted staff surveys in the pilot countries clearly show that the additional workload related to United Nations reform is unsustainable, and limited capacities in Regional Offices of NRAs need to be addressed to ensure timely delivery of programmes and their active participation.

19.   On funding, the reports indicated that the budgetary frameworks and One Funds were fully operational. The One Plan Fund has significantly improved transparency of the United Nations and enhanced inter-agency collaboration and coherence in monitoring and financial reporting obligations. But funding gaps remain in the One Programmes. The funding predictability has become a major issue in the implementation of the One Programmes. Not securing the needed funds early in the process can jeopardize effectiveness in delivering results. There is therefore an urgent need to improve resource mobilization and ensure a better response from donors. One of the main problems regarding funding at the country level remains within the different bilateral donors that do not allow for a flexible allocation of resources to the United Nations at country level.

20.   With regard to change management and business practices, there has been a noticeable shift towards using national systems where possible, such as national procurement, accounting, monitoring and evaluation and audit. However, much more needs to be done to use national systems. For example, while the use of the government's treasury system and the harmonized approach to cash transfers (HACT) has increased, United Nations funds and programmes are the ones mostly implementing HACT. For the most part, implementation of HACT by specialized agencies remains limited as their funding comes mostly from earmarked contributions and vertical funds, and this tends to restrict the applicability of HACT. This is a matter of concern for the pilot countries who expect that United Nations processes should be harmonized. The development of a common information and communications technology (ICT) infrastructure has been one of the major achievements in the area of common services, and joint negotiation of services has also resulted in smaller increases in costs. In addition, the experiences with One Office within the context of DaO have shown that operating costs can be reduced. However, the potential savings need to be looked at very carefully in terms of what can be quantified in monetary terms and considered to be "net savings" after consideration of cost increases in other areas, including the increased transaction costs for the United Nations system entities.

21.   Finally, communication is seen as an essential component of the change management process and a core function of the United Nations system as an advocate of policies and global norms. Communicating as One has therefore become a fifth pillar of DaO in some pilot countries. Joint communication has allowed the United Nations system to respond collectively to government requests for policy assistance in key priority areas, such as climate change, the food crisis, and the

current economic crisis. Targeted communication has also deepened the understanding of DaO among government officials and contributed to stronger government interest in ownership and leadership of United Nations reform. Nevertheless, much remains to be done to ensure that all stakeholders are properly informed, and there is a need to simplify and streamline communications, both within the United Nations system and externally, as a better understanding of the process is a key factor in effective change management.

(d) United Nations Development Group contributions to coherence at the country level

22.   Over the next three years, 90 countries will be preparing their UNDAFs. This is a process highly relevant to UNIDO, and represents an enormous opportunity to strategically position the development activities of the United Nations system at the country level and move the TCPR recommendations forward. The UNDG has developed a standard package of support for the roll-out countries, which will be tailored to the specific country contexts and needs of the UNCTs.

23.   At its first meeting in January 2009, UNDG adopted a series of proposals to expand these lessons learned to country offices, including an integrated programme and operations approach in UNDAF roll-out countries, and the UNDG Toolkit containing best practices for common country programming. A scale-up of ICT solutions to increase inter-agency collaboration and proposals to advance harmonization in the area of human resources was agreed upon specifically for the pilots. The CEB High-level Committee on Management (HLCM) is fully involved in the UNDG-led business practice reforms at country level. Those that require system-wide agreements are referred to the HLCM for their attention and decision.

24.   The UNDG also decided to adopt the implementation plan for the management and accountability system, which defined the roles and responsibilities of the UNDG, the UNDG Advisory Group, the Regional Director Teams (RDTs), UNDG Working Groups, individual UNDG organizations and the Development Operations Coordination Office (DOCO), and made operational the "functional firewall" separating the role of UNDP as a manager of the Resident Coordinator system from its programme implementation role. The UNDG further adopted a number of key instruments to ensure the effective functioning of the RC system. In addition, UNDG adopted the non-resident agencies (NRA) workplan (2009-2011) which is of particular relevance to UNIDO as it is designed to facilitate the implementation and monitoring of priority actions towards enhancing NRA involvement in country programming processes.

25.   UNDG also endorsed the operational document for the "Expanded Delivering-as-One Funding Window". In order to address the funding constraints of the United Nations system at the country level, the One-United Nations funding window under the UNDP-Spain Millennium Development Goals (MDG) Achievement Fund is being expanded into a multi-donor trust fund. The UNDP-Spain MDG Achievement Fund was established in 2006, under an agreement between Spain and UNDP, whereby Spain provided $740 million to support MDG-related activities and country-level United Nations reform efforts. This fund has two windows; one to finance United Nations activities in "thematic" areas, and the other to fund activities in the Delivering as One pilot countries. To date, programme approvals for UNIDO under this fund amount to $11.2 million for "thematic" windows such as

Environment and Climate Change, and Youth Employment. As of 31 March 2009, $3.1 million has been transferred to UNIDO. The expanded window is designed to respond to the need for additional, non-earmarked and more predictable funding, and will in particular target UNDAF roll-out countries that adopt the approach of more strategic and integrated programming at country level, as well as countries that already have developed programmes following the Delivering as One approach. The preliminary estimate of the funds required for 2009 ($150 million) and 2010 ($250 million) has already been committed by Spain, Norway and the United Kingdom, but the window is open to additional contributions from other countries.

II. UNIDO contributions to system-wide coherence

(a) CEB Cluster on Trade and Productive Capacity

26. In addition to its active involvement in country-focused inter-agency coordination, UNIDO contributes to system-wide coherence through its partnerships with other United Nations system organizations in its priority areas of work. In the area of trade capacity-building, UNIDO participates in the work of the CEB Cluster on Trade and Productive Capacity, which is led by United Nations Conference on Trade and Development (UNCTAD). Within the Cluster, UNIDO helps promote system-wide coherence by coordinating its programmes and activities and by coordinating its participation, as appropriate, within the UNDG machinery. With the objective of facilitating contacts with the United Nations Country Teams (UNCTs), a special session for 25 new Resident Coordinators was organized in Geneva on 25 November 2008. The Cluster is expanding its contacts with the UNCTs of the UNDAF roll-out countries with a view to including trade and productive capacity programmes and projects in their programming frameworks in response to national needs and priorities. UNIDO also took part in two regional training workshops (Bangkok, 9 March 2009 and Bratislava, from 16 to 18 March 2009) organized by DOCO for the UNCTs that are starting the formulation of new UNDAFs in 2009. At the country level, UNIDO participated in UNDAF-targeted training, missions and joint programme planning sessions in Bhutan, Ecuador, Lao PDR, Madagascar and Syrian Arab Republic. UNIDO also continued to participate in joint programming with other organizations in several of the pilot countries. Furthermore, UNIDO has initiated the updating of the *Inter-agency Resource Guide on Trade Capacity-Building*. The guide, launched in 2008, was the result of an inter-agency effort involving other United Nations system organizations to define and describe the wide range of trade-related support services they provide to developing countries. The 2009 edition will be expanded to include contributions from the regional development banks and other entities. It was anticipated that UNIDO would present the outline of the expanded resource guide at the meeting of the joint OECD DAC-Trade Committee Working Party (TCWP) on 20 May 2009. In preparation for the ten-year MDG review in 2010, with UNIDO in the lead, the Cluster has also initiated the identification of trade and productive sector targets and indicators that could be included in the MDGs.

27. In addition, UNIDO is also cooperating with other partners to achieve system-wide coherence in the area of trade capacity-building, in particular through its involvement in Aid for Trade (AfT), Enhanced Integrated Framework (EIF) and the Standard and Trade Development Facility (STDF), as well as its reporting to the

WTO subcommittees for least developed countries (LDCs), technical barriers to trade (TBT) and sanitary and phyto-sanitary standards (SPS). A major event organized by UNIDO in collaboration with the Government of Cambodia and WTO was the LDC Ministerial Conference held in Siem Reap from 19 to 20 November 2008. The Conference was an important step in the broader, multi-level process through which UNIDO, in collaboration with other actors involved in the AfT and EIF processes, will continue the dialogue on how best to use these instruments to build supply capacities in LDCs. UNIDO is also cooperating with the World Bank and others in drafting the forthcoming Trade Compliance Report (TCR) which will include suggestions and cost/benefit considerations for technical assistance in the area of compliance.

(b) UN-Energy

28.   Under the chairmanship of the Director-General of UNIDO, UN-Energy[1] continued to promote system-wide collaboration in the area of energy. On 10 December 2008, UN-Energy organized a side event at the United Nations Climate Change Conference in Poznan, Poland, on the theme, "Energy Efficiency in the Post-2012 Framework: Key Issues and Challenges". This side event considered the role of energy efficiency in climate change mitigation by focusing on emerging opportunities and actions for a global solution. UN-Energy also held a meeting on 30 March 2009, in Washington D.C., in conjunction with the World Bank Group's Energy Week 2009. The meeting reviewed progress in implementing the work programme of UN-Energy and discussed energy issues in the current economic context, as well as the new challenges and opportunities of direct relevance. It also noted that UN-Energy will be participating in the General Assembly Debate on Energy Efficiency and Renewable Energy that will take place in New York later this year and the Vienna International Energy Conference from 22 to 24 June 2009. UN-Energy also expects to issue a series of publications on advancing industrial energy efficiency, promoting energy access in the context of the MDGs and supporting policymaking process on biofuels development and investments during 2009.

(c) Technology transfer focus area

29.   UNIDO is also contributing to system-wide coherence in the context of the CEB climate change initiative in its capacity as Co-Convenor together with the United Nations Department of Economic and Social Affairs (UN-DESA), in the focus area of the transfer of climate friendly technologies. Activities being carried out by United Nations system organizations in this area fall into five categories: technology needs and needs assessments; technology information; fostering an enabling environment for climate friendly technologies; capacity-building; and mechanisms for technology transfer. As part of this work, UNIDO in cooperation with UNFCCC organized a workshop for trainers on preparing technology transfer

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[1] UN-Energy is an inter-agency mechanism on energy comprising twenty United Nations and multilateral entities to help ensure coherence in the United Nations system's response to the energy-related decisions of the 2002 World Summit on Sustainable Development. It aims to promote United Nation system-wide cooperation on energy through a coherent and collaborative approach in view of the fact that there is no single agency in the United Nations system that is primarily responsible for energy. UN-Energy has organized itself into three clusters on energy access, energy efficiency and renewable energy which are led by various member organizations.

projects for financing from 29 September to 1 October 2008. UNIDO and UNEP are also working to expand and strengthen their National Cleaner Production Centres to facilitate the adoption and diffusion of cleaner production technologies in developing countries. In addition, UNIDO is providing technical support to the ongoing work to draw up an international energy management standard under the auspices of the International Standards Organization (ISO).

(d) Gender and economic empowerment of women

30.   On the issue of women economic empowerment, UNIDO has taken steps towards improving its work on gender equality and the empowerment of women. Following a successful expert dialogue organized by UNIDO in July 2008 with participants from other United Nations agencies, the private sector and gender specialists, UNIDO has adopted an organization-wide gender policy. The policy outlines the Organization's commitment to mainstreaming gender throughout its programmatic and operational activities in order to advance the goal of gender equality and the empowerment of women. It also makes provisions for greater collaboration with other agencies in the United Nations system in the area of economic empowerment of women, where UNIDO has been requested by the Special Adviser on Gender Issues and the Advancement of Women to take the lead.

III. UNIDO contributions to system-wide coherence at the country level[2]

31.   All of the Delivering as One (DAO) pilot countries have initiated implementation of the new programmatic and management arrangements designed and agreed upon in 2007 and early 2008. In February this year, Pakistan signed its One Programme document, while Albania, Mozambique, Rwanda, the United Republic of Tanzania and Uruguay have started the second semester of implementing their One Programmes. Cape Verde proceeded with the first allocation of the One Transition Fund resources, and Viet Nam finalized the process of developing the funds allocation criteria for its One Plan 2. The pilot countries have also established inter-agency monitoring and evaluation (M&E) groups for the development and monitoring of results based M&E frameworks. Albania finalized and adopted its M&E framework in early 2009. Significant developments are also ongoing in the areas of One Leader and One Office/House. UNIDO has agreed to the empowered UNCT and Resident Coordinator principles in all the pilot countries adopted by UNDG, and is also actively contributing to the One United Nations House in several of the pilot countries. It is also participating in various change management/capacity assessments exercises in the pilot countries.

32.   The value of UNIDO project proposals in the pilot countries, excluding Pakistan, is estimated at $58 million, with an initial funding gap amounting to $32 million. Of this gap, the One Fund in Albania, Cape Verde, Mozambique, United Republic of Tanzania, Uruguay and Viet Nam is expected to cover $18.5 million over the period 2008-2010, with the One Fund in Rwanda financing the remaining $13.5 million during the period 2008-2012. In 2008, $5.1 million from the One Fund in Mozambique, Rwanda, United Republic of Tanzania and

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[2] As of end April 2009.

Uruguay were allocated to UNIDO, of which $4.6 million was effectively transferred for implementation in the second semester of 2008. In February and March 2009, $3 million was allocated to UNIDO from the One Fund in Albania, Cape Verde, Mozambique, United Republic of Tanzania and Uruguay for implementation activities in 2009.

33. Key developments and UNIDO contributions in the eight Delivering as One pilot countries as at the end of April 2008 are summarized below:

Albania

34. Following the first year of implementation of the One Programme, the Government, in response to emerging national priorities, invited UNIDO and IFAD to join the One Programme. On 18 February 2009, the Joint Executive Committee (JEC) of the Albania One United Nations Coherence Fund approved the UNIDO National Cleaner Production Centre (NCPC) project for implementation over the period 2009-2010. UNIDO's strategic focus on cleaner production responds to the Government's need to stimulate environmentally sustainable ways of production. Working with UNCTAD (lead), FAO, ITC, UNDP and United Nations Economic Commission for Europe (UNECE), UNIDO has also contributed to the development of a joint programme under the CEB Cluster on Trade and Productive Capacity: "Towards the EU: Support to Albanian trade capacity", which is currently under consideration by the Government.

Cape Verde

35. As a member of the United Nations Global Change Management Support Group, UNIDO took part in the second inter-agency mission led by Dahlberg consultants to Cape Verde from 26 February to 18 March 2009. The objective of the mission was to plan organizational changes and support the initial phase of development of an office management plan to effectively implement the Delivering as One initiative in the first United Nations Joint Office. At the programmatic level, the Joint Government/United Nations Steering Committee issued the first allocation of the One Transition Fund during its meeting held on 27 February 2009. A total of $3.7 million (out of the $5.8 million mobilized from the Governments of Austria, Norway and Spain) was allocated to six of the nine subprogrammes of the One Programme (2008-2010). As the lead/convenor agency of the subprogramme 4, "Growth and economic opportunities", UNIDO, with the full involvement of 12 participating agencies and several national partners, has successfully coordinated the elaboration of operational documents, including the workplan and budgetary framework, for the mobilization of the One Transition Fund resources. Out of the subprogramme's total 2009 implementation budget of $5.1 million, it is expected that $2.4 million will be mobilized from the One Transition Fund. UNIDO is also benefiting from the One Transition Fund through subprogrammes 1 and 5, in which it is a participating agency with strategic focus on: investment promotion and trade capacity-building; and cleaner production and energy efficiency.

Mozambique

36. The United Nations Country Team (UNCT) continued implementation of the One United Nations Programme initiated on 1 July 2008 following approval regarding the $13 million allocation for the second semester of 2008. Additional

resources of $7 million were allocated to ongoing joint programmes on 29 March 2009. Of the $20.5 million in mobilized resources from Canada, Norway, Spain and Sweden, UNIDO received an allocation of $1.85 million for implementation by the end of August 2009 under the joint programmes "youth and employment" ($0.77 million), "women's empowerment" ($0.71 million) and "environment and climate change" ($0.37 million). The fourth joint programme "building capacities for effective trade policy formulation and management", in which UNIDO's component amounts to $1.1 million, is awaiting approval for implementation in the current year. In parallel with the implementation of the programmes, UNIDO is actively participating in the UNDAF 2007-2009 (extended until 2011) mid-term review exercise that was due to end in May 2009. The UNDAF extension will allow the UNCT to have a full year of implementation before the start of consultations on the next programming cycle. In accordance with the Organization's decision to adopt the Harmonized Approach to Cash Transfer (HACT), where applicable to its operations in Delivering as One pilot countries, UNIDO is also involved in a number of micro-assessments to learn local partners' practices, systems, policies and procedures with a view of increasingly using these.

Pakistan

37.   The One Programme document 2008-2010, was signed on 4 February 2009. This document consolidates the piloting efforts for the United Nations reform process and contains the framework of cooperation among participating United Nations agencies. The implementation version of the document is at an advanced stage of finalization and will encompass joint programmes developed along the five UNDAF 2008-2010 thematic working groups: Agriculture, rural development and poverty reduction; Health and population; Environment; Education; and Disaster management; and four cross-cutting issues (gender equality, human rights, civil society participation, and refugees). On the issue of gender equality, the joint United Nations programme involving fourteen agencies is estimated at $16 million, with $12 million being provided by the Spanish MDG-Fund. UNIDO proposals have been estimated and fully funded for $1.25 million. The majority of UNIDO's interventions are related to women's economic empowerment through productive activities, as well as entrepreneurship development. In addition to its stand-alone projects in trade capacity-building, small and medium enterprises development, environment and cleaner production that are part of the One Programme, UNIDO is working with other participating organizations for the development of joint programmes in these areas.

Rwanda

38.   Implementation of the One UN Programme initiated in 2008 is ongoing and participating United Nations agencies have recently reported on the delivery of the 2008 One Fund allocation. In close collaboration with national partners, all participating agencies defined their 2009 annual workplans, which have been consolidated at the level of six UNDAF results: governance; HIV/AIDS; health, nutrition and population; education; environment; and sustainable growth and social protection. Based on the consolidated annual workplans, the eighteen participating United Nations agencies anticipate a delivery of $112.5 million in 2009, of which $36.6 million is to be mobilized from the One Fund. UNIDO's proposals amount to $3.46 million for 2009. The Organization counts on resources from the One Fund to

close the gap of $2.9 million needed to fully implement activities related to capacity-building for industrial policy formulation, entrepreneurship development, agro-industrial value chains and market access, waste management and income generation, cleaner production and rural energy development.

United Republic of Tanzania

39. The One United Nations Office in Zanzibar was officially opened in February 2009. It houses all the United Nations agencies represented in Zanzibar, including UNIDO, and is the first One United Nations Office in the country to pilot the implementation of common services. The United Republic of Tanzania is also the first country to have made the One Fund effective and operational. In February 2009, the One Programme (OP) 2007-2008 was expanded with two additional joint programmes (JPs) on environment and education, the objectives of which are to develop the Government's capacity to coordinate and implement existing environmental policies and to mainstream environmental sustainability and climate change, as well as to support major reforms and structural changes in the education sector. UNIDO is participating in both of the new joint programmes, and will focus on efficient use of energy and natural resources and promotion of renewable energy technology for mini and rural grids in the joint programmes on environment, while in the joint programme on education, UNIDO is involved in youth entrepreneurship development in secondary education, and science, technology and innovation in higher education and research. Altogether, UNIDO is a participating agency in five of the nine joint programmes and has a total budget of $4 million for 2008-2010. To date, $2.85 million has been allocated to UNIDO from the One Fund.

Uruguay

40. Uruguay initiated the implementation of the One Programme "Building Capacities for Development" on 1 July 2008 after approval had been given for nine projects and programmes for funding. UNIDO is the lead/convenor agency for the projects: "Institutional strengthening for the design of economic development strategies: country international insertion and long-term energy policies development"; and "Technical assistance for the design of public policies that promote sustainable production and employment". Over the period 2008-2010, UNIDO's planned budget for these projects is $1.25 million. For the two projects where it is the lead/convenor agency, UNIDO received $0.46 million for implementation by end August 2009. This brings the total of funds transferred to date from the One Coherence Fund to the Organization to $0.82 million. Moreover, implementation of UNIDO components in the approved MDG-F Joint Programme "Strengthening Cultural Industries and Improving Access to Cultural Goods" under the thematic window "Culture and Development" is in progress. UNIDO is responsible for executing $1 million out of a total budget of $3.37 million over the period 2008-2010.

Viet Nam

41. In Viet Nam, all of the 16 participating United Nations agencies will be located in the Green One United Nations House after completion in 2010. The project is fully funded with about 60 per cent of the total cost pledged by donors.

The Government is contributing with a land site and a building, while United Nations organizations, including UNIDO, have agreed to fund the remaining resource requirements on a pro rata modality based on the space requirements. With regard to the empowered UNCT and Resident Coordinator dimension of the DaO initiative, an internal six-month review of the One Leader Memorandum of Understanding (MoU) was completed by the UNCT in October 2008 and endorsed again for the next six months. In addition to its participation in various governance and consultation mechanisms, UNIDO also contributed to the development of funds allocation criteria. About half of the $27 million available to date will be distributed to specialized agencies in the coming months. UNIDO activities amount to $22.4 million, with an initial funding gap of $6.25 million expected to be mobilized through the One Fund 2.

IV. Challenges

42. Section I of this document dealt with some of the challenges facing the United Nations system as a whole in achieving greater coherence in its development activities at the country level. The section below outlines some of the key issues and challenges faced by UNIDO as it strives to contribute further to system-wide coherence and as the Delivering as One initiative shifts from the planning phase towards implementation, funds mobilisation, monitoring and evaluation, and support to UNDAF roll-outs and DaO self-starters.

(a) Integration of economic growth, trade and productive capacities into the Common Country Assessments, United Nations Development Assistance Frameworks and One United Nations Programmes

43. A key challenge for UNIDO as a specialized agency with a limited field presence is how to ensure that sustainable industrial development issues are systematically considered in the integrated One United Nations Programme in response to national development priorities. Prior to the implementation of the Delivering as One initiative, economic development, trade and productive capacities were hardly considered in the formulation of UNDAF, despite the high priority assigned to these themes by governments in their national development plans. As a first step in the right direction, the availability of a related Common Country Assessment (CCA) indicator framework that would help define the major industrial challenges in a country and their severity is required. The updated CCA/UNDAF 2009 Guidelines still do not include specific references to promoting economic growth, productive capacities and trade. This is especially detrimental in view of the impact of the financial and economic crisis on the productive sector of developing countries. UNCTs, particularly in UNDAF roll-out countries, will require guidance and support on effective policies and measures to mitigate the impact of the crisis on the most vulnerable populations, including, by promoting pro-poor and sustained economic growth, productive capacities and trade. The UNDG has agreed to undertake additional work in 2009 to update these aspects of the UNDAF Guidelines in order to assist countries in their responses to the crisis.

(b)   Responding to UNDAF roll-outs and programming exercises in pilot countries

44.   In view of the large number of countries (90 countries) rolling out their UNDAFs in the next three years, the fact that most of the pilot countries will start consultations for the next programming cycle in 2010, and the growing number of self-starter DaO countries developing their own One Programmes, UNIDO faces a considerable challenge on how to respond to the massive increase in programming requests and calls for assistance. There are real concerns in terms of staff capacity and increased coordination requirements, at Headquarters as well as country and regional levels, to ensure effective UNIDO participation in the integrated and harmonized country programming processes. With many competing priorities and under a "zero-real-growth budget" environment, UNIDO will be severely constrained in responding to requests for programming support from the UNDAF rollout countries and self-starters. UNIDO will have to set priorities, streamline its business practices and raise staff productivity to be able to cope with the expected influx of requests for programming support from the field. Member States and management will need to give close attention to this issue.

(c)   Meeting increased demands for coordination in the DAO implementation phase

45.   The Delivering as One pilot initiative has been labour-intensive from the outset and has become even more so in the implementation phase. As a small technical agency with limited resources, UNIDO finds itself increasingly burdened by the escalating commitment of time and resources required from staff at Headquarters and in the field. The procedures adopted by various UNCTs, the joint programme/project management, monitoring and evaluation, audit and other requirements of the participating agencies involve significant coordination responsibilities that require continuing attention and participation. Moreover, UNIDO finds that aside from increased coordination demands, it is experiencing increasing costs, both in terms of funds and staff time, related to the increasing amount of travel required in order to implement and monitor joint programmes effectively.

(d)   Funding of the pilot countries and One Fund allocation criteria

46.   While the One Plan Fund has significantly improved transparency of the United Nations system and enhanced inter-agency collaboration and coherence in monitoring and financial reporting obligations, there are still large funding gaps in the One Programmes. The predictability of funding has become a major issue for UNIDO as projects are being implemented with less than full funding, and with no guarantee that full funding will be forthcoming. This is slowing down implementation and putting at risk the quality and sustainability of expected results. In addition, United Nations agencies delivering highly specialized services, such as UNIDO, can in some instances not procure equipment or issue contracts with only partial funds availability. The challenge therefore remains how to mobilize additional voluntary resources to ensure full and effective implementation, especially in the current economic climate where the global financial crisis already has affected aid volumes.

47.   Furthermore, some pilot countries have developed specific One Fund allocation criteria that include an agency's own resource contributions in their determination of fund allocations. Prior to that, those pilots capped the size of the

One Budget through criteria based notably on historic disbursements/delivery capacity. Such criteria are likely to channel most of the One Fund resources towards agencies that, unlike UNIDO, have adequate core resources available from the onset of the programming process. While the expanded Delivering as One funding window may address the need for additional, non-earmarked and more predictable funding, the funding window's disbursements to eligible countries should ensure that agreed One Fund allocation criteria at the country level are neutral and anchored on national development priorities.

(e) Harmonizing business practices

48.   UNIDO is making a serious effort to further rationalize and harmonize its business practices with those of other United Nations system organizations. However, the fact that UNIDO's extrabudgetary resources mostly take the form of earmarked contributions that carry conditions, tends to impede progress in this regard. In principle, UNIDO fully supports national execution and has confirmed that it will use HACT wherever applicable in its operations, particularly in the Delivering as One pilot countries. While this has proven somewhat difficult in practice, UNIDO remains committed to supporting national execution as the preferred modality of programme and project delivery and will continue to find ways to harmonize its business practices with those of the United Nations system and to make increasing use of national systems in its field operations.

V. Concluding observations

49.   The system-wide coherence process continues to make progress at the intergovernmental, inter-agency and country levels. UNIDO will continue to follow the intergovernmental consultative process on system-wide coherence, participate actively in inter-agency coordination and contribute to country-level development cooperation to enhance the impact of its programmes and activities and reduce transaction costs for governments, in line with the decisions taken by the United Nations General Assembly and by the Organization's policymaking organs.

VI. Action required of the Board

50.   The Board may wish to take note of the present document and, as appropriate, provide guidance to the Secretariat on its continuing participation in the system-wide coherence process.

List of abbreviations

A

AfT   Aid for Trade

C

CCA   Common Country Assessment

CEB   United Nations System Chief Executives Board for Coordination

CMT   United Nations Country Management Team

CRS   Creditor Reporting System

D

DAC   Development Assistance Committee

DaO   Delivering as One

DAW   United Nations Division for the Advancement of Women

DOCO   Development Operations Coordination Office

DRR   Disaster Risk Reduction

DSDC   Department of Strategy and Donor Coordination

E

ECOSOC   United Nations Economic and Social Council

ECOWAS   Economic Community of West African States

EGTT   Expert Group on Technology Transfer

EIF   Enhanced Integrated Framework

EU   European Union

ExCom   United Nations Development Group Executive Committee

F

FAO   Food and Agriculture Organization of the United Nations

G

GACA   Government Aid Coordination Agencies

GC   General Conference

GCMST   Global Change Management Support Team

GEF	Global Environment Facility

H

HACT	Harmonized Approach to Cash Transfers
HIV/AIDS	human immunodeficiency virus/acquired immune deficiency syndrome
HLCM	High-level Committee on Management
HLCP	High-level Committee on Programmes
HRBA	human rights based approach

I

ICT	information and communication technologies
IDB	Industrial Development Board
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
INSTRAW	United Nations International Research and Training Institute for the Advancement of Women
IPSAS	International Public Sector Accounting Standards
ITC	International Trade Centre

J

JEC	Joint Executive Committee
JP	joint programme

L

LDC	least developed country

M

MDG	Millennium Development Goal
MDG-F	Millennium Development Goal Achievement Fund
MoU	Memorandum of Understanding
M&A	management and accountability
M&E	monitoring and evaluation

N

NCPC	National Cleaner Production Centre
NRA	Non-Resident Agency

O

OECD	Organisation for Economic Co-operation and Development
OP	One Plan
OPSC	One Plan Steering Committee
OP2	One Plan Two
OSAGI	Office of the Special Adviser to the Secretary-General on Gender Issues and Advancement of Women

P

PAT	Programme Advisory Team
PCG	Programme Coordination Group

R

RBM	results-based management
RC	Resident Coordinator
RDT	United Nations Development Group Regional Directors
RMT	United Nations Development Group Regional Managers

S

SME	small and medium enterprise
SPS	sanitary and phyto-sanitary measures
STDF	Standard and Trade Development Facility

T

TBT	technical barriers to trade
TCPR	Triennial Comprehensive Policy Review
TCR	Trade Compliance Report
TWG	Thematical Working Group

U

UN	United Nations
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UN-DESA	United Nations Department of Economic and Social Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime

W

WFP	World Food Programme
WTO	World Trade Organization

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