



United Nations Industrial Development Organization

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Mobilization of financial resources

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Report by the Director General

The present report 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. It should be considered in conjunction with the *Annual Report of UNIDO 2019*, which provides information on mobilization of financial resources for that year.

I. Introduction

1. 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 2019 in the section “Funding and Financial Contributions”, the portfolio of projects and programmes for future implementation (uncommitted balance and future instalments) has reached an unprecedented level of \$586.6 million, enabling the Organization to increase the delivery of its mandated services to beneficiary countries within the context of the 2030 Agenda for Sustainable Development. As a result of a cyclical drop in funding from the Global Environment Facility (GEF), which coincided with a decrease of new approvals from the Multilateral Fund for the implementation of the Montreal Protocol (MLF), the overall volume of voluntary contributions allocated for implementation reached \$154.7 million. The level of funds mobilized, however, remained high at \$198.5 million, as did the delivery of UNIDO technical cooperation services, which increased, to \$190.3 million.

2. With \$16.1 million received from the MLF and \$28.2 million from the GEF, the largest share of voluntary contributions has come from governmental contributions totalling \$105.6 million. Contributions from the European Union remained high at \$25.2 million. Seventeen¹ governmental donors contributed more than \$1 million, net

¹ Governmental donors with contributions exceeding \$1 million net of programme support costs (in millions): Japan \$16.8, Switzerland \$9.2, Italy \$8.7, Sweden \$7.6, China \$5.5, Germany \$4.1, Norway \$ 3.0, Austria 1.9, Morocco \$1.7, Republic of Korea \$1.7, Russian Federation \$1.6,



of programme support costs. This underscores the essential nature of governmental funding for the implementation of the Organization's responses to global challenges.

II. Thematic focus and progress on funds mobilization

3. The four thematic priorities of the Organization of creating shared prosperity, advancing economic competitiveness, safeguarding the environment and strengthening knowledge and institutions are of continued relevance for the achievement of the Sustainable Development Goals (SDGs), in particular with regard to the 2030 Agenda's socioeconomic dimension.

4. Close cooperation with international financial institutions and the private sector was strengthened within the framework of UNIDO's thematic priorities, and guided by the Lima Declaration (GC.15/Res.1) and the Abu Dhabi Declaration (GC.18/Res.1), increasing the scope and scale of UNIDO's transformative impact. Resource mobilization efforts were consolidated for the Programmes for Country Partnership (PCP), and partnerships with organizations with complementary mandates and skills developed to continuously improve UNIDO's services and their impact.

5. In line with United Nations General Assembly resolution [70/293](#) on the proclamation of the Third Industrial Development Decade for Africa (2016–2025) (IDDA III), UNIDO has further promoted increased cooperation between public and private sector partners to contribute towards Africa's sustainable industrial development objectives.

6. The Organization also proactively engaged in the United Nations development system reform process and has consequently actively participated in United Nations funding mechanisms, notably through Joint Programmes and Multi-Partner Trust Funds such as the United Nations Joint SDG Fund and, more recently, the United Nations COVID-19 Response and Recovery Fund.

7. In addition to the portfolio of projects and programmes for future implementation, the Organization has also continued to diversify its funding base to respond to increased demand for its services. In particular, the Organization increased its portfolio of Green Climate Fund readiness proposals and submitted an accreditation proposal to the Adaptation Fund.

8. At the time of writing, the Organization is undertaking significant efforts to respond swiftly and effectively to the global crisis caused by the COVID-19 pandemic. Initial interventions currently focus on mitigating the health dimension of the crisis by increasing the response capacities of developing countries. Joint initiatives with the World Health Organization (WHO) in Africa, as well as other partners, have been initiated through which UNIDO harnesses its expertise in enabling local productive capacities for the production of personal protective equipment such as gloves, gowns, masks and hydro-alcoholic gel. Concurrently, UNIDO consults within the United Nations System and with its Member States, stakeholders and partners in anticipation of the need for scaled-up assistance to address the devastating socioeconomic dimension of the crisis.

III. Programming thrust for the biennium 2020–2021 and outlook for funds mobilization

9. UNIDO's programming is guided by the UNIDO medium-term programme framework (MTPF) 2018–2021 and the Abu Dhabi Declaration (GC.18/Res.1) endorsed by its Member States at the eighteenth session of the General Conference.

United States of America \$1.4, Islamic Republic of Iran \$1.3, India \$1.3, Canada \$1.1, Spain \$1.1, Finland \$1.0.

10. The ongoing health crisis and the socioeconomic fallout of the COVID-19 pandemic significantly influence the work of UNIDO. Beyond the initial response to increase the capacities of developing countries to mitigate the health impact of the pandemic in coordinated, comprehensive multilateral responses, UNIDO's comparative advantages in establishing resilient global value chains and in addressing food security challenges in the most vulnerable countries will be of particular importance. The PCP as an instrument which coordinates, aligns and leverages resources of multiple public and private sector partners will remain highly relevant to scale up the scope and impact of job- and income-creating technical cooperation activities.

11. In the context of the Funding Compact, United Nations Member States made commitments to double the levels of resources channelled through development-related inter-agency pooled funds and single-agency thematic funds. These instruments will therefore gain in relevance. Member States are invited to facilitate longer-term and more flexible funding, in particular through contributions to the Organization's thematic trust funds, to enable UNIDO to swiftly respond to time-sensitive requests for assistance from Member States.

12. UNIDO will pursue its efforts to further diversify its funding sources to ensure that its capacity to deliver significant contributions to the SDGs remains insulated from the economic crisis. In this regard, efforts to engage in larger-scale initiatives with Member States will be pursued, and cooperation with global funds such as the Green Climate Fund will be reinforced.

13. With regard to cooperation with the GEF and the MLF, the outlook for future funding is positive. In the last several months, 14 concepts covering 15 countries were submitted to the GEF Secretariat in addition to one global project under the next GEF-7 Work Programme. The total grant amount of these concepts adds up to more than \$63 million. At the next GEF Council Meeting, which will be held virtually at the beginning of June 2020, the final list of concepts to be taken forward will be approved and subsequently developed into full-fledged projects, which will be reflected in UNIDO's active portfolio as net approvals in 2021/2022.

14. UNIDO has a solid past performance in mobilizing resources leading to the development of an unprecedented portfolio of projects and programmes. However, given the significant uncertainties of the current COVID-19 pandemic, the outlook remains ambivalent. As much as it is certain that the demand for UNIDO services will increase given the relevance of UNIDO's mandate and expertise in addressing the ongoing socioeconomic dimension of the crisis, the short-term impact on the size of voluntary contributions from UNIDO Member States remains more difficult to predict.

IV. Action required of the Committee

15. 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.48/7-PBC.36/7;

(b) Decides to delegate to the Director General the authority to approve projects for financing under the Industrial Development Fund in 2020 and 2021 in accordance with the priorities defined in the medium-term programme framework 2018–2021 (IDB.45/8 and GC.17/6);

(c) Encourages Member States and other donors to increase their voluntary contributions to UNIDO including for the recently created Partnership Trust Fund as well as the Special Account of Voluntary Contributions for Core Activities (SAVCCA) and the Major Capital Investment Fund (MCIF);

(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) 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, the World Bank, as well as other development finance institutions;

(g) Strongly recommends that Member States 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.”
