

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



LIMITED

ST/ECLA/Conf.23/L.27
CID/SYMP. A.B.C./8
January, 1966

ORIGINAL: ENGLISH

LATIN AMERICAN SYMPOSIUM ON
INDUSTRIAL DEVELOPMENT

Organized jointly by the Economic
Commission for Latin America and
the United Nations Centre for
Industrial Development

Santiago, Chile, 14 to 25 March 1966

UNITED NATIONS TECHNICAL COOPERATION ACTIVITIES
FOR INDUSTRIAL DEVELOPMENT

Submitted by the Centre for Industrial Development,
United Nations

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This report is limited to the activities of the United Nations Centre for Industrial Development under the U.N. Programmes of Technical Co-operation. The Specialized Agencies of the U.N. also provide support for the industrialization of the developing countries in areas within their field of competence under the Expanded Programme of Technical Assistance, the U.N. Special Fund Programme and from their own resources.

1. The Centre for Industrial Development was established in 1962 within the U.N. Department of Economic and Social Affairs as part of an expanded effort by the organization to promote industrialization in the developing countries. The objective of the Centre is to promote a better understanding of the nature and requirements of industrial development and to assist governments with acceleration of the process of industrialization in their countries.

I. Functions

2. The Centre carries out its functions by (i) undertaking research projects; (ii) organizing seminars and other international meetings; and (iii) providing advisory services to governments and substantive support for the field operations in developing countries under the several U.N. programmes of technical cooperation. All these activities are, however, being increasingly linked together for the promotion of direct assistance to developing countries. The research and study projects, as well as the symposia, seminars and other meetings, organized by the Centre, contribute to the elucidation of the problems of industrial development and to the synthesis of the main economic and technological issues involved. In particular, these meetings are an important means of reaching more directly and in far greater numbers the technicians from the public and private sectors most immediately involved in the operational side of the industrialization process, thus creating an effective range of communications. At the same time the field work of advisers and experts assigned to the developing countries enrich the Centre's research studies.

3. At present the Centre concentrates mostly on the following fields of activity: planning and programming of industrial development; formulation and implementation of public policies and incentive measures designed to facilitate industrial development; surveys of the economic and technological characteristics of particular industrial sectors; choice and adaptation of technology, of the scale of production and of operational requirements; pre-investment and feasibility surveys; industrial standardization and quality control; development of institutional framework for the support of industry; training and management requirements; promotion and modernization of small-scale industries and the establishment of industrial estates.

4. The Centre helps governments to identify their technical requirements and to formulate their requests for obtaining assistance under U.N. programmes of technical co-operation. When a request for assistance is received, the Centre provides substantial support for its implementation by working out the terms of reference for the experts by the plan of operations, by helping in the recruitment of these experts by briefing them and by reviewing their work after they arrive in the field. The Centre is also responsible for advising on the selection of fellows and trainees and on the elaboration of their schedule. It advises on the documentation and on equipment included in the technical assistance projects or projects assisted by the U.N. Special Fund.

5. Assistance may be provided in different forms to suit the requirements of each case. In certain cases, a team of experts is provided to make a general survey of the industrial potential of a country or a region, or to assist in the preparation of industrial programmes, the formulation of industrial policies, or in the preparation of pre-investment studies, etc. In other cases individual experts are supplied on a short or long term basis to deal with specific economic or technical aspects of industry or to work in more detail on the general recommendations prepared by a previous team of experts. Sometimes the services of experts are required for a few days or weeks to advise on a very specific problem, but generally experts are needed for periods of one year or more. In a few cases the project may require the services of a senior expert on a part-time basis only, in which case a series of visits to the field may be arranged. In still other cases,

/it has

it has been possible to combine the part-time services of a senior expert with those of a less senior expert who remained full time in the field. The large majority of experts act as advisers but in a few cases they are given administrative and executive responsibilities at the request of the government concerned. The provision of training for the nationals of the developing countries represents another form of assistance in the field of industry which is available under U.N. programmes of technical co-operation. The Centre assists in the evaluation of candidates for fellowships, advises on their training schedules and recommends host facilities. In addition, it can undertake surveys of training requirements in individual countries, advise on the development of training facilities within the country concerned or abroad. Encouraged by the experience of the projects undertaken in the current year, growing attention is being paid to the organization of supervised training programmes. Finally, under the U.N. programme of technical co-operation, governments can request technical publications and a limited amount of equipment and supplies related to their projects.

6. Another principal function of the Centre is to "act as the focal point for co-ordination of the work of the organizations of the U.N. in the field of industrial development".^{1/} The Centre has to bring about an "effective co-ordination by the U.N. system of its activities in the field of industrial development in order to avoid unnecessary duplication of the work which is carried out by the U.N. family".^{2/} The Centre is expected to follow closely the activities of the various organizations, undertake joint projects and make arrangements for adequate reporting to the Committee for Industrial Development and the ECOSOC. Accordingly some exchange of views have been initiated with a number of specialized agencies to promote co-operation as well as to avoid overlap and duplication. In the meantime, a few joint exploratory missions have been organized by the Special Fund in connexion with projects of interest to more than one organization.

7. The Centre is also expanding its co-operation with the Regional Economic Commissions. It has seconded a number of its senior officers and advisers to work with the Commissions and, whenever possible to do

^{1/} E/RES/1081 D (XXXIX) para. 1.

^{2/} E/RES/1034 A (XXXVII) para. 1 (i).

so without incurring undue expenses, it has routed the experts to their country of assignment through the headquarters of the respective regional commission for briefing.

8. The Centre's activities have been guided by ECOSOC Resolutions 1081 E (XXXIX) of July 1965 which recognized the need for adequate resources to permit the implementation of the dynamic programme outlined in Resolution 1030 A (XXXVII) of August 1964. The reports to ECOSOC of the Technical Assistance Committee,^{3/} the Governing Council of the Special Fund,^{4/} and the Final Act of the United Nations Conference on Trade and Development,^{5/} placed special emphasis on the need of developing countries for greater technical assistance to their industrial development. These efforts are based on General Assembly Resolution 1797 (XVII) of 11 December 1962 which recognized that the objective of the United Nations Development Decade required "the maximum concentration of efforts and resources in selected areas where there are the greatest needs and opportunities for United Nations action." Accordingly, industrial development had been identified as an "impact area" by the Technical Assistance Committee in its summer session of 1963.

II. Activities under the U.N. Regular and Expanded Programmes

9. In 1964 assistance provided for industrial development under the U.N. Regular and Expanded Programmes of technical assistance had increased by 20 per cent over the previous year. On the basis of the monthly statements now available a similar increase is expected in the current year in relation to 1964.

^{3/} E/4081.

^{4/} E/4072.

^{5/} E/Conf.46/L.28 Annex A.III.I.

Table I

UNITED NATIONS REGULAR AND EXPANDED PROGRAMMES
 TOTAL EXPENDITURE AND EXPENDITURE ON INDUSTRIAL DEVELOPMENT 1962-65a/
 (Value in thousand dollars)

Year	Industrial Development	Total
1962	1 866	15 675
1963	1 863	15 716
1964	2 237	20 470
1964 to end September	1 680	14 050
1965 to end September	1 919	12 334

a/ Excludes Funds in Trust.

10. The rate of increase in assistance provided for industrialization has lagged behind the rate of increase in total U.N. activities under the Regular and Expanded Programmes. The current trend indicates a gradual narrowing down of this gap, particularly under the United Nations Regular Programme. The 1964 Regular Programme included \$555,000 for industrial development. A sizeable increase was projected for 1965 with \$807,000 proposed for that year and a further increase brought the proposals for 1966 to \$1,054,000.

11. A total of 220 experts were assigned to posts in industrial development in 1964 as against 158 in 1963. The monthly statements show that a total of 210 experts have been given field assignments by the end of September 1965. This should lead to a further increase by the end of the year in relation to 1964.

12. In order to promote a longer and more significant programme of assistance in the field of industry, the Committee for Industrial Development felt that the Centre should establish closer links with the developing countries to be better able to assist their needs and to help them in "preparing sound projects related to manufacturing industry". To this effect one of the measures taken by the Centre has been to send to the field on short-term missions its senior staff members and inter-regional advisers as often as compatible with its limited resources. Similar assignments have been given sometime to regional advisers attached to the Economic Commissions.

/These missions

These missions have produced a number of new projects and, at the same time, provided the U.N. with the necessary information for a better implementation of projects at hand. At the same time, the staff members, the inter-regional or regional advisers have been able to provide on-the-spot counsel on a number of technical problems.^{6/}

13. A further step envisaged for the establishment of closer links with the developing countries consists in "posting experts from the Centre for Industrial Development to the offices of resident representatives for appropriate periods of time" as expressed in ECOSOC Resolution 1081 E (XXXIX). As resident representatives of TAB remain the Centre's most important liaison with governments and act as the U.N. representatives and chiefs of mission in the field, the Centre's experts on industrial development are expected to be attached to their offices and to work under their general direction. In the meantime the Technical Assistance Board and the Bureau of Technical Assistance Operations have asked the resident representatives to place before governments information concerning the availability of assistance in the field of industry. The resident representatives were also informed that requests in this field will be considered on a high priority basis.

14. The problems encountered by the resident representatives and their suggestions for developing further activities can be summarized as follows:^{7/} Co-ordination of technical assistance activities at the government level remains a problem in a number of countries; in many cases while attention is focused on selected aspects of industrialization no comprehensive approach is made to the problem; heavy reliance is placed by most countries on bilateral aid and credits; a number of governments do not include requests for technical assistance in industrialization because industrial development in their countries is almost exclusively the responsibility of the private sector; the volume of the resources available under the Regular and Expanded Programmes do not permit the accomodation of a number of sizable impact projects; the carry-over of projects from one biennium to the next and the

^{6/} E/4016, paras. 45-46 and 93-142.

^{7/} For details E/4016, paras. 38-43.

continuing commitments took up a good part of the available resources, specially under the Expanded Programme. Finally, the lack of resources and the small size of markets limits the scope for industrial development in some developing countries.

15. To provide the funds required for the implementation of new industrial projects the Executive Chairman of TAB, in the meeting of the Technical Assistance Committee held in November, 1964, promised to give highest priority to the financing of new technical assistance projects in industry from contingency funds.^{8/} Authorizations have been issued already for the implementation of a number of new projects by using the savings achieved in the implementation of those included in the current approved programmes. The Economic and Social Council considers, however, that "a substantially increased percentage of technical assistance funds from the United Nations Programmes of Technical Assistance and the Expanded Programme of Technical Assistance should be devoted to projects related to the manufacturing industry". This consideration, no doubt, will be taken into account in the preparation of the next programme for the years 1967-1968. The Economic and Social Council has expressed the view that "an appropriate share of the resources of the expanded programme over the period 1967-1968 would be an approximate doubling of the amount provided for this purpose in the approved programme for this biennium".

16. To the financial considerations have to be added the problems related to the recruitment of qualified experts. Some increased flexibility in recruitment is expected by the application of a policy of appointment of experts on a reimbursable loan basis. Under this arrangement, highly qualified personnel, who are already employed, can be secured on loan to the United Nations for fixed periods. The United Nations agrees to reimburse the lending organization for the actual base emoluments paid to the individual during the period of loan.

^{8/} See also E/RES/1081 E (XXXIX).

III. United Nations Special Fund Programmes

17. In 1965 the Special Fund has approved five new projects in industrialization as follows:

(a) The Industrial and Marketing Surveys on Petroleum and Natural Gas in Algeria. The objectives of this project are to deepen and extend existing studies of locally made petro-chemicals and of the possibilities for the export of natural gas.

These studies will assist the Algerian Government in planning and programming the use of their petroleum and natural gas resources for the development of agriculture, industry and exports, within the framework of a national plan for the economic development of the country.

The project manager and the expert on marketing, included in this project, are in the field.

(b) The Industrial Studies and Development Centre in Tanzania, to advise the Ministry of Industry, Mineral Resources and Power on industrial policies and organization, assist in the preparation and assessment of feasibility studies and in other matters relating to industrial development. The new feature of this project is the provision of advisory extension services to industrial concerns, both public and private.

(c) Phase II of the Central American Research Institute (ICAITI). The Institute was inaugurated in 1956 under the joint auspices of the Governments of five Central American Republics: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua and the United Nations Economic Commission for Latin America. Its functions have been to give technical advice to industry and to investigate the best utilization of natural resources and raw materials of the region.

Special Fund assistance for another three years was requested by the five governments for the Institute's continued contribution in the implementation of the Central American economic integration plan for the industrial development of the region. In particular, the Institute is to assist governments and the public and private sectors of industry by undertaking economic and technological research and pilot demonstrations of the processing of local raw materials for use in industry.

/The project

The project manager, appointed in May 1964, will continue with Phase II of the project, assisted by a Senior Technical Adviser to the Director, presently under recruitment.

(d) The Industrial Studies and Development Institute in Riyadh, Saudi Arabia. The Institute is to advise the Government on all matters relating to policies and programmes of industrialization, to assist in the formulation of industrial development plans, and undertake pre-investment studies for specific industries.

The project manager is appointed and may reach Riyadh in mid-November 1965.

(e) The Pre-Investment Studies for the Promotion of the Fertilizer and Petro-chemical Industries in Pakistan. The purpose is to assist the Government in studies covering the economic, technical and financial aspects of planned production and in the promotion of increased and rational use of fertilizers and petrochemical end products.

The project manager was appointed in October and is expected to be in the field shortly.

18. The two projects previously approved in support of the Silicate Institute in Israel and the Central American Research Institute (Phase I) were completed during the year.

19. Plans of Operation have been signed and the project managers and some of the experts have been recruited for all the projects approved by the Special Fund before 1965, except for the Industrial Research Laboratories in Israel.

20. The three following projects for assistance by the Special Fund were submitted to the Consultative Board meeting of 15 October 1965:

(a) Four similar requests by the Governments of Algeria, Libya, Morocco and Tunisia for the establishment of a Centre for Industrial Studies in the Maghreb region. This project is to assist the countries of the Maghreb in the co-ordination of their development policies on a regional basis so as to optimize the utilization of scarce investment funds and resources for industrial development.

(b) A request by Uganda for the organization of a "Centre for Industrial Development and establishment of an Industrial Estate". The purpose of the project is to stimulate indigenous entrepreneurship, and to assist in every aspect from planning and construction to operation and management of small-scale industries. The project foresees construction and management of industrial estates; advice to Government on promotion, development and modernization of small-scale industries; and research and dissemination of economic and technical information.

(c) A request from Rwanda for setting up a pilot plant for the extraction of pyrethrum. The Fund's assistance is requested to lend technical and financial help in the establishment of the industry. This is considered to add greatly to the value of the domestic product and to increase foreign exchange earnings through savings in transportation costs.

21. The Special Fund has increasingly emphasized its desire to assist developing countries in their industrial development. As was indicated to the Governing Council of June 1965 and also to the Committee of Industrial Development at the fifth session, the Special Fund particularly envisages projects to assist in constructing industrial pilot plants, in establishing industrial estates, in organizing industrial development advisory centres, and in carrying out industrial feasibility studies and surveys. As one means of enhancing the preparation of requests for soundly conceived, high-priority projects in this as well as in other fields, the Managing Director proposed, and the Governing Council of June 1965 endorsed, an increased earmarking for preparatory assistance from 750 000 to \$1 million. ECOSOC Resolution 1081 provides further support for increase in allocations for preparatory assistance and for the establishment of pilot and demonstration plants.

22. Since about a year ago the Special Fund has organized a few joint exploratory missions with the participation of the Centre for Industrial Development and one or more specialized agencies. For instance, a joint mission in which consultants from the Centre and ILO participated was sent to Uganda to investigate the possible links between two requests addressed to the Special Fund: One for the establishment of a Management Training and Advisory Centre and the other for strengthening the Small Industries Section of the Uganda Development Corporation and establishing an Industrial Estate in Kampala.