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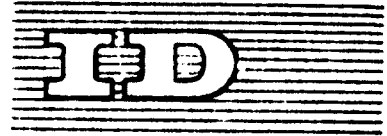
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PROBLEMS OF TECHNICAL CO-OPERATION  
IN THE LEAST DEVELOPED COUNTRIES <sup>1/</sup>

prepared by

the Secretariat of UNIDO

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

1. Technical assistance programmes in the least developed countries suffer from a basic contradiction. It is generally agreed that these are the countries that should receive a larger share of the resources available for technical assistance, since they are in greater need of help. Yet, in practice technical assistance tends to go to the countries that are best able to formulate their needs, to articulate their requirements as regards expert assistance, to provide counterpart staff and to muster financial support for industrial and other projects. These are not the least developed countries. In general they are countries that have already made substantial progress along the road of development. Most of the least developed countries are not yet able to meet the above-mentioned requirements.

2. The least developed countries have only a very small and sometimes primitive industrial base. The few modern industries are usually relatively large and are owned by expatriates or by the Government. The Governments wish to industrialize their countries since they all have, without exception, serious unemployment problems exacerbated by drift to the urban centres and an acute need to raise the per capita income. But the Governments have difficulties in setting priorities in industrial development and in ascertaining the help they need in the field of industry. In a number of cases they ask first for an industrial survey of the country to guide them in deciding which industries would be most suitable for development and to assist them in defining the fields in which they will request help.

3. Such surveys have been requested and have been carried out in several among the least developed countries - Lesotho, Botswana, the Gambia, Haiti, the Central African Republic, to name a few. They have proved useful in identifying some types of industries that might be promoted in the country. Very often, these are based on natural resource availability. For example, the availability of cattle in Somalia and Ethiopia immediately brings to mind the possibilities of slaughter houses, meat-packing and leather-tanning industries and it needs no great experience to request expert services to make a feasibility study for such industries and make recommendations for their establishment. Where timber exists, saw-mills,

plywood or chipboard plants, possibly together with woodworking manufacturing plants, are other obvious choices. Where maize, sorghum and groundnuts are grown, the processing of edible oils has been proposed. No doubt, these projects will in several cases be implemented and will make an important contribution to the industrialization of the country. Unfortunately, the scarcity of natural resources in the least developed countries necessarily limits the number of such industries.

4. Another approach frequently used by industrial survey experts is to analyse foreign trade statistics to identify those items where the sums spent on import might justify local manufacture. Import substitution is a recognized policy which has proved successful in promoting industries in many developing countries. In the lesser developed countries, however, this approach may be misleading. Their import statistics are particularly unreliable. Many different items are lumped together and sometimes the illicit or unrecorded entry of certain goods into the country may equal or exceed the figure given in the official statistics for the item. Because of the poorness of these countries, their markets are extremely small. These countries may not have the raw materials - or the required grade of materials - needed for producing items in substitution of imports. One should tread warily before proposing such local industries by ensuring first that they are really of economic benefit to the country.

5. In addition to surveys, assistance is often requested by Governments of the least developed countries in the fields of industrial planning and of small industry promotion.

6. An industrial plan should be a policy instrument balancing carefully needs, resources and priorities. Assistance in the field of planning is relied upon, among other things, in contributing to the formulation and timing of technical assistance and investment promotion activities. Many of the difficulties - imponderables and unknowns - which confront the preparation of industrial surveys also apply to projects in industrial planning. If plans are not always realistic programmes of action, they still serve the useful purpose of indicating what might be achieved -

in the opinion of the advisers who help prepare this plan - if sufficient resources, human and financial are mobilized and if various other factors develop favourably. Also, they are a valuable educational activity for the leaders and economists of the country; they lead to the creation of significant new sources of information and data on what is available and on the resources needed if some of the hopes and expectations are to become realities.

7. There is no doubt that industrial survey experts, industrial policy advisers, planners etc. are needed to assist the least developed countries along the road to industrialization, but the full results of their efforts in the form of concrete industries can be expected in the more distant future. In the last field in which assistance is usually sought that of promotion of small industries, there may sometimes exist possibilities of achieving results in the less distant future. Here too there are many formidable difficulties. Most Governments of least developed countries declare themselves in favour of assisting the development of local small-scale industries, recognizing that this is perhaps the only way of having the local indigenous people participate in the industrialization process. In few cases however, are these good intentions translated into effective Government action. In more than a few cases Government policies actually favour foreign investors in an effort to attract external finance for larger projects.

8. One may sympathize with the quandary of the Governments of these countries faced with so many demands on so few resources, but the fact remains that without a programme of real incentives and assistance, little, if anything, can be achieved in the field of small industries because of the lack, due to historic reasons, of entrepreneurship motivation among the local population. It is an important task of technical co-operation advisers in this field to convince Governments that even though resources are limited it is worthwhile to channel some resources to provide direct assistance to potential small entrepreneurs. When this is done, some limited success can be achieved as is evidenced already in several of these countries.

Problems facing experts

9. No matter in which industrial field a technical co-operation project is, some difficulties are encountered by all foreign experts in the least developed countries. The following main problems are thought to be typical of the experience in this group.

10. Experts often face unstable political conditions. Even where the head of the Government does not change, officials do. Individuals who are in office one day and with whom one has successfully negotiated projects are out of office a few months later. Matters have to be negotiated with new individuals, sometimes appointed more for political reliability than for knowledge and experience. The appointees need a period of running in office and tread especially cautiously for lack of confidence in themselves in discharging their new functions.

11. Even when there is a fairly lengthy period of stability in the higher echelons of Government, the administrative procedures involved in reaching a decision are frequently lengthy and cumbersome. Not infrequently only the very highest person in the Government - the President himself - and sometimes the whole Government are called upon to decide on the allocation of a comparatively modest sum needed to finance e.g. a study on the feasibility of establishing an industrial estate or the recruitment of a new senior official to start a new service that has been recommended. Even when trying to find out the policy of the Government one all too often faces a situation where even the most senior officials are unprepared to commit themselves.

12. The lack of information and recorded facts makes both the formulation of advice and the taking of a decision hazardous. This point has already been commented upon in relation to industrial surveys and planning activities. The lack of data relates not only to key matters such as population or consumption trends, but also to simpler matters such as raw material and other costs needed for preparing a feasibility report on the setting up of a small manufacturing enterprise.

13. Most of the least developed countries are in a state of chronic financial crisis. Some depend on aid agreements with foreign Governments (usually the former colonial powers) to provide the state treasury with enough funds to pay the salaries of Government officials. Since the implementation of most technical co-operation projects requires local financial investments and the establishment and maintenance of services inevitably make demands on the budget, this chronic lack of financial resources impedes progress on implementation of many projects. To compound difficulties, some Governments believe that a few grandiose projects will have a public relations value and will attract foreign assistance on a greater scale, and many smaller projects cannot be carried out for lack of financial resources.

14. The extreme shortage of professional and executive skills in the least developed countries is well known. This shortage is compounded by the fact that even the few trained persons are sometimes not employed in their professions but serve in administrative, diplomatic and political posts. Such trained engineers and economists do not contribute to industrial development.

15. These are but some of the main problems confronting the development of technical co-operation projects in the least developed countries. The list could be much longer. The results as regards expert assignments in these countries are usually the following:

- (a) The expert arrives in the country equipped with a job description of what he is supposed to do, but is unable to find anyone responsible with whom he can discuss in detail how he will carry through his mission.
- (b) He finds that he is without an office or even a desk, without a secretary or assistant, without transportation and so forth. He is without help in settling his personal affairs (housing, schooling, importing personal effects etc.) and it often takes an inordinately long time - sometimes several months - before the expert is able to concentrate fully on his assignment.



(c) He finds himself without a counterpart able to assist him in his work and to whom he can transmit his knowledge and experience, and spends much of his time in trying to obtain the necessary information and to overcome administrative and other difficulties. He may accept the situation and endeavour to carry out the mission as best as he can alone or with whatever assistance is available, usually at best of a purely administrative nature, but feels that his knowledge and talent are largely wasted.

16. In some cases, uncertain as to how he should proceed in the circumstances, the expert allows himself to be used for activities which are not within his terms of reference. Some of these activities, such as preparation of a census, handling requests for import licenses or for special tax privileges under the investment code, are the type of routine activities that are more suitable for local Government officials than for foreign expert advisers.

17. Finally, when the expert has completed his work or at least nears the end of his stay in the country and writes his report, he finds there is no person with whom he can really discuss its contents and leaves the country without any clear idea if his recommendations are accepted and will ever be implemented.

#### The experts and their assignments

18. It is worth pausing for a moment to say a few words about the expert himself and the manner in which he reacts to these numerous difficulties. The reactions, of course, are quite varied.

19. There are those who enshroud themselves in a mist of optimism and convince themselves - and also try to convince others - that they have been successful, that their recommendations have been accepted and that the country will shortly implement their proposals. Sometimes it is difficult to know whether these experts really believe that this is the case or whether they consider that optimism should be maintained in order to motivate themselves to further efforts, or to influence the Government in taking at least some steps in implementing their recommendations.

19. There is another type of expert who reacts in a completely different fashion. These are the experts who take up a pessimistic and even defeatist viewpoint almost from the start of their arrival in the country. They give vent to their frustrations, complain that they are unable to work properly in their assignments and are gnawed by an aching doubt whether their work has any purpose at all or is just a plain waste of effort. They become highly critical of the situation they find and reach strongly negative conclusions about the prospects of development in the country. One expert sent for a three-month mission to one of the least developed African countries to identify possibilities for local small-scale industries, reported that there was no point, in his opinion, of helping to set up any small industries in the country until considerable improvements had been made in the country's agriculture, infrastructure and Government administration. He recommended that all efforts be directed to these ends over a long period of time. An expert sent at the request of the Government of another African country to advise on the establishment of an industrial estate saw no hope of stimulating local entrepreneurship and therefore proposed an estate for expatriate industries. Such defeatist conclusions are understandable but make little contribution to solving the country's problems.

20. There are of course experts who go to neither extreme. While they do not maintain a sterile optimism believing that verbal acknowledgements or approval of the programme are to be equated with the Government decision to go ahead, they do not hold either the extremely negative view that nothing can be achieved. They know that this view breeds its own failure since without at least a minimum faith that some progress can be made they would not even undertake the effort. Therefore an ability to cope with considerable frustrations and yet to maintain a reasonably optimistic frame of mind that something can be achieved and that even some very limited recommendations keeping with the resources of the country will be implemented are the condition for achieving any modest success in a technical co-operation mission in a least developed country. Unfortunately, too many experts, who within their hearts fear that their work will have little purpose, go through the

motions of fulfilling their assignments by churning out ambitious programmes, copied usually from other countries without any consideration as to whether the least developed country needs such a programme or has the resources needed to carry it through.

21. Experience in technical assistance projects in least developed countries leads to the conclusion that far more care is needed in selecting the type and scale of project to be undertaken, drawing up the terms of reference to be given to experts and, particularly important, choosing the right type of persons to fill the expert posts.

22. As regards the type of project to be undertaken, the least developed country, as already stated, has difficulties in formulating its own needs, and is all too often influenced by the "travelling salesmen" of bilateral and multilateral programmes who in good faith attempt to sell projects and programmes that have been undertaken elsewhere without verifying whether the country is really ready for these. In the relatively more developed countries the Government and local professionals are usually able to appraise the feasibility of such programmes. In the least developed countries there is no such built-in mechanism for screening projects. For this reason much more time should be invested in the formulation of projects for these countries. Eventually, this would save much time, effort and scarce resources, and projects would be better suited to the ability of the country and to its needs.

23. Experience seems to show that many of the industrial projects in which technical co-operation is involved are too ambitious for the resources of the country. Apart from the fact that this results in wasted effort, it also leads to a lack of confidence in the achievements of the technical co-operation programmes in the field of industry. It probably would be more effective for the technical co-operation programme to concentrate on a modest number of industrial projects that can be implemented in the hope that these would have a powerful demonstration effect and that their successful implementation would encourage other entrepreneurs to learn from them and establish their own enterprises.

24. It would often be better if an expert were able to show after several years' work in the country that there are three or four established factories operating as a result of his efforts than for him to leave behind long lists of industries recommended as feasible, none of which having even begun to be implemented.

25. In view of the considerable difficulties in finding suitable entrepreneurs willing and able to set up the first enterprises in the country, experts might endeavour to convince the Government to set up itself some small demonstration plants to provide convincing evidence that such enterprises can be created and can be economically successful. The plants would eventually be turned over to private entrepreneurs.

26. The above applies not only to the setting up of factories. The training given by an expert to a small group of technicians able to help a few existing enterprises would in the long run have a greater multiplier effect than the preparation of blue-prints and plans for elaborate institutions for industrial promotion, extension services or research, so many of which remain largely paper exercises.

27. Since a stumbling block in the implementation of recommendations is the lack of finance, technical assistance in the least developed countries should be closely linked with financial assistance. The International Bank for Reconstruction and Development and the regional development banks are showing increasing interest in financing the creation of local small enterprises. If such financial assistance were associated to technical assistance for the identification of suitable small enterprises, and to help in overcoming the technical and management problems, concrete results would undoubtedly be achieved. Since the international financial institutions will of necessity provide funds through local banking institutions these may be the best institutions also to provide direct advice to new industrial enterprises in the least developed countries. A further reason is that, no matter how underdeveloped a country, the banking institutions are usually the most developed entities within the economic community.

28. Another point to be made in the light of experience of technical co-operation projects in least developed countries is that a much longer period should be scheduled to carry through a programme than is usually allowed in the more developed countries. Unfortunately, both in the countries themselves and in the international organizations, budgetary considerations unduly limit the duration of projects. But reality shows that the gestation period of a new small industrial plant in a least developed country may be several times longer than in a more advanced country where the plant could be operating successfully in less than half the time. For this reason the assignment of technical co-operation experts assisting in the creation of industrial plants or in the development of institutions should in most cases be extended for much longer stays. Building up to the point of viability an institution such as an industrial promotion centre, an extension service, or a similar type of government-sponsored project to assist small industries, may require over ten years. Yet, such institutions are necessary and the time needed for an expert or team of experts to carry out a particular programme in helping in the establishment of such bodies should be realistically assessed.

29. This has a direct bearing on the terms of reference given to any individual expert. The assignment of an expert should be limited to manageable proportions taking into account the stringent environmental problems he encounters in carrying out his mission. It is probably more reassuring and less frustrating for an expert to be given a limited task and then to be allowed flexibility to develop it on his own initiative than to have a highly detailed and comprehensive - but not very realistic - assignment. More latitude would give him the opportunity to follow up any break-through he achieves such as the actual setting up of a small industrial plant, even though this may not have been specifically included in his terms of reference.

30. Thus a fundamental problem is to recruit the right type of persons for expert posts and technical co-operation projects. Mention has already been made of the need to find people who will neither succumb to exaggerated naive optimism nor become a victim to pessimistic depressions. This requires an independent type of personality, a resourceful individual able to cope with difficult situations without support from administrations and counterparts. An over-specialized person, however outstanding his merits, may not necessarily meet this requirement. The single most important asset that an expert should have to work in a least developed country is probably the ability to adjust to difficult situations. There is no doubt that the most successful experts in such countries have been men with imagination, initiative even in small matters, and a determination to move ahead towards a limited objective they set themselves.

31. All these assets will rarely be found in a single person. It seems advisable to use younger experts in the least developed countries provided they have had some relevant experience and can display the necessary qualities of adaptability and initiative. It may be necessary for the international technical co-operation system to rethink its recruitment system somewhat and to hire younger experts with perhaps few years of experience but with a fresh outlook and a pragmatic approach.

32. Valuable use can undoubtedly be made in the least developed countries of young so-called "associate experts", i.e. individuals who have only a few years of experience after completion of their studies and who can give support to a more experienced expert, and, to some extent, substitute for the non-existent counterparts. A significant role can also be played by volunteers whether within the United Nations system or through bilateral arrangements. These too, like "associate experts", can function in place of local personnel. It is not unreasonable to expect that in its first stages of development, a promotion institution in a least developed country might be staffed principally by expatriates including experts from the United Nations family, bilateral experts, associate experts, volunteers, with no more than two or three - if that - local employees. In the course of a decade the institution would slowly but gradually be taken over by local personnel.

33. Foreign operating and administrative staff are already provided to Governments to fill posts within the Ministries. Executive personnel - both professional and managerial - should also be provided to institutions and industries. The traditional adviser role of experts based on the principle that decisions are taken by the local incumbents of the executive posts is not always realistic in the least developed countries. United Nations and bilateral personnel should be prepared to undertake executive and managerial positions. It is preferable that this should be clearly spelled out in the job description, and reflected in the foreigner's status, so that in the UN case the expert would be recruited as an OPAS specialist, i.e. a person who will occupy an executive position within the Government of the recipient country. However, whether this is a "de jure" or a "de facto" situation, decision-making will necessarily be an essential part of the expert's role for lack of sufficient local managers or administrators.

34. Even the creation of a small industrial enterprise would probably require the continuous provision of external managerial help. To set up a knitwear factory, a metal finishing plant, or even a printing works in a least developed country may require the provision of a foreign manager for at least two to three years. Since the over-all prospective turnover of such an enterprise cannot possibly cover the high costs of an expatriate manager, some scheme is needed to provide at least part of the additional salary required by a foreign manager to make his stay in the country possible.

35. It is in this difficult problem of providing continuous technical and managerial advice to the individual small factory that the "partnerships" scheme, now being proposed by UNIDO <sup>1/</sup> may have a significant role to play. Through this scheme the new small enterprise in the least developed country would have a close link with an experienced firm in its own field in a developed country who would be able to answer its questions and help overcome its problems.

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<sup>1/</sup> ID/WG.109/BP.2: "PARTNERSHIPS - A Note on Co-operation Between Developed and Developing Countries in the Field of Small-scale and Medium-sized Industry in African Countries".

36. The first stage of industrialization and in particular the development of small and medium-scale entrepreneurship in developing countries are an extremely painful and drawn out process unless the country has the advantage of abundant supplies of a commodity in high demand such as petroleum, in which case it may move quickly out of the category of the least developed. In view of these difficulties, technical co-operation projects should mobilize all possible resources within the country, however limited they may be. One important source could be the educational institutions. Rightly or wrongly, the least developed countries, following the pattern of the more advanced countries, are quick to establish national universities and higher institutes of learning. Such institutions exist in several of the least developed countries, though in certain cases they are still in the formative stage. The staff of these institutions represents one possible source of assistance in advising and consulting services.

37. Yet another possibility is to seek the assistance of expatriate firms for new fledgling indigenous industries. Practically in every country, however low down in the development scale, there exist some larger foreign-owned enterprises. Very often, although enjoying a powerful position economically, they tend, for various reasons, to become isolated from the economic plans of the country. These industries should be able to provide managerial and technical assistance to new small industries set up by local nationals. It should be one of the tasks of technical co-operation personnel to find a way to mobilize this source of help.

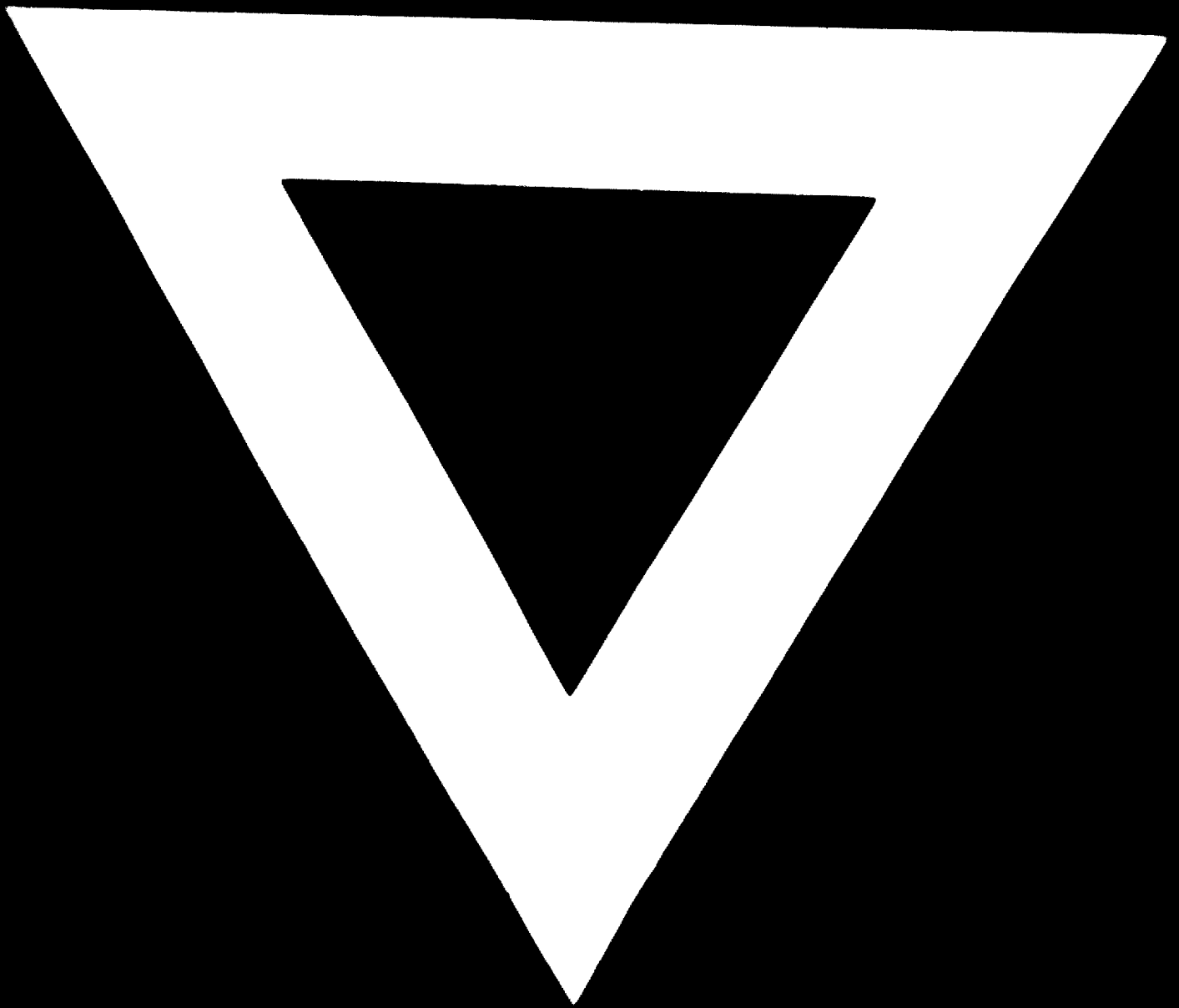
#### Concluding remarks

38. In conclusion it can be said that those who undertake technical co-operation activities in the least developed countries face a host of problems mainly arising from the lack of a suitable counterpart framework on the part of the Government to support the projects. Some success can be achieved over a period of time in assisting in the process of industrialisation in these countries. To summarize what has been said in this paper, this would include the following:



- Careful formulation of the projects in keeping with the needs and resources of the countries concerned;
- Limitation of the scope of the projects and the allotment of sufficient time for their implementation;
- Linking technical assistance as far as possible with the provision of financial aid to ensure that material resources are available in the country to carry through recommendations;
- Selecting the right type of expert able to adapt to the conditions encountered.





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