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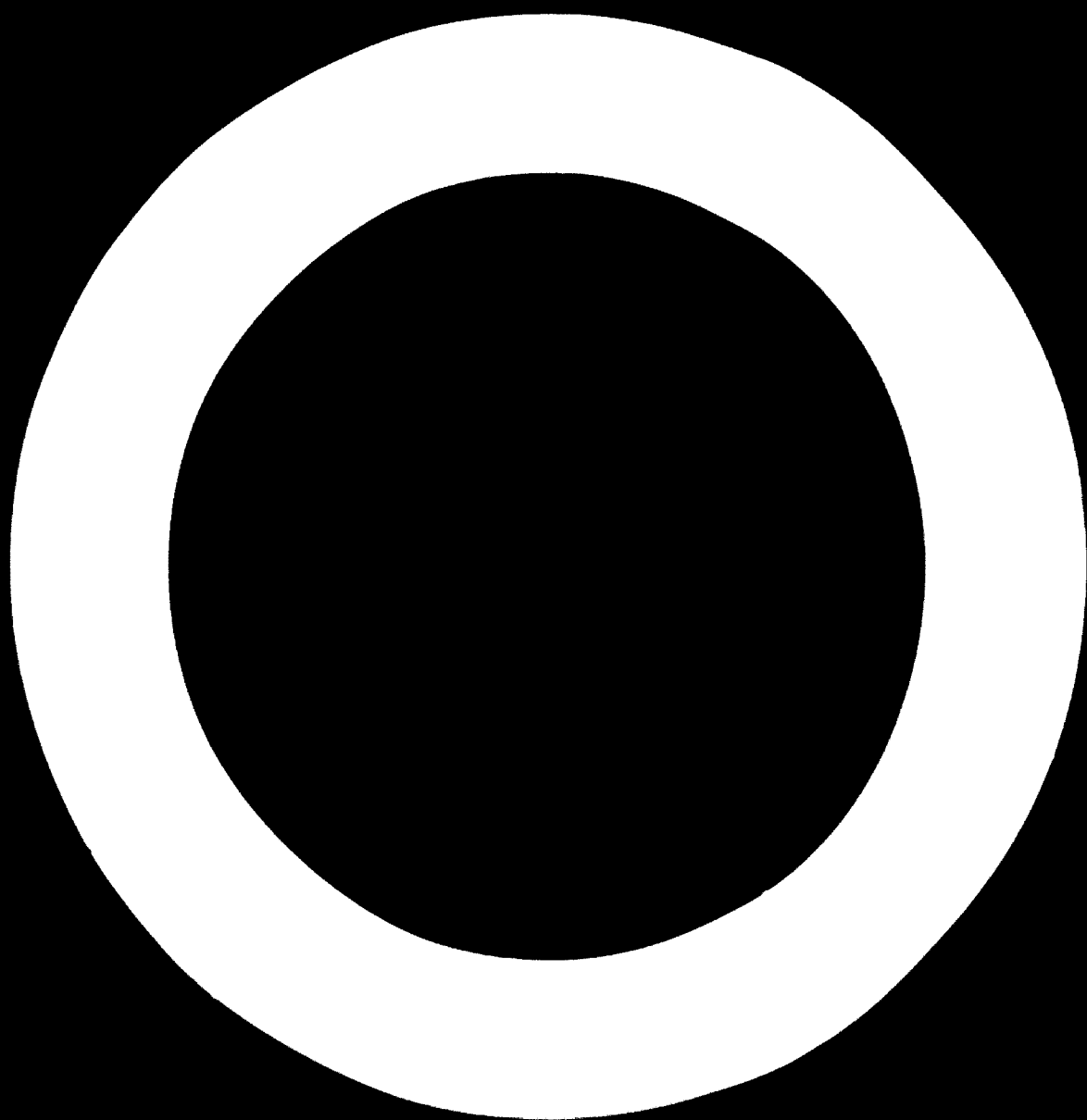
UNITED NATIONS DEVELOPMENT PROGRAMME

Inter-regional Project of the Governments of  
Latin America

REVIEW AND APPRAISAL OF INDUSTRY UNDER THE INTERNATIONAL  
DEVELOPMENT STRATEGY

(DP/RLA/72/C.4/A/01/37)





UNITED NATIONS DEVELOPMENT PROGRAMME

Inter-regional Project of the Governments of  
Latin America

**TITLE:** Review and Appraisal of Industry under the International  
Development Strategy

**Number:** DP/RLA/72/074/A/01/37

**Duration:** four years

**Sector:** 35 Industry

**Executing Agency:** UNIDO

**Subsector:**

**Starting Date:** October 1973

**Government Co-operating  
Agencies:**  
Ministries of Industry,  
Industrial Planning Agencies,  
Industrial Statistics Offices

**UNDP Contributions:** US \$ 633,000

**Date of Submission:** August 1973

**Government Contributions:**

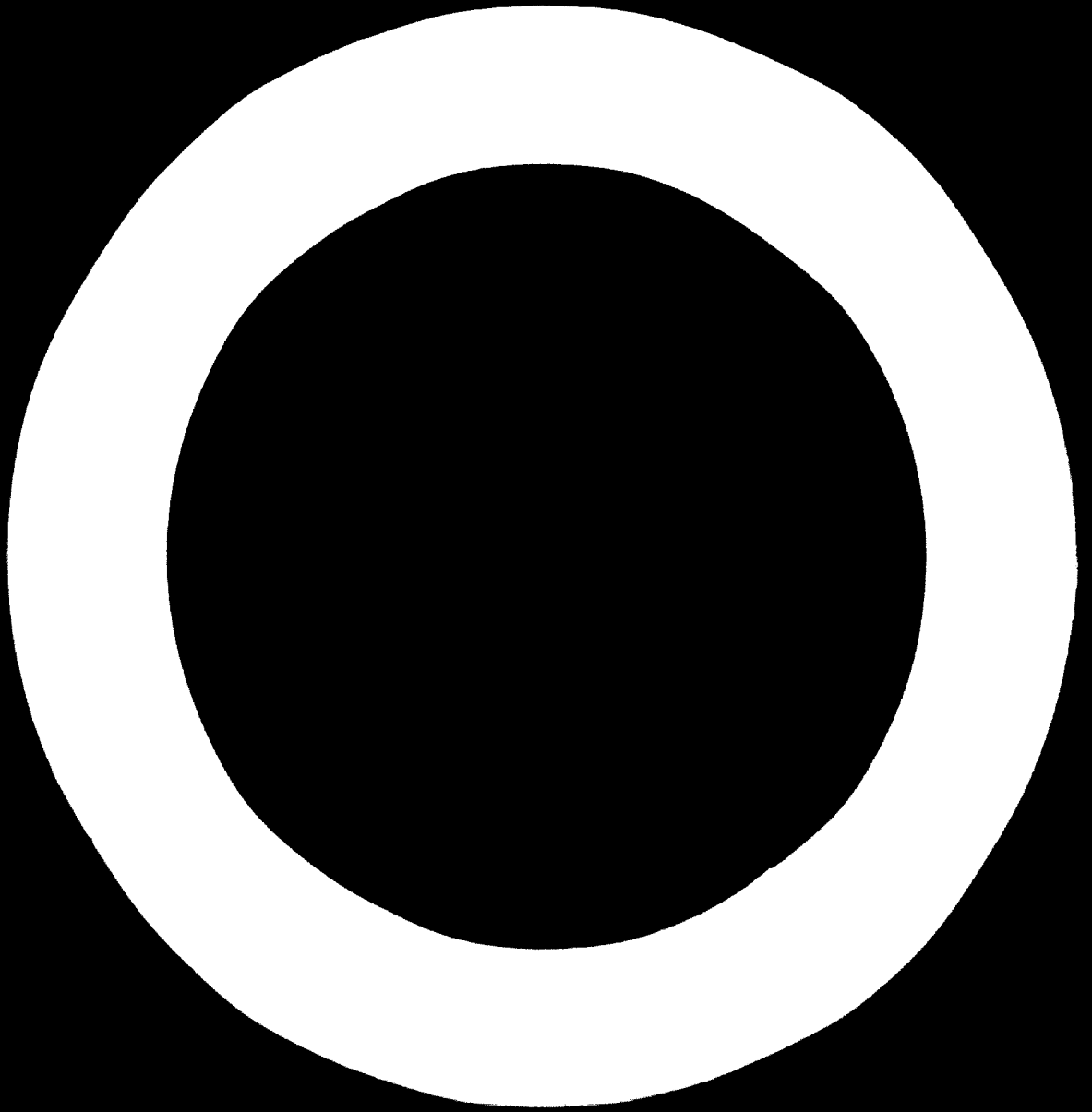
**Host Government Contribution:**

**Approved:** \_\_\_\_\_  
(on behalf of Executing  
Agency)

**Date:** \_\_\_\_\_

**Approved:** \_\_\_\_\_  
(on behalf of UNDP)

**Date:** \_\_\_\_\_



## I. BACKGROUND AND SUPPORTING INFORMATION

### A. Justification for the Project

#### 1. Introduction

Within the framework of the Second Development Decade the International Development Strategy and its objectives are stated in Resolution 2626 (XXV). The Strategy incorporates an arrangement for review and appraisal of progress. "Appropriate arrangements are necessary to keep under systematic scrutiny the progress towards achieving the goals and objectives of the Decade - to identify shortfalls in their achievement and the factors which account for them and to recommend positive measures, including new goals and policies as needed." (International Development Strategy, p.26)

The Committee for Development Planning states further that "it cannot be over-emphasized that what development implies for the developing countries is not simply an increase in productive capacity but major transformation in their social and economic structures" (Towards Accelerated Development, p.5). In this context, the measurement of performance must not be confined to the collection of statistical information, such as per capita production, but should encompass the evaluation of the statistical information in the light of developmental objectives. In short, it can be stated that review and appraisal in the context of the International Development Strategy programme should include,

- (1) statistical measurement of the performance of an economy;
- (2) the evaluation of information in the light of development objectives and
- (3) the identification of developmental problems.

## 2. The Need for Review and Appraisal

During the course of economic development there is a persistent need for systematic review of progress towards goals and objectives associated with the developing country's national plan. Similar requirements are evident with regard to the United Nation's Second Development Decade and the International Development Strategy. Equally important for developing countries are the needs for appropriate information upon which to base (i) future objectives, (ii) recommend new policy measures, (iii) provide a basis of comparison between activities in the given developing country with those in other developing countries (eg. employment generation in specific sectors, productivity and technology in key economic areas, etc.) and (iv) to anticipate future patterns of development and problems.

The types of planning and evaluation decisions which are related to these informational needs are most important to the economic success of any developing country. However, these decisions are frequently made without the appropriate information or, at least, with unreliable and incomplete data. This description is accurate for almost all developing countries but is particularly appropriate for those countries which have seldom made any attempts to create the necessary informational system.

## 3. Special Problems of Review and Appraisal Associated with Industry

Due to their inherent nature, industry and industrialization pose special problems of an informational nature which could be tackled in the context of review and appraisal. Several of these peculiarities are briefly discussed below.



a) **The Growth Potential of Industry Relative to Other Sectors.**

In the minds of most government planners and economists, industry constitutes the most dynamic economic sector. Projections for growth, employment prospects, planning exercises, etc. are particularly sensitive to the assumptions made regarding industrial development. Frequently, these assumptions are merely guesses or are based on incomplete and unreliable data. In short, macro economic planning exercises are especially dependent upon the expected industrial performance and when the underlying information is inadequate, plans and projections are more distorted than is the case with inaccuracies in other economic sectors.

b) **The Importance of Informational Needs in Industrialization.**

There are several obvious industrial characteristics which make review and appraisal particularly important to this branch of the economy. Relative to other economic sectors there are a larger number of potential products, processes and skill requirements for labour and management. In general, the range for levels of productivity of labour and capital are much wider (among developing countries and between developing and developed countries) for industry. Basic changes in product technology also occur more frequently and rapidly in industry. Such problems as underutilization of capital, bottlenecks in the chain of supply due to production breakdowns or balance of payments problems associated with luxury and/or capital imports most frequently reflect problems of an industrial nature.

c) **Current Status of Industrial Information Systems in Developing Countries.**

Data regarding industrial performance is generally less adequate than that for other activities. Some of the reasons for this are suggested in 3.b. above. In addition to these reasons, one may

cite the fact that industry is a relatively "young sector" compared to others. Industrial growth in developing countries has outstripped the creation of the institutional machinery for industry. Data for purposes of industrial planning and evaluation have been lacking as a result. Even in the more advanced of the developing countries, previous review and appraisal has been haphazard and there is little compatibility between data systems in different countries. For illustration, only two examples are recorded here:

- (i) Identical products are defined quite differently in the data schemes of different developing countries. Thus, the product may be placed in the basic metals sector in one country and defined to be in the non metallic minerals sector in another. Comparisons of one country's performance with others become much more difficult.
- (ii) Products which have a large manufacturing content are sometimes defined as agricultural products and vice versa. Questions of balance of trade, the success of industrial export promotion, evaluations of tariff and quotas policies, etc. are therefore blurred.

**B. Provisions for Government Follow-up**

The results of the project should provide the Governments with the necessary information to take corrective steps to improve performance in the context of the International Development Strategy ( see corrective measures, page 6). It should also provide the Governments with alternative methods of improving on national capabilities in the area of industrial review and appraisal.

**C. Institutional Framework**

The team will work in liaison with ECLA and maintain their base of operations in that institution. The Government agencies in the various countries will be identified during the exploratory mission.

## II. OBJECTIVES OF THE PROJECT

### A. Long-range Objectives

The long-run objective of the project will be to assist beneficiary countries, including the least developed, in improving their machineries and techniques for review and appraisal of industrial progress. Based upon the statements issued by the Committee for Development Planning (see, particularly Towards Accelerated Development, p.5) review and appraisal as conceived in the context of the International Development Strategy should include:

- (1) statistical measurement of the performance of an economy;
- (2) evaluation of information in the light of development objectives;
- (3) identification of development problems

In the field of industrialization, UNIDO interprets these functions as follows: <sup>1/</sup> <sup>2/</sup>

- (1) collection of industrial statistics and related information
  - a) improved quality of the data and coverage;
  - b) identification of inconsistencies in the present data collection schemes;
  - c) recommendations to achieve a greater degree of international and regional compatibility of industrial information
- (2) evaluation of industrial progress in relation to development objectives and policies
  - a) indications of the types of data which should be collected on a continuous basis and would be of most importance for purposes of evaluation, projections,

<sup>1/</sup> The sub-headings are intended to indicate potential areas of emphasis with regard to each function.

<sup>2/</sup> Obviously, some selective criteria will have to be employed in a regional project which covers such a wide range of complex issues. This point is discussed in the following pages.

- anticipation of reversals in trends and bottlenecks in development;
- b) recommendations and illustrations of the types of approaches to be employed in making inter-country comparisons on the performance of specific industrial sectors (eg. export performances, labour and capital productivity, distribution systems for industrial goods, multinational firms, etc.)
  - c) evaluation of the impact of specific industrial policies, their importance and side effects
- (3) identification of problems in the industrial field in developing countries
- a) general studies indicating trends and characteristics on specific problems of major interest (industrial employment and/or employment in specific sub sectors)
  - b) environmental studies involving specific industrial regions or sectors
  - c) selected aspects of international trade, possibly including balance of payments, fluctuations in international exchange rates and regional organizations.
- (4) corrective measures
- a) provision of alternative schemes for improving existing industrial data collection;
  - b) recommendations, where appropriate, regarding the evaluation of industrialization relating to development objectives and policies;
  - c) indications of potential problem areas based on the inter-country comparison, projections, macro-economic studies, etc. outlined above

In providing such information as this, the overriding objective would be to insure that the country would eventually reach a position

where similar exercises could be conducted by nationals and the programme would become a continuous one.

### B. Immediate Objectives

The projects immediate objectives are to provide participating countries with current information and technical advice on the subject areas of most pressing importance, to indicate areas where modifications in present data collection procedures can lead to immediate improvement and to assist the governments in beginning to implement long-run plans for industrial appraisal and review on a continuous basis.

## III. TENTATIVE PLAN OF WORK <sup>1/</sup>

### A. Description of Project Objectives

#### 1. Preparatory Activities - Exploratory Mission October - December 1973

Among the important areas to be determined during the preparatory phase are the participant countries and the individual characteristics of these countries as they effect the review and appraisal effort. Ideally, it is desirable to maintain a consistent format across countries. However, we recognize that individual country cases must be dealt with on their own merit, and this will necessitate that some variations occur in the approach. Thus, the preparatory mission must give careful thought to the industrial structure of the host countries, the types of industrial data which are available, the relevant domestic institutions which may cooperate in the review phase

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<sup>1/</sup> Due to the fact that considerable variation is expected in the approach of individual countries to the project of review and appraisal a number of aspects in this document must be regarded as tentative. It is expected that the exploratory mission will work out the specific points to meet the needs of each case.

and later utilize the results, coordination of the training element and the appropriate technical assistance.

The mission will investigate and determine the following points:

- a) the scope of technical assistance which is in demand for appraisal and monitoring of industrial development. The proposal prepared by UNIDO would serve as a point of departure for investigation and discussion. Decisions should be reached with regard to the following specific points:
  - (i) the feasibility of applying review and appraisal techniques at the sectoral level for various industries;
  - (ii) the criteria for the selective approach which should be employed in choosing the specific industries and topics to be included;
  - (iii) the information which would be collected and the extent of the analysis which would utilize this data;
  - (iv) the countries which would be interested in participating;
  - (v) the relationship between this project and the existing work on industrial planning in participant countries
- b) the working arrangements with the ECLA Secretariat and the cooperation and counterpart support of the host governments will have to be agreed upon.

The mission would consist of a UNDP representative, a UNIDO representative, an ECLA representative and a consultant recruited by UNIDO. The project should begin as soon as possible - assuming prompt UNDP approval this would probably be early in the last quarter of 1973. Based upon the assumption of early UNDP approval the following timetable is proposed for the exploratory mission:

October 1 - October 15

Activities

- (a) Communication with potential participant countries outlining the general approach to be discussed;
- (b) begin preparation of brief background papers on each country regarding the issues relevant to project discussion;

October 15 - October 22

- (a) First meeting of the team in Vienna to organize programme of discussion with the countries;
- (b) finalization of background papers;

October 22 - November 24

- (a) discussions with countries

November 24 - December 8

- (a) concluding discussions in Vienna
- (b) preparation of finalized Project Document and report of the mission

2. Project activities

January 1974 - Dec. 1977

Project activities will consist of (a) ad hoc advisory services of a short term nature to be rendered upon request and (b) a series of training seminars to be provided for the host countries grouped as appropriate. The Team will report their findings on a continuous basis to participating countries.

a) Advisory services - January 1974 - Dec. 1977

Advisory services will be provided by the expert team of the project, each being of a limited duration, at the request of the government concerned. While the detail of their terms of reference

depends on specific needs envisaged in each case, their fields of competence cover technical and institutional problems related to the general tasks described on page 12.

Some missions may be conducted by one or two selected members of the Project team, concentrating on given specific aspects of the overall industrial planning and progress appraisal systems and issues. In some cases, simultaneous participation of the entire team might be required to undertake a comprehensive investigation and guidance. An in-depth appraisal of the industrialization strategies and policies in given countries will also be considered among the possible types of missions. A detailed programming of these country missions will be worked out following the exploratory mission.

The Project will advise the Governments of individual beneficiary countries on matters relating to any important technical assistance needs in the field of industry that stretch beyond the scope and the resources of the Project. Any findings from the country missions that call for follow-up assistance will be promptly communicated to the relevant UNDP offices. Thus, along with its substantive advisory functions, the Project is to contribute to the efficiency and consistency of the over-all activities related to Country Programming and Reviews of Technical Assistance in the field of industry in the respective beneficiary countries.

The expertise of the four-man team of experts will be supplemented through utilization of a consultant component. Consultants will be used to provide on-the-job guidance in specialized fields (eg. computer utilization and computer programming related to the industrial information scheme, industrial problem areas requiring detailed knowledge of specific production processes, etc.).

As a rule, the contract for each consultant should not exceed



4 months and his assignment in each country should be limited to two months.

The consultant component would also be utilized in connection with the training seminars discussed below. Special skills and knowledge will be required in the preparation and presentation of several subjects to be taken up in these seminars.

b) Training Seminars August - December 1977

During the four year project period three seminars will be organized covering all the beneficiary countries in various sub-groups. These will take place near the end of the project. The seminars will constitute an important phase of the project activities as a whole, and will cover: the desired elements of the industrial progress appraisal system; review of the existing industrial information and evaluation system of each beneficiary country; exchange of views and experiences relating to technical elements among countries and general guidelines for programming and implementing national measures; identification of technical assistance needs and the terms of reference applicable to the advisory mission to be mounted in each requesting country. They will also discuss the experience being gained in the beneficiary countries in their efforts to improve the information system for industrial planning and follow-up, the findings from in-depth appraisals of industrialization strategies and policies, and the guidelines for future work related to the International Development Strategy.

The government of each beneficiary country is to nominate three participants to the seminars; one from the government ministry or agency responsible for industrial planning and policy formulation, one from the national office concerned with industrial statistics, one from the central organ responsible for the implementation of

major industrial programmes and projects under the national plan.

These participants should be in key positions to disseminate the discussions of the seminars among their colleagues and to initiate and undertake any new programmes concerning the appraisal of progress in the context of national planning and policy reviews. The duration of each seminar will be around three weeks. It is anticipated that three seminars will be included for the respective country groups, the grouping being considered on a flexible pragmatic basis, taking into account geographical vicinity, linguistic similarity, the readiness of countries for given time schedules, etc. The host countries for seminars will be decided upon as deemed appropriate. Countries wishing to participate in the various seminars with a higher frequency than the resources of the Project are planned to accommodate will be permitted to do so at their own expense.

B. Description of UNDP inputs <sup>1/</sup>

1. Assignment of International Personnel

Starting Date  
and proposed  
Duration

a) Team of Experts

- (1) Team leader - Industrial Economist  
General job requirements: good knowledge  
of industrial strategies and policies in  
developing countries. Previous experience  
in industrial planning is also desired

January 1974  
4 years

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<sup>1/</sup> The starting date for these experts would be approximately three months after completion of the exploratory mission.

- (ii) Industrial Economist January 1974  
four years  
General job requirements: wide familiarity of various industrial sectors. Ability to conduct analytical studies of a technical nature involving industrial performance and policy matters
- (iii) Expert in Industrial Statistics and Information Systems January 1974  
four years  
General job requirements: through knowledge of industrial classification schemes and ability to advise on these. Advise on sampling and data collection procedures.
- (iv) Industrial Engineer January 1974  
four years  
General job requirements: a wide knowledge of industry and the ability to advise on various aspects including production techniques, skill requirements, capital requirements. Previous experience in project evaluation would also be useful.

b) Consultants

- (i) Short-term consultants 25 n/a  
General job requirements: an in-depth knowledge of specific fields of expertise will be required to supplement the more general work of the advisory team  
The contract for each consultant should not exceed 4 months and his assignment in each country should be limited to two months.

- |       |                                                                                                                                                                                                                           |                                  |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| (ii)  | UNIDO consultant-exploratory mission<br>General job requirements: a knowledge of industrial statistics and their applicability for purposes of planning, evaluation of performance at the macro and sectoral levels, etc. | October 1973<br>three months     |
| (iii) | UNIDO staff member-exploratory mission.<br>General job requirements: knowledge of industrial surveys, familiarity with the application of review and appraisal to problems of developing countries                        | end of October 1973<br>one month |
| (iv)  | UNDP staff member-exploratory mission                                                                                                                                                                                     | end of October 1973<br>one month |
| (v)   | ECLA staff member-exploratory mission                                                                                                                                                                                     | end of October 1973<br>one month |

C. Proposed Government Counterpart Contribution

Governments will ensure payment of salaries of trainees. The total value of this contribution has not been estimated yet.

The Governments of the countries receiving advisory missions could be expected to provide for the local counterparts to work with the mission teams. The costs of these are to be estimated for each beneficiary country according to the size and the duration of field missions it expects to receive during the project period.

**SUGGESTED SCHEDULE OF ACTIVITIES**

(by 3-months periods)

	Total n/m	1973				1974				1975				1976				1977				
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
<b>Expansion Activities</b>																						
Exploratory Mission	6/			X	X																	
<b>Project Activities</b>																						
1. Project Manager	48					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
2. Industrial Economist	48					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
3. Expert in Industrial Statistics	48					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
4. Industrial Engineer	48					X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
5. Consultant Component	25					-5	n/m	-5	n/m	-5	n/m	-5	n/m	-5	n/m	-5	n/m	-5	n/m	-5	n/m	
6. Training courses	-																				X	X

✓ Including UNDP and IDA participants

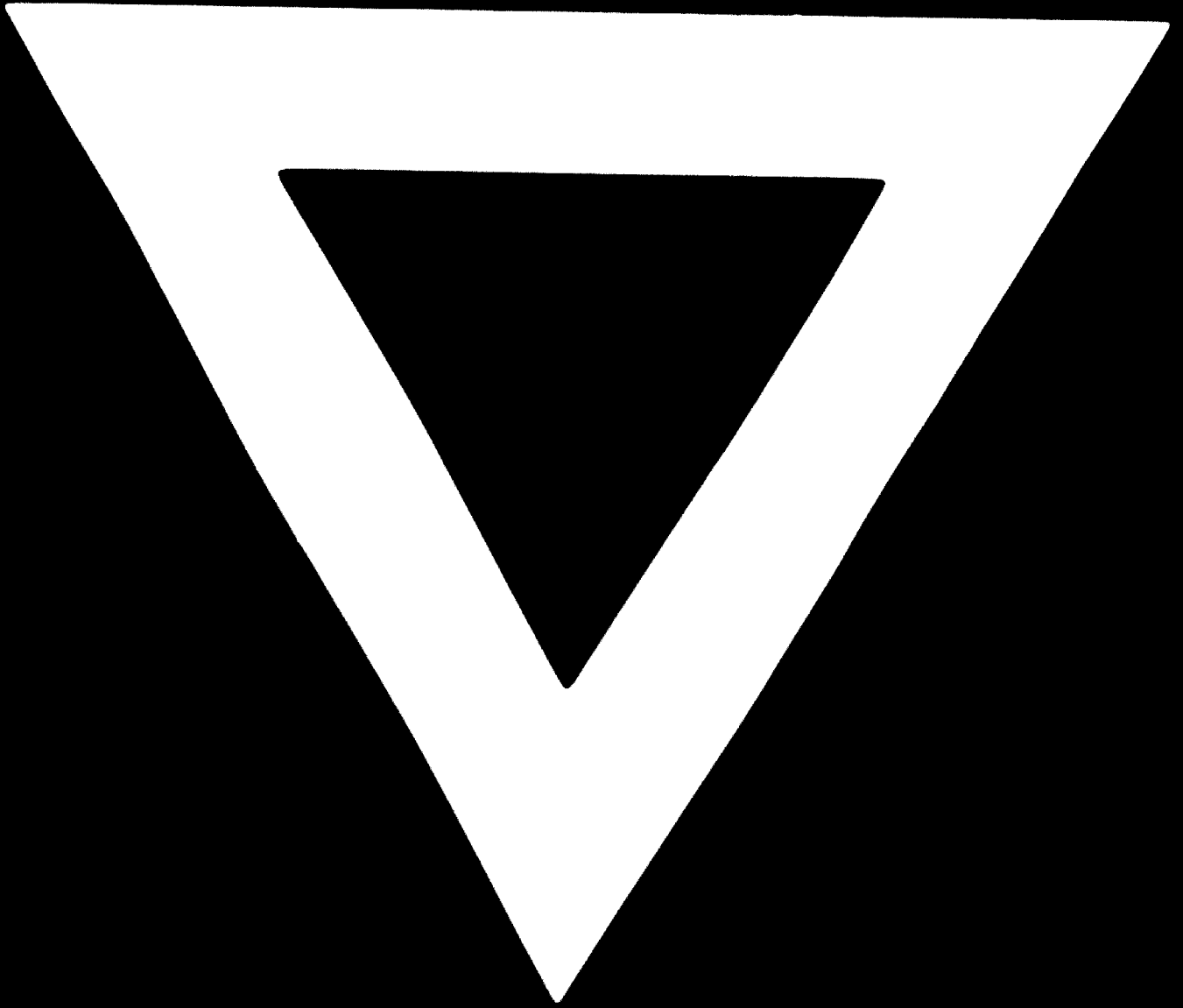
PROJECT BUDGET CONCERNING UNDP CONTRIBUTION ✓

REVISION: LATE AMERICA  
 PROJECT NO: SP/LA/72/074/01/37  
 STATUS: REVIEW AND APPROVAL OF PROGRAMS IN INDUSTRY UNDER THE INTERNATIONAL DEVELOPMENT STRATEGY

NO	PROJECT PERSONNEL	M/M	US\$	M/M	US\$	M/M	US\$	M/M	US\$	M/M	US\$	M/M	US\$
11	<b>INDUSTRY</b>												
11-01	TEAM LEADER - INDUSTRIAL ECONOMIST	48	120,000	12	30,000	12	30,000	12	30,000	12	30,000	12	30,000
-02	INDUSTRIAL ECONOMIST	48	120,000	12	30,000	12	30,000	12	30,000	12	30,000	12	30,000
-03	EXPERT IN INDUSTRIAL STATISTICS	48	120,000	12	30,000	12	30,000	12	30,000	12	30,000	12	30,000
-04	INDUSTRIAL ENGINEER	48	120,000	12	30,000	12	30,000	12	30,000	12	30,000	12	30,000
-05	CONSULTANTS, INCLUDING SHORT-TERM CONSULTANTS, UNDP CONSULTANTS AND STAFF MEMBER FOR EX-PLANNERY MISSION	29	72,500	4	10,000	5	12,500	5	12,500	5	12,500	10	25,000
13	ADMINISTRATIVE SUPPORT PERSONNEL		24,500		5,000		5,000		5,000		5,000		9,500
19	<b>GRAND TOTAL</b>	221	577,000	4	10,000	53	137,500	53	137,500	53	137,500	58	154,500

	1974	1975	1976	1977
	U/S	U/S	U/S	U/S
20	26,000			
21				
22	26,000			
23				
24	15,000	3,750	3,750	3,750
25	5,000	1,250	1,250	1,250
26	20,000	5,000	5,000	5,000
27				
28	221,633,000	4,10,000	53,142,000	53,142,000
29				
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1/ These figures must be tentative, pending the results of the exploratory mission.  
 2/ Total costs of the exploratory mission will also include the expenses for UNEP and ECLA personnel.



**76 . 04 . 27**