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JOINT SYMPOSIUM ON LONG-RANGE PLANNING

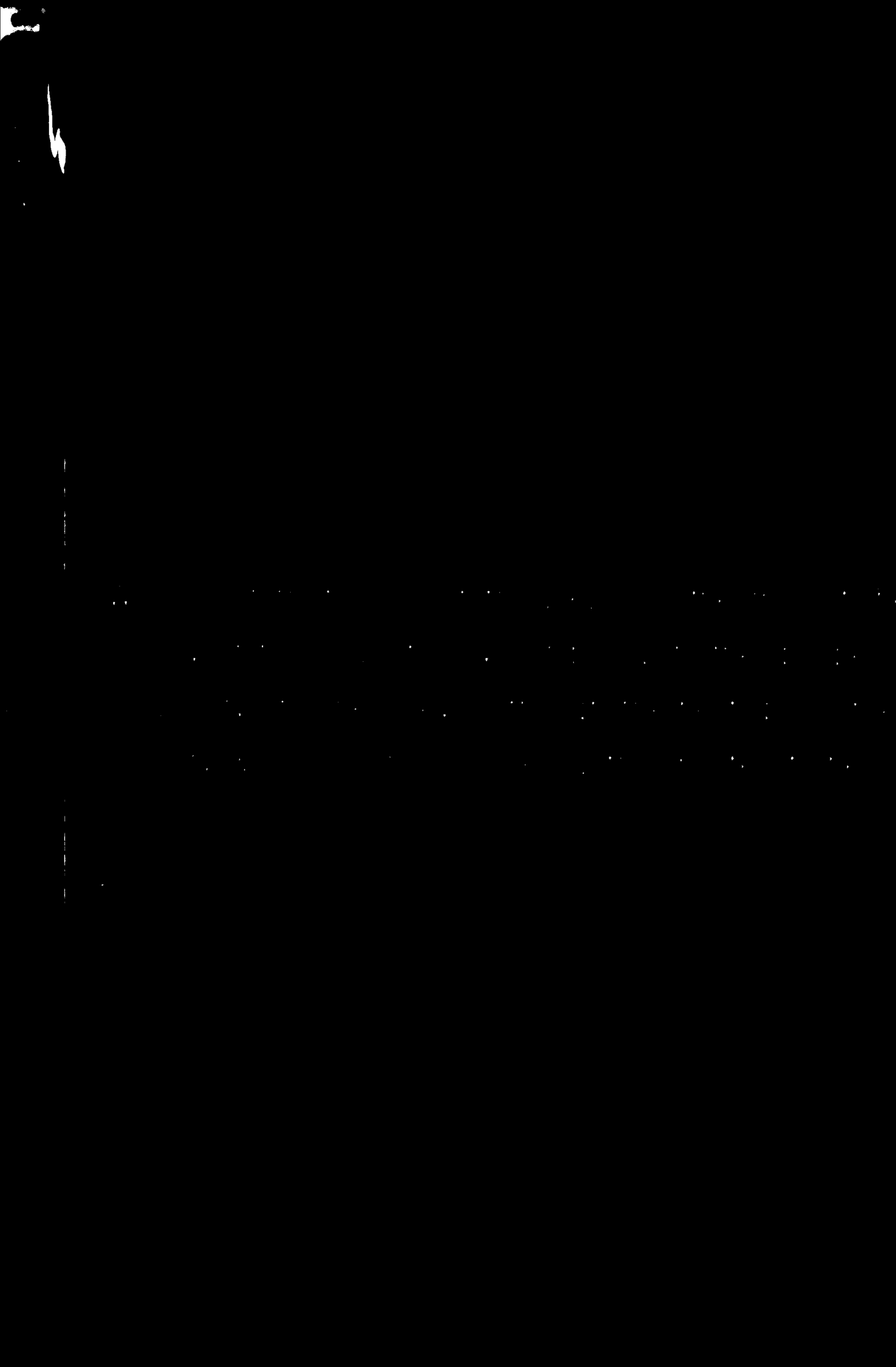
REPORT OF MISSION TO CAIRO, EGYPT

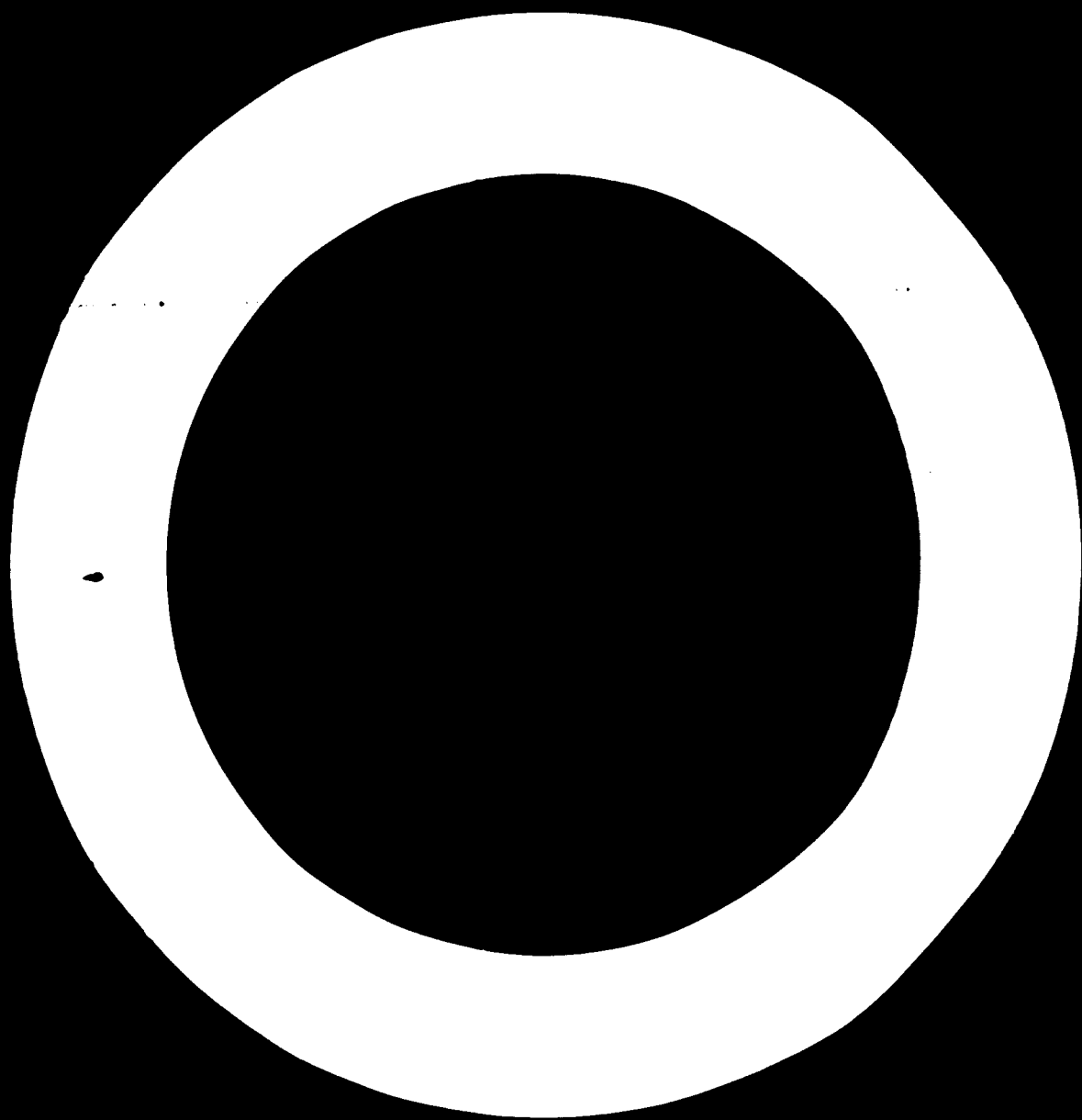
12 - 22 January 1976

by

Young Rin Cho

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On 12 January 1976 I accompanied Mr. F. Le Guay, Director, who was representing UNIDO in the Joint Symposium on Long-Range Planning and Regional Integration with Special Reference to the Arab Region, which took place in Cairo during the third week of January. Mr. F. Le Guay was also joined by Mr. Szivos, the Senior Industrial Development Field Adviser in Cairo, and his assistant Mr. Daems.

Mr. Le Guay, as the head of the Mission, submitted the Mission Report to Dr. A. R. Khane on 4 February 1976. This report is reproduced below. Mr. Szivos and Mr. Daems did an excellent job of summarising the discussion which took place during the Symposium. These notes covering each and specific topics of discussion appear next. Mr. Le Guay's speech on behalf of UNIDO at the opening session of the Symposium is also attached.

This Symposium, in effect, represents the final output of a year-long UNIDO project, VC/INT/74/143 (Strengthening the Planning Activities in the Arab Region). The Mission not only enthusiastically shares the opinion that the Symposium made an enormous contribution towards the future planning activities in the Arab region, but also takes pride in the fact that UNIDO was instrumental in the preparatory stage of the Symposium.

The total project fund approved in 1974 was US\$ 150,000. Two transfers of funds were made during 1975. The first transfer of US\$ 44,000 was effected on 26 February. The second transfer of US\$ 40,000 was made on 21 November, leaving a balance of US\$ 66,000 to be spent in 1976. It is Dr. Abdel Rahman's wish that this amount should be earmarked for the follow-up activities of the Symposium and for a training seminar for the planners of the Arab countries. The mission accepted this proposal and promised to remit the remaining US\$ 66,000 as soon as the Institute of National Planning submit:

1. A detailed statement of accounts indicating the expenditures incurred during 1975 and
2. An implementation plan for 1976, specifying the use of US\$ 66,000.

There is, however, some confusion as to the source of funds in reimbursing Professor Hugo Soelnik's trip to Cairo to participate in the Symposium. Professor Soelnik, as well as several other participants of

the Symposium, has been closely connected with another project involving the Institute of National Planning (NY 74/026, Macro-Model Building). It has been decided that therefore UNIDO should be informed about the financial implementation statuses of these projects as soon as possible.

Du 14 au 21 janvier, j'ai représenté l'ONUDI au Symposium sur la Planification à long terme et l'intégration régionale concernant plus particulièrement la région arabe organisé par l'Institut National de Planification d'Égypte et le Conseil de l'Unité Économique Arabe avec la coopération de l'ONUDI. A la séance officielle d'ouverture, présidée par le Premier Ministre d'Égypte, j'ai prononcé, au nom de l'ONUDI, l'allocution dont vous trouverez copie ci-joint. J'ai également prononcé une courte allocution de conclusion et de félicitations lors de la séance de clôture.

Le symposium a eu des résultats à mon sens très positifs et l'ONUDI peut être satisfaite d'y avoir apporté sa contribution. Elle a été représentée en l'absence de moi par M. Cho, M. Saïvov SIDFA au Caire et M. Daens (adjoind au SIDFA). Nous avons pris une part active aux conversations techniques qui se sont tenues au cours du Séminaire. Vous trouvez ci-joint copie du rapport préliminaire rédigé par M. Saïvov.

Du 22 au 26 janvier, j'ai pris quelques jours de vacances en Haute-Égypte. A mon retour au Caire, trois jours de travail ont été consacrés aux tâches suivantes:

- A la demande de la Section de Planification Industrielle de l'Institut National de Planification, tenue d'un séminaire sur la restructuration de l'industrie mondiale dans le cadre du Nouvel Ordre Économique International.
- Discussions avec les autorités égyptiennes (M. I. H. Abdel-Rahman et des représentants de l'Institut National de Planification) sur la contribution de l'ONUDI sur la suite à donner au symposium (dernière phase du projet). Vous trouvez ci-joint à ce propos une lettre de M. Abdel-Rahman qui vous est personnellement adressée. Une demande détaillée nous sera envoyée sous peu par le conseiller hors-siège.
- Discussions avec les représentants du Conseil de l'Unité Économique Arabe qui souhaitent avoir mon avis sur l'organisation d'un séminaire sur la coopération industrielle internationale qui doit se tenir à Alexandrie au mois de juin prochain.
- Participation à la réunion organisée par l'ONUDI et l'IDCAS sur la mise au point du manuel d'évaluation des projets destinés aux pays arabes.

Note by Mr. S. J. Szivos, SIDFA

The initiative of this Symposium proved to be an excellent contribution to the future development of the Arab region as well as to the whole system of long-range planning.

The papers prepared at the Symposium, and especially the discussions around them, covered a much wider field than the title of this Symposium would suggest at the first. Following a digest is given of the main themes discussed during the Symposium.

1. Development and developing countries up to the year 2000

There was a feeling of scepticism among the participants on the pessimistic conclusions drawn in the Club of Rome reports with regard to development possibilities of mankind in the next century. It was felt that technology, social reform and accelerated environment protection measures would be able to avert the catastrophic disasters predicted by the Club of Rome for a long time to come.

The principle and the necessity of a New Economic Order was underlined by the Symposium. The internationalisation of the economic process, developing as it does at present, will not lead to this New Order automatically and the need was expressed for a decision-making machinery on the international level that would be responsible for developing strategies leading to this New Economic Order. These strategies should be need rather than production oriented in order to benefit especially the poorest on this world and aim at stability of the New Order to avoid the necessity for another New Economic Order ten years from today.

Reforms in the monetary system, leading to accelerated recycling of the oil funds, are becoming more and more imperative. A concrete proposal was made in this respect for the establishment of an International Development Fund (eventually to become a permanent UN agency), which would be the basis for a long-term development model based on socio-economic factors. Its main task



would not be development as such but the elimination of poverty, now prevailing especially in the agricultural sector. While the existing regional banks in the Arab region are growing in importance in channelling oil money to crucial development efforts, they lack sometimes a co-ordinated vision and the technical skill to assist approved projects in the operational phase.

## 2. Regional Integration

The larger the range of long-range planning, the more obvious becomes the number of issues that have their cause and effect on a regional and global rather than a national scale, and consequently the more urgent the need for economic integration. Besides integration within the Arab region the need for co-operation between the region and the rest of the world was also emphasised. Also whether integration should be based on interlocking capacities (diversity) or on similarities cannot be taken as on a priori decision.

While the growing lack of absorptive capacity in the Arab region to use the unevenly distributed human and capital resources in the Arab region efficiently, makes integration among the Arab nations an urgent matter, it became clear during the discussions that full economic integration can only be achieved after a relatively slow process of harmonisation and subsequent co-ordination of the national development plans, because of the socio-political aspects involved.

There seemed to be agreement on the principle that industrialisation is the corner stone on which economic integration must be built with a proper balance between industrial and agricultural development.

Some participants expressed worry about the tendency in oil rich countries to promote industrialisation on the national level through the establishment of a series of large export-oriented manufacturing companies, constructed and operated with the aid of international firms. This, it was felt, would not lead to an Arab common market, but continue the present misorientation of export from developing countries towards developed countries in some special way.

Another matter of concern was the fact that, while the Lima Declaration of the Second Industrial Development Conference promulgates an increase in the

shares of the total manufacturing output of the African, Asian and Latin American continents to respectively 2, 10 and 13 per cent in the year 2000, no such target figure exists for the Arab community. It was recommended that a common point of view should therefore be agreed upon. The question of new systems of preferential tariffs between the Arab countries, or between the Arab and African countries was raised. However, not all participants agreed that the system of preferential tariffs was the best means of achieving economic integration.

A plan requires approval by the highest authorities. In the case of regional or interregional plans this may be a complicated, political problem to solve.

### 3. Target of Long-range Planning (LRP)

Often the tools of long-range planning are confused with its goals and with the goals of the development policies and development plans served by LRP. Some participants underlined the importance of avoiding this confusion.

Determination of any social goals has an impact on determination of economic and other goals, and vice versa. This creates the necessity to analyse these different social, economic and other goals simultaneously. It implies that national, regional and global planning are linked with each other, and this in turn calls for interregional planning. The first function of interregional planning is the development of strategies leading to satisfaction of national needs. Fully implemented it will bring about drastic structural changes in the existing domestic orders, affecting the behaviour of the present decision-making systems.

As long-range planning becomes more and more accepted, more attention must be paid to the problem of interrelationship between foreign trade and (national) development, and as a consequence to the need for and benefits of international division of labour (mobilisation of human resources).

The order in which national and regional plans should be worked out, is debatable, but in both types of plans the most important and first task of the planner must be setting of targets, based on a certain hierarchy of needs of the population planned for.

#### 4. Methodology of Long-range Planning

##### (a) Approach to LRP

LRP must not be considered a mere extension of short-range and medium-range planning and their methods are not to be used interchangeably. A long-term plan is not an imperative plan. LRP can at best give an indication of what may happen under certain assumptions (parameters, decisions).

The need for flexibility in LRP was repeatedly stressed at the Symposium. Of prime importance in LRP is the interest of the individual, who acts in a plan as a consumer and as a decision-maker/producer. While it was felt that the solution of the food and energy problems, for instance, require a global approach, the level of population or technology used, could be the result of more fragmental approach.

There appears to exist a wide gap between generalists and specialists and it is very difficult to overbridge this gap. There is also a gap between the various disciplines of the economic system. Only a "multi-approach" to LRP, i.e., an approach based on a rational application of the various disciplines in the system can give optimal results in a global system. It was pointed out in this respect that no plan is a plan if it does not give due attention to the implementation of the plan itself, something most existing plans seem to suffer from. The Minister of Planning of the ARZ, the main organiser of the Symposium, said that he hates to see a plan being approved without criticism. The success of a plan depends on criticism both from specialists and generalists.

##### (b) Technical methods

Two major LRP models were discussed at the Symposium: the "Mesarovic-Pestel" world model, and the "Bariloche" model.

Obviously every model reflects the views of its designers. Solving the problem of striking inequality between the poor and the wealthy being one of the main goals of any long-range development plan, the Mesarovic-Pestel model drew serious criticism from many participants because it almost completely ignores the aspect of income distribution. In the Bariloche model on the other hand, built by scientists that did not accept the Club of Rome's conclusions (zero growth and birth control), the social aspects of life are accentuated.

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It was pointed out that neither type of model must be used exclusive to the other. The Mesarovic-Pestel model can be applied to indicate the relation of one region (or even sub-region) to the rest of the world, while the Bariloche model can be used when social indicators and their evaluation of internal integration (within the Arab region) come into play.

5. Specific Aspects of Long-range Planning

(a) Agriculture and its relation to industry

Agriculture which is the main source of employment in the developing countries, the main supplier of raw materials to industry and the provider of one of the basic human needs, is not given the proper emphasis by today's planners.

While the Arab region could probably alleviate its food problem to a considerable extent on its own, this is not necessarily the optimal course of action. The food problem - rated as problem No. 1 by the Symposium - is of such nature that only a global approach can give optimal results.

In the Arab context, the role of the Democratic Republic of the Sudan as the future supplier of food was emphasised. It is estimated that in 1985 the Arab region will draw 20 per cent of its vegetables, 20 per cent of its sugar and 50 per cent of its meat imports from the Sudan. Major constraints of the Sudan's agricultural development are the lack of infrastructure (transportation) and the channelling of foreign capital. Removal of these constraints is a matter of high priority to the whole Arab region.

On several occasions the need for a proper balance between agriculture and industry was pointed out. A radical solution of the food problem, it was thought, is only possible on an industrial basis, and the development of agro-industries should therefore be the object of major efforts by the Arab region as a whole.

(b) Industrialization

In connexion with the Lima Declaration, the need was felt for immediate identification of the share of the Arab region in the world industrial output in the year 2000.

To increase this share, several industries should be re-located closer to the sources of raw material and the consumers in the developing countries. A special plan was made in this respect to bring the fertiliser and other petrochemical industries nearer to the Arab region.

(c) Urbanisation

35 per cent of the Arab world (or 42 million people) is living in urban centres causing a growing imbalance in resource allocation, growth rate of urban versus rural areas, and the distribution of services. A solution to this problem will not be found until it is realised that urban policies are closely linked to rural policies.

One of the solutions advocated is the creation of new industrial towns (in the desert), based on the presence of minerals, tourism or light industries. The experiences of some countries with new industrial towns should be made known to the Arab region as soon as possible. The special problem of desert settlements was mentioned in this connexion.

(d) Manpower Planning

Regional manpower planning in the Arab region should be started as soon as possible, in order to avoid further waste of human resources and at the same time increase the absorptive capacity of the region to apply the available capital resources.

(e) Energy

The important role that the Arab region is playing in providing the world with energy will be a dominant factor in every LRP exercise. In this respect more effort must be spent on the development of solar energy.

Address by Mr. P. De Guay, Representative of UNIDO

Excellency the Prime Minister of Egypt,  
Excellencies, Ladies and Gentlemen,

It is an honour and a privilege for me to represent the United Nations Industrial Development Organization at this Symposium on Long-Range Planning and Regional Integration.

UNIDO is pleased to have been able to contribute to the holding of this important Symposium and to have developed at this occasion further co-operation with the Institute of National Planning of the Arab Republic of Egypt and with the Council of Arab Economic Unity. It is even more pleased because co-operation for this Symposium has been initiated personally by Dr. Ibrahim Helmi Abdel-Rahman who has been the founder and architect of UNIDO and has led it during many years in such an outstanding manner.

There is no doubt that the issue you will be discussing during the Symposium is of major interest to an international organization in charge of development matters and in particular when it deals with industrial development. It is more and more widely recognised that industrialization is not an aim in itself but should play a major role in the achievement of development objectives such as the satisfaction of the basic needs of the population and the progress towards self-reliance.

As a consequence industrialization should be related with all major issues of economic, social, cultural, environmental and political nature which are embodied in each country's development objectives, strategy and policies. Considering these issues in a consistent way and inducing the appropriate decision-making process calls for planning and, especially in developing countries, for long-range planning since development cannot take place without important structural changes of a long-term nature.

Long-range planning is therefore an indispensable instrument which, I am convinced, will be considered as such by more and more countries. International organisations should be ready to meet the requests which they may receive in that connexion.

Long-range planning will also be recognised as an indispensable instrument in the establishment of a new type of economic relations among countries. The Sixth Special Session of the General Assembly of the United Nations, in adopting in May 1974 the principles for a new international economic order, has opened new avenues in this respect. Establishing such a new order based upon interdependence and mutual benefit would require radical changes in the world economic structure. The General Assembly has further recognised that the unrestricted play of market forces even with the addition of more generous development aid will not be sufficient to bring about the changes which are requested. Trade and aid should be supplemented by an actual process of concerted action through which objectives of respective countries will be reconciled and appropriate policy decisions reached.

Applying these principles in the industrial sector the Second General Conference of UNIDO, which met in Lima in March 1975, called for a substantial structural change in the world industrial structure setting as a target for the year 2000 a share of 25 per cent for developing countries in world industrial output. It recommended the adoption of appropriate policy measures and the establishment of a system of consultations to work out the proposed change.

In order to implement in a practical way these innovative recommendations made by the international community, long-range planning at a multi country level will prove indispensable. Techniques for target-setting, model building, alternate scenarios will be extremely important, provided they are used as instruments for stimulating an actual process of consultations and negotiations and for inducing the policy decisions which in a concerted manner will serve the long-term interest of the participating countries.

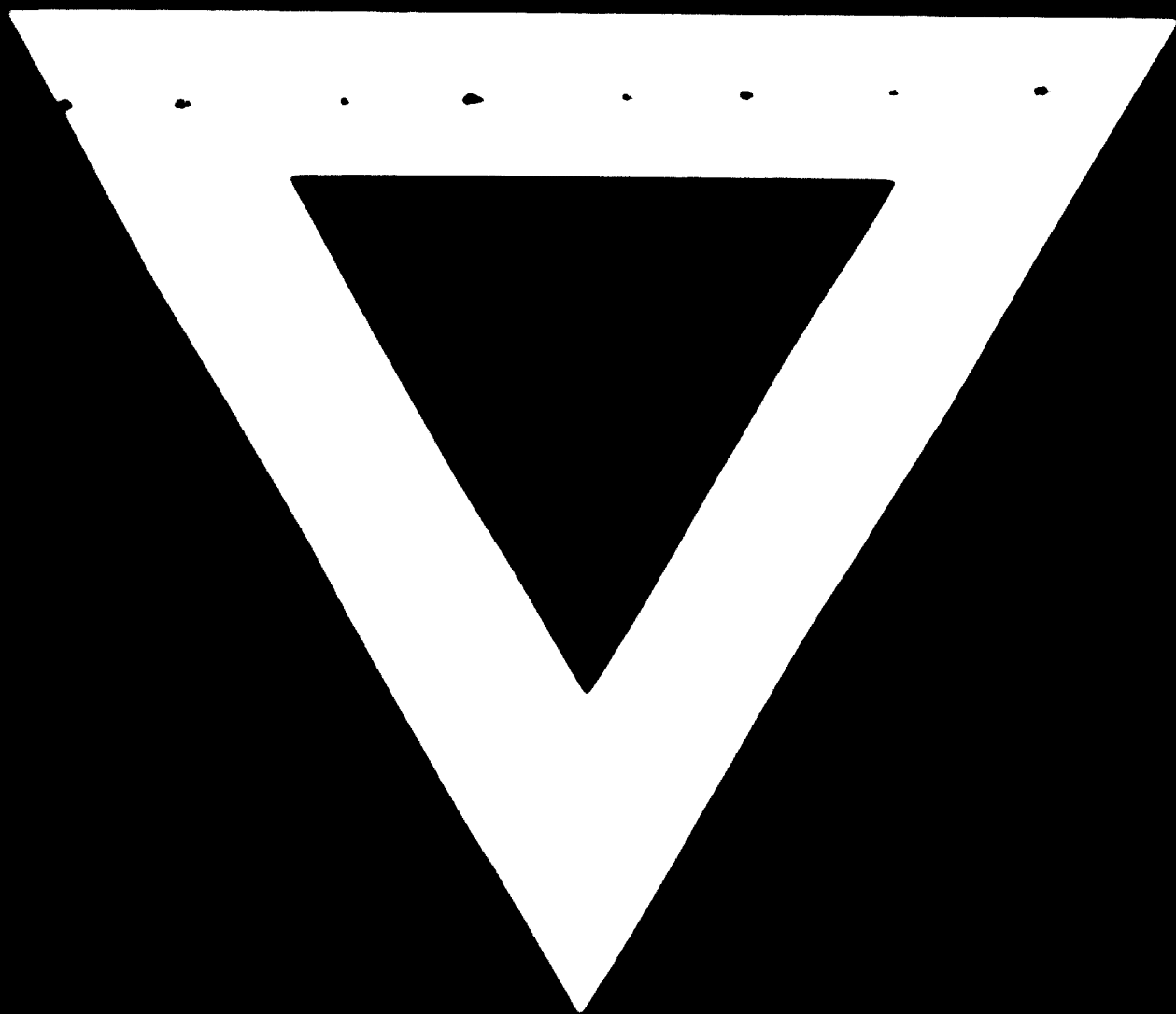
This process should take place on the one hand among developing countries and it is a very positive step that regional integration among Arab countries be one of the issues to be discussed at this Symposium jointly with long-range planning. It should take place also between developing and developed countries either at a regional level such as in the Euro-Arab consultations or at world level as recommended by the General Assembly of the United Nations and by the Lima Conference.

For all these reasons, we can wholeheartedly congratulate the organisers to have convened this Symposium at a very opportune time. I am sure that the exchanges of views which are going to take place will be most useful for all participants. UNICEF looks forward to benefit from your discussions for the fulfilment of the mandate it has received from the Lima Conference.

#### Conclusion

The Mission was very cordially received by the hosting organisation, The Institute of National Planning, Egypt and the Mission would like to take this opportunity to especially thank Mr. I. H. Abdel-mahman, Minister of Planning, Egypt, Mr. I. S. Abidalla, the Director General of the Institute of National Planning, Dr. M. R. Fahmy, the Secretary General of the Institute of National Planning, Dr. El Walid El-Shafie, Institute of National Planning, Dr. A. El-Sagban, Director General of the Council of Arab Economic Unity and Dr. El-Imam, Council of Arab Economic Unity.





**76.05.04**