



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

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.

06959

UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION

Distr.
RESTRICTED
UNIDO/CMD.17/Rev. 1
11 May 1976
Original: Swedish

UNIDO WORKING PAPER

FORMULATION OF POLICY AND SPECIAL MEASURES
IN FAVOUR OF THE
LEAST DEVELOPED, LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES

prepared by the
Least Developed Countries Section,
Division of Policy Co-ordination

id. 76-1960

INTRODUCTION

To achieve the maximum possible increase in the share of the developing countries in world production (to at least 25% by the year 2000), UNIDO will prepare a programme of action for the effective execution of the projects and measures reflected in the Lima Declaration and Plan of Action on Industrial Development and Co-operation.

There is now world-wide recognition that the least developed, land-locked and island developing countries present problems that require special measures if they are to attain an acceptable level of economic development. General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Lima Declaration and Plan of Action on Industrial Development and Co-operation have emphasized that industrialization in these countries must take place at a more rapid pace than in the average developing country and have recommended concerted action and special measures of assistance from various countries and international organizations to launch innovative projects and to lay a sound basis for the promotion of that more rapid industrialization.

The special measures recommended in the Lima Declaration and Plan of Action on Industrial Development are these:

(a) Specific, urgent measures to establish the necessary conditions for industrialization: infrastructure, inventories of natural resources, and the technical and financial assistance required for the exploitation of these resources;

(b) Establishment and financing of complete industrial estates and pilot plants based as much as possible on the use of available local resources;

(c) Creation of integrated production units such as agricultural machinery plants, appropriate engineering industries, and repair and maintenance services;

(d) Implementation of an appropriate agrarian policy as a necessary basis for the promotion of integrated rural development schemes that would involve the establishment of small-scale production units to meet both the needs of internal markets and export requirements;

(e) Development of crafts and cottage industries including artistic crafts;

- (f) Assistance for systematic studies of industrialization potential;
- (g) Speedy examination and establishment of infrastructures permitting the harnessing and full utilization of water resources and the establishment of agro-industries, with special emphasis on the countries affected by drought;
- (h) Preferential treatment within the context of international agreements for industrial products and processed commodities from these countries, as well as setting up of joint enterprises under regional co-operation;
- (i) Special aid and assistance to these countries in the establishment and development of adequate means of transport and communications;
- (j) Urgent measures to increase the import and export capabilities of the least developed countries and to help offset the disadvantages of the adverse geographical situation of the land-locked countries, particularly with regard to their additional transportation and transit costs;
- (k) Priority assistance from UNIDO and other international organizations in all fields; additional financial and technical assistance with exemption from counterpart requirements, where appropriate, through bilateral and multi-lateral channels, to accelerate industrialization in conformity with the national policies and development plans of these countries.

I. PROPOSED POLICIES AND GUIDELINES FOR UNIDO ACTIVITIES IN THIS AREA

The role of industry as a dynamic instrument essential to the rapid economic and social development of the developing countries, in particular of the least developed countries, is widely recognized. The creation, development and diversification of industrial production facilities in order to expand both internal and external markets is the only way of ensuring equitable participation by the least developed countries in world production and in the exchange of goods and services, as required by the establishment of a new international economic order.

The activities of UNIDO in relation to any least developed country should therefore have the aim of promoting an integrated industrialization process, based on the country's potential and reflecting the wishes, policies, plans and priorities of its Government, with the object of achieving the highest degree of interaction between industry and the other sectors of the economy. Specific recommendations for such activities are as follows:

(a) On a long-term basis, particular attention should be given to the establishment of basic industries, such as steel, electrical, metallurgical, mechanical engineering, chemical and petrochemical industries, which are the indispensable base for any industrialization process;

(b) Emphasis and priority should be given to those projects and programmes that would create means of production that provide linkages with and basic inputs to other developing industries and sectors of the economy. This policy would be applied as far as possible in the selection of projects designed for the least developed countries in accordance with their strategies of development. Through application of such a policy, for example, the establishment of a foundry or a factory for agricultural machinery would supply the means for better utilization of land and for increasing its productivity. This in turn would assist in developing the agricultural sector and pave the way for the introduction of agro-industries (processing, preparation and packaging of food and feed, for example). This in turn would influence another sector and create more industry, e.g., the production of animal feed would lead to increased animal production and the development of meat-processing industry, leather industry etc.;

(c) Priority should be given to the establishment of industrial infrastructure projects having a multiplier effect; e.g., the establishment of a building-materials factory would provide a base for the construction of schools, training centres, factories, roads, wooden bridges and irrigation facilities, leading to the development of available natural resources such as wood, gypsum etc.;

(d) There should be a sectoral approach, i.e. the strengthening and encouragement of existing industries with the potential to grow into an industrial sector. For example, the strengthening and establishment of a textile sector, besides increasing the quantity and improving the quality of production through provision of industrial services and facilities, would lead to the creation of other subsidiary industries such as dyeing, the manufacture of simple equipment, and repair and maintenance facilities, which would benefit the sector as a whole and induce the creation of sectoral training centres etc. In accordance with government policy in the least developed countries, UNIDO would concentrate on one industrial sector in each country, taking into account all consultations, studies and technical assistance required to cover all aspects of its development. This would provide the means for quick returns to help finance and strengthen other sectors. It would utilize to the full the previous experience gained within each country;

(e) The programmes and projects for technical assistance proposed by UNIDO should have as a goal the full utilization of available resources with a view to developing basic industries;

(f) Assistance should be offered for the development of rural industries based on available natural resources and raw materials. Proposals for industrial projects would take into consideration environmental and social aspects; UNIDO should also co-operate, from the early stages of project preparation and implementation, with those agencies concerned with these aspects;

(g) Programmes and projects should be devised to solve the particular problems of individual industries with a view to overcoming the obstacles facing these countries;

(h) In addition to the normal training programmes, arrangements should be made to train instructors, with a view to encouraging a multiplier effect. Experience shows that after only a few years, counterparts leave the jobs for which they have been trained, thus interrupting the work of the project. By providing facilities for training instructors, a continuous flow of trained nationals would be possible;

(i) In its activities UNIDO should take full account of the efforts of other United Nations agencies and international organizations and co-operate closely with them to accelerate industrialization in the least developed countries. To this end, it is necessary to establish a network of semi-independent international institutes for research and development in each specific industry. Such institutes would be attached to successful industrial centres located in the least developed countries and their work would be focussed on the basic problems of recording, analysing and developing technologies, including the basic techniques related to a particular industrial sector. The institutes would cover the industries immediately important to the least developed countries and relevant to their patterns of consumption and activity;

(j) Co-operation should be promoted among developing countries by encouraging activities in the following areas: joint ventures, multinational co-operation, exchange of experts, utilization of available training facilities etc.;

(k) UNIDO should participate and assist in organising consultations with the international community concerned with industrial development, with a view

to realizing the new international economic order as laid down in the Lima Declaration and to redeploying industry to the least developed countries.

II. SPECIAL MEASURES FOR THE LEAST DEVELOPED COUNTRIES

A. Consultative and administrative measures

(1) Identification of requirements and bottle-necks in order to establish the type and magnitude of the technical assistance needed to assist the least developed countries in overcoming their particular problems and to achieve the objectives of the United Nations International Development Strategy. UNIDO missions should be fielded to study:

- (a) The required measures for removing any bottle-necks and the identification of the particular needs for assistance in the selection and preparation of appropriate financial and technical assistance projects
- (b) Adaptation of assistance to the special circumstances of the least developed countries. The critical impediments to development should be identified, and all available assistance resources should be concentrated on removing those impediments. These missions should ensure that the dispensation of assistance be flexible and efficient
- (c) The extent of technical and financial assistance provided, the growth of such assistance for industry, its effectiveness and the problems or obstacles incurred
- (d) The introduction of further measures for increasing absorptive capacity of technical assistance
- (e) Where appropriate, examining the design of assistance programmes of an executive or operational nature intended to strengthen governmental and administrative machinery at the different levels concerned with the manufacturing sector

(2) Initiation and fielding of missions from the developed and some of the developing countries to the least developed countries for consultations and exchange of views, in order to increase co-operation and initiate valuable on-the-spot agreements for increased assistance.

(3) Meetings at a policy-making level in the least developed countries in order to discuss policies and special measures proposed by UNIDO for the benefit of those countries and to identify further needs. The meetings should be at the subregional, regional and interregional levels.

(4) Follow-up action on experts' recommendations contained in mission reports. The joint industry divisions in the economic commissions, the senior industrial development field advisers (SIDFAs) and the UNIDO expert in the least developed countries should make concerted efforts to follow-up previous recommendations to ascertain whether the possibility exists of assisting governments in their implementation by utilizing technical assistance available within UNIDO or which UNIDO could arrange for their benefit.

(5) The formation, for each industrial sector, of a group of experts from UNIDO headquarters and the joint industry divisions in the regional commissions. The groups would visit the least developed countries and give on-the-spot advice and assistance in overcoming bottlenecks, obtaining full utilization of existing production facilities and capacities, strengthening projects and identifying needs. They would also propose appropriate technical assistance required.

(6) At the request of the Governments concerned, identification and encouragement of projects for joint industrial ventures through an exchange of views with authorities in the least developed, developing and developed countries.

(7) Development of a programme of technical assistance aimed at assisting these countries in strengthening their existing industrial institutions and plants. Such a programme would help achieve full utilization of production capacities in operational factories and the rehabilitation of existing idle equipment, as well as offer assistance in the development of repair and maintenance facilities.

B. Planning and programming measures

(1) Selection of a group of least developed countries for a particularly intensive and, as far as possible, specialized approach to assist in formulating the programme and to propose the kinds of programme implementation that would be best suited to their particular problems.

(2) Encouragement and provision of technical assistance to the least developed countries in the planning of their industrial sectors. In this respect, a team of industrial planners may be placed on call for immediate assistance.

(3) Inclusion of more activities and projects for the least developed countries in the joint UNIDO-country centres and co-operative programmes.

(4) Inclusion of special projects to meet the needs of the least developed countries in the annual, biennial and long-term programmes and work plans of the joint industry divisions in the regional commissions.

(5) Preparation of a programme to assist in the establishment of small and medium-sized factories, workshops, industrial estates and multi-purpose research institutes to investigate utilization of local natural resources and advise local communities on the establishment of industrial co-operatives. Such plants would be donated to the least developed countries, and the counterparts required for their operation would be trained by the donor countries and/or UNIDO. The help of other United Nations organizations should be sought to solve any environmental and social problems that may arise from the establishment of such plants. Suitable pilot plants would be envisaged for location in appropriate least developed countries that are interested.

(6) Planning of the Programme for Co-operation among Developing Countries, taking into consideration the priority needs of the least developed countries.

(7) Assistance in solving the biggest problem of the largest proportion of the population of the least developed countries: inadequate water supplies. Solution of the problem requires co-operation with other United Nations organizations. UNIDO should consider contributing to the promotion and development of suitable pumps, windmills and manual pumps for irrigation. Consultation and co-operation with other agencies in the preparation and implementation of joint projects in this area should be organized with UNDP, IBRD and other agencies.

(8) An industrial survey of existing industries; the possibilities for full utilization of excess capacities, by-products and waste material need to be identified.

(9) A survey to identify and appraise export industries and production capacities suited to redeployment or shifting from selected developed countries to the least developed, land-locked and island developing countries.

C. Financial measures

(1) Assistance in the expansion of the flow of financial and technical resources to the least developed countries, through meetings and negotiations with technical assistance institutions; exploration of new sources of finance as well as ways to increase the flow from existing ones.

(2) Consultative meetings between the least developed countries and donor institutions to review and co-ordinate technical assistance for individual least developed countries or groups of such countries.

(3) Association of different sources of technical assistance in connexion with the same project and assistance in the establishment of adequate consultative machinery for co-ordinating all external assistance for these countries.

(4) Favourable consideration to the financing of technical assistance projects from voluntary contributions available to UNIDO in accordance with the guidelines for the utilization of these funds.

(5) Establishment of promotion centres and strengthening of the existing ones, and considering the possible provision of the necessary funds from bilateral and other sources for undertaking feasibility studies and lending capital to the industrial sector through these centres.

(6) Utilization of non-convertible voluntary contributions for the purchase of small factories, industrial units and instruments where possible, in accordance with the guidelines for the utilization of these funds.

(7) More use of capital development funds available to UNDP for the purchase of equipment, small factories and other essential complementary units in the least developed countries.

D. Training Measures

(1) More emphasis on the training of instructors in the least developed countries to increase the multiplier effect. Experience has shown that successful counterparts trained by international experts locally or abroad draw the attention of management, which then transfers them to senior government posts

not necessarily related to the training they received on their previous jobs. This situation has an adverse effect on the specific project for which the counterpart was trained. The assumption is that the counterpart will carry on the job of the international expert who has trained him. By training instructors, the availability of more than one trained counterpart would permit a continuous flow of experts, reducing the danger of work disruption should a counterpart be transferred to another post. More emphasis should also be placed on occupational non-formal education designed to develop particular knowledge and skills associated with various economic and related activities.

(2) Emphasis on the training of personnel for existing industrial sectors, as well as for **planned** industries with potential to develop into basic sectors of industry.

(3) Training surveys and assistance in the planning and implementation of accelerated training programmes to support the industrial and institutional requirements of industrial development.

(4) Arrangements for nationals of the least developed countries to visit specific countries to study selected successful models related to the present and future activities of their own countries, thus benefiting from experience through exchange of views.

(5) Evaluation of existing facilities for education and training in the light of industrial expansion and projected development, consideration being given to the redeployment of available skilled manpower.

(6) Greater access to the training institutions of other developing countries.

(7) Agreement to the proposed policy that all plants donated by, or through, UNIDO shall be available for the training of nationals of the least developed countries.

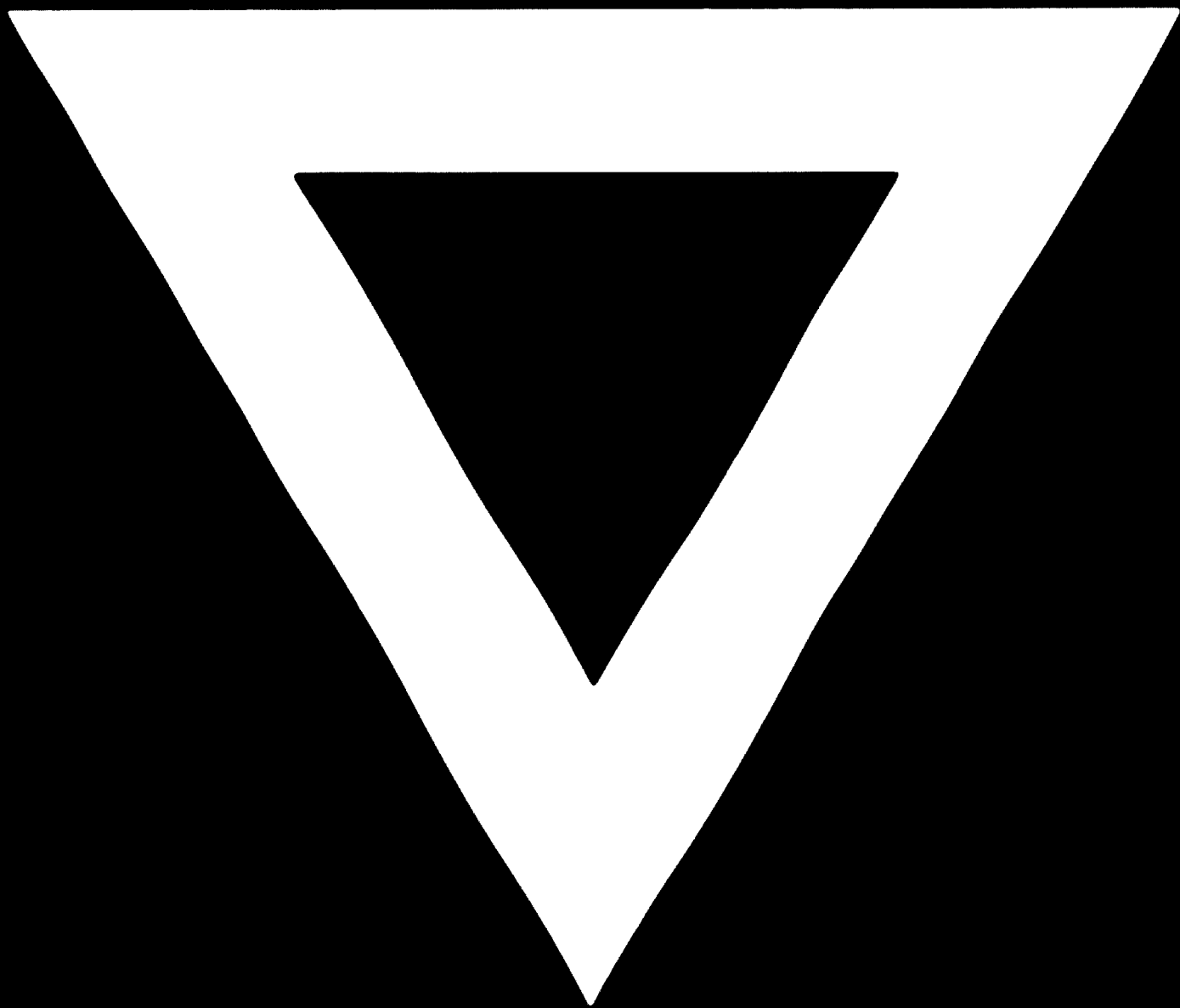
(8) Training of nationals of the least developed countries carried out locally, if possible, by inviting instructors from developed countries, rather than by sending trainees from the least developed countries to the developed countries. This method would enable the training of a larger number of nationals for the same amount of training money.

E. Proposed studies

Studies on the following subjects are proposed to assist in identifying the particular problems of the least developed, land-locked and island developing countries, formulating suitable programmes to solve them, and accelerating industrial development.

- (1) Natural resources in the least developed, land-locked and island developing countries, and their industrial utilisation.
- (2) A strategy for accelerating industrial development in the land-locked developing countries.
- (3) A strategy for technical assistance for the island developing countries to accelerate their industrial development.
- (4) Development of appropriate industries in the semi-arid zone of the least developed countries, with particular emphasis on drought-affected countries (Sudano-Sahelian zone, Ethiopia and Somalia).
- (5) Identification of suitable production capacities in the developed countries for re-allocation to selected least developed, land-locked and island developing countries.
- (6) A study of the world market for animal feed and the utilisation of natural resources in the least developed countries for developing the animal feed industry.
- (7) Assistance required for the establishment of industrial development centres, and strengthening existing ones, in a certain number of the least developed countries that express interest.
- (8) On request, to study the over-all policy and strategy of industrial development in the least developed countries with a view to considering recommendations for strengthening the planning and programming machinery, and the identification of technical assistance requirements.
- (9) A study of successful industrial development experience in a number of developing countries with different social and economic systems, in selected industrial sectors and branches, with a view to making such experience available to interested least developed countries.

G-348



77.10.10