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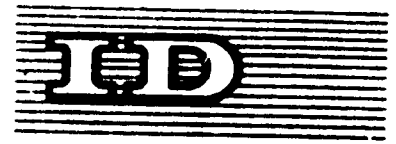
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Expert Group Meeting on the Role of
Industrial Consultancy in Developing Countries
Ljubljana, Yugoslavia, 26 - 30 June 1978

REPORT.

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INTRODUCTION

Purpose of the Meeting

1. The main objective of the Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries was to analyse the role, problems and possibilities of industrial consultancy services in the industrialization process of developing countries. Industrial consultancy is a service that is essential to industrialization; it is the software equivalent of capital goods which are the hardware vital to industrial development.
2. The Meeting concentrated on three main topics:
 - (a) Industrial consultancy activities in developing countries and their role in economic and industrial development;
 - (b) Co-operation among consulting organizations from developing countries - areas of co-operation and means of promoting and implementing such co-operation;
 - (c) The role of UNIDO and other international, governmental and non-governmental organizations in promoting co-operation among consulting organizations from developing countries and between these and similar organizations from developed countries.
3. As used in this report, the term industrial is intended to encompass the full range of economic, technological, engineering, financial and management services required for industrial development.

Background

4. The Lima Declaration and Plan of Action on Industrial Development and Co-operation, which was endorsed by the General Assembly of the United Nations in its resolution 3262, placed particular emphasis on the promotion of an integrated industrialization process based on the potential of each country, with the objective of achieving the highest degree of interaction between industry and other institutions involved in economic and industrial development.
5. The cumulative expansion and diversification of a country's industrial base leads inevitably to expanding requirements for the high-level skills needed to organize and implement further development. Concurrently, there are expanding opportunities for increasing the effectiveness of existing industrial operations by improving management, accounting and reporting systems; production processes; maintenance; application of research and development etc. In the Lima Declaration and Plan of Action UNIDO is called upon to co-operate with Governments in accelerating the transfer, adaptation and development of the resources needed

to achieve these goals. Concrete action is specified in sections of the Plan of Action under the headings "Measures of national scope", "Co-operation among developing countries" and "Co-operation between developing and developed countries".^{1/}

6. Many Governments in developing countries have realized that the creation or strengthening of indigenous industrial consultancy, including economic, technological, engineering, financial and management services, is urgent in order to meet the growing need for the implementation of programmes of industrial and economic development. In fact, a number of these Governments have included this as a high priority within the framework of their national development programmes. UNIDO already co-operates extensively with Governments in designing and carrying out action programmes in this field and is also engaged in identifying and promoting the use of suitable tools by which national efforts may be further strengthened. In this regard, the potential for technical and economic co-operation among developing countries appears to be great. UNIDO is employing various operational means - and exploring others - of demonstrating and multiplying the beneficial effects of such co-operation.

7. In line with this new dimension in technical co-operation and with a view to preparing for the United Nations Conference on Technical Co-operation Among Developing Countries, UNIDO accepted an invitation from the Yugoslav Federal Institute for International Scientific, Educational, Cultural and Technical Co-operation (YUZAM) to assist in organizing a workshop on the subject, and to make specific recommendations for follow-up action. The results of the Meeting were intended to serve as background material for the contribution of UNIDO to the United Nations Conference on Technical Co-operation among Developing Countries, to be held at Buenos Aires, and to provide guidance for further development of the organization's operational programmes in this area.

8. In addition to YUZAM, the International Center for Public Enterprises in Developing Countries (ICPE), an intergovernmental institution devoted to the promotion of management in public-sector enterprises and of public consultancy in developing countries, provided valuable assistance and co-operation in organizing the Meeting and supplied all conference facilities and secretarial services.

9. Responsibility for the contribution of UNIDO to the Expert Group Meeting was shared by the Section for Economic Co-operation Among Developing Countries, the Non-Governmental Organizations and Business and Industrial Institutions Co-operation Section and the Factory Establishment and Management Section.

^{1/} See in particular, paras. 58(f), (i), (h), (o); 59(g), (h); 60(b), (k); 61(d), (n); 62 and 66 of the Lima Declaration and Plan of Action (UNIDO, PI/38).

Organization of the Meeting

10. The Meeting took place at Ljubljana, Yugoslavia, from 26 to 30 June 1978. M.A.J. Okumu, Acting Chief, Section for Economic Co-operation Among Developing Countries, made the opening address on behalf of Dr. Abd-El Rahman Khane, Executive Director of UNIDO. Opening statements were also made by Dr. S. Ristić (YUZAM); Dr. Z. Vodušek (ICPE); Mr. Mirko Gorinšek, Vice-President of the Assembly of the City of Ljubljana; and Mr. S. Al-Shaikly, Assistant Administrator and Regional Director for Arab States, United Nations Development Programme (UNDP). The Meeting elected the following officers: Dr. S. Ristić (Yugoslavia), Chairman; Mr. E.L. Kamuzora (United Republic of Tanzania), First Vice-Chairman; Mr. K.D. Mariwalla (India), Second Vice-Chairman; and Mr. A. Arãoz (Argentina), Rapporteur.

11. The participants were informed about the activities of ICPE and noted with appreciation the initiative taken by this organization in setting up a consultative service. It was considered that the ICPE consultancy service had a significant role to play in fostering and promoting public consultancy activities within and among developing countries, thereby furthering co-operation among these developing countries in this field.

12. Annex I contains the list of participants attending the Meeting. Annex II gives the list of documents presented at the Meeting.

I. SUMMARY REPORT OF THE MEETING

13. The work programme of the Meeting included separate sessions on each of the three major topics mentioned in the Introduction to this report. The following summary includes views put forward during the deliberations of the Meeting and those presented in the working papers.

Industrial consultancy activities in developing countries

14. Industrial consultancy services gather and apply knowledge for purposes of investment and production. They form an interface between the planning exercise (selection of projects, their economic evaluation, choice of the most appropriate product design and process technology) and the implementation of projects (which includes detailed design and engineering, procurement of plant, preparation of contract documents, supervision of construction and erection, commissioning and testing of plant and equipment and its initial start-up). They provide assistance

in the proper operation and maintenance of plant, in solving management problems, and in training personnel. When backed up by R and D, they provide the support needed to render imported technologies appropriate to the use of environment, and they also help in the creation of new technologies indigenously. Being custom made, such technologies are automatically appropriate to local conditions.

15. Consultancy services generally fall into three main categories:

(a) Pre-investment services, e.g. feasibility, evaluation and market studies;

(b) Project implementation services, e.g. choice of technology and equipment;

(c) Services for management and production, e.g. trouble-shooting, quality control and maintenance.

16. Most domestic consultancy services are independent organizations in the public or private sector which render services to many different customers, including ministries and R and D centres. One benefit of such services is that customers do not have to keep sizeable technical staffs, which may be idle part of the time. Because it deals with a variety of clients, a consultancy service acquires a wide range of information and experience; the consultant may therefore carry out the important task of diffusing knowledge and skills. In many countries, private consultancy firms are the main suppliers of industrial consultancy services. Public consultancy services naturally concentrate on public sector clients, but they sometimes provide services to private clients. A distinction should be made, however, between purely national services and those that are subsidiaries of, or that are run jointly with, foreign companies. In many such cases the local service is a junior partner without a fully operational capacity of its own.

17. Techno-economic services for investment and production may also be provided by such organizations as a specialized office or division of a manufacturing firm or equipment-maker (in-house or captive capacity, notable in some large firms), a service in a ministry of industry, an industrial promotion centre, or a department of a research institute or university. Consultancy services are required by different types of users. The Government itself frequently needs the services of a consultancy firm to prepare and implement projects related to industrial development. Industry, however, whether private or public, is the most important user of industrial consultancy. In developing countries, the principal industrial users are public enterprises in such manufacturing sectors as basic industrial products, petroleum products, transport equipment, shipyards and heavy machinery.

18. When a country lacks industrial consultancy capacity for conceiving and implementing investment projects (new or for expansion), for improving industrial production and management activities and for strengthening support services such as R and D and investment promotion agencies, projects are normally conceived, designed and executed by foreign organizations. This practice has a number of drawbacks, principally the risk of inappropriate or inadequate technological solutions, the need to import capital goods and production inputs that might have been supplied locally, and the continuing dependence on foreign know-how and skills. In most developing countries, owing to the lack of industrial tradition, there is also a lack of project implementation capability which can frequently be overcome only through the use of foreign consultants, thereby perpetuating the existing situation. Thus, a country's self-reliance in technological matters depends critically on its having its own industrial consultancy capacity. This is being understood increasingly by many developing countries which have formulated policy measures to build up these capacities to redress their present situation of strong dependence on foreign consultancy and engineering.

19. Consultancy services in developing countries have a broader and more difficult part to play than those in industrialized countries. This is in part because of the different conditions under which they operate - cultural and technical environment, lack of readily available information, need for lengthy training of human resources, relative ignorance and unfavourable attitudes of clients etc.

20. The principal difference, however, lies in the important socio-economic role that they may play. Their influence may result, among other things, in:

- (a) Better preparation of projects (through having a better knowledge of local conditions) and a more suitable choice of technological solutions;
- (b) Positive effects on the diffusion of knowledge, which may be circulated among enterprises and from R and D to production;
- (c) More intensive use of local inputs, by designing projects that will increase the demand for local materials and components, technology and skills;
- (d) A reduction in the cost of projects and their foreign-exchange component, since local consultancy services are often much cheaper;
- (d) The introduction of new skills and bargaining power vis-à-vis foreign investors and foreign suppliers of technology and equipment.

21. There are costs involved in developing a country's industrial consulting capacity and in accepting for a period some relative inefficiency. This cost element, however, has generally been exaggerated in the past out of insufficient awareness of national capabilities. Foreign consultants too, it should be remembered, not infrequently have made costly mistakes or recommended inadequate solutions when the proper solution would have been easily perceived by a local

consultant familiar with local conditions. A local firm may contract foreign expertise as and when needed. However, a more balanced assessment of the worth of local consultancy and a change in risk-avoiding attitudes is called for.

22. Industrial consultancy services in developing countries in general tend to be weak. Demand is therefore geared to a varying but important extent towards foreign consulting services. The demand and supply situation is discussed briefly below.

23. The market for industrial consultancy services in developing countries, already large in some of them, may be expected to grow significantly over the coming years as major investment programmes are undertaken. Industrial investment in these countries is approaching \$US 100 billion annually, and the direct potential market for industrial consultancy services is about \$US 5 billion. Thus, there are important opportunities for the development of industrial consultancy services in these countries, particularly since many projects will be carried out by Governments.

24. The principal user of consulting services in developing countries tends to be the public sector.

25. One characteristic of demand is that it fluctuates, thus making it difficult to cope with if consultancy organizations do not have plentiful resources. This tendency has sometimes meant the loss of firms that have been built up and developed through strenuous efforts. There should be a policy on the part of Governments to reduce fluctuations, and possibly to provide counter-cyclical measures to keep firms active during periods when there is little project work - when they can be asked to undertake surveys, long-range studies and other valuable work.

26. Developing countries in some cases boast a great deal of expertise, but it is dispersed and should be brought together. A great deal of organized technological capacity is used by the subsidiaries of foreign firms. Sometimes certain critical technical elements are not available locally and have to be imported; this is the case in particular of core technologies. Relations between clients and indigenous consultants tend to be weak. Contract procedures are often inappropriate, having been designed principally to protect against bad commercial practices rather than to promote technical competence and creativity. This does not favour local consultants, who have to contend with much red tape and find little support for tasks that go beyond immediate requirements.

27. There is no unique model for the development of consultancy services. There are, however, a number of general principles to be adhered to. Firstly, they should operate in a businesslike manner if they are to be cost-conscious and efficient. Development paths and strategies depend on the concrete objectives to be achieved, but the process should be gradual and should rely on the acquisition, in successive steps, of expertise and credibility. Particular attention should be paid to:

- (a) The development of skills through good recruiting and training;
- (b) The creation of a network of contacts with sources of information and technology, particularly in industrialized countries;
- (c) The development of contacts and the building up of relations with research and development institutions, capital goods producers and universities;
- (d) The development of relationships with prospective clients.

28. It may be desirable for a firm to become associated with a foreign consultancy service (possibly from another developing country) either on a long-term basis or for the duration of a project, provided that it does not in practice merely become a junior partner.

29. In organizing its programme of work, the consultancy service should also pay particular attention to the means of allocating its scarce resources to best effect. Users of consultancy services need to be able to deal efficiently with such services in the preparation of terms of reference, the drafting of tenders, the evaluation of bids, and the control of progress. The user must therefore develop his own techno-economic skills as well as procedures that will guide his transactions with the consultants. (This is essential when dealing with foreign consulting firms, if the user is to be sure that the consultant is providing him with the best possible advice.)

30. In some larger corporations, especially industrial holding companies, internal offices are set up to provide techno-economic and management services to affiliated companies. This represents a further development of user capabilities and should enable a corporation to make good use of specialized consultants (local or foreign) when as as needed.

31. As indigenous industrial consultancy services can contribute to the realization of national development goals and can help to build technical and managerial self-reliance, the Governments of developing countries should be concerned with their development and should pursue a policy for their protection and promotion. As the benefits accrue to the whole country, it would seem logical that the costs of developing consultancy services should be shared by the country as a whole, through appropriate government action.

32. Various incentives can be used to support indigenous consultancy. These include preferential credit policy for research and also project implementation. Within the legal framework, the establishment of a code of use of local consultancy could provide an opportunity for its development. A further tool of Government would be a policy of active support of research, education and training.

33. Besides direct promotion, Governments can also support the establishment of professional associations of consultants. Such active government support would facilitate the development and operation of schemes of international co-operation, particularly among developing countries.

34. Consultancy services in the developing countries could make a positive effort to advance the quality and scope of their own activities. Emphasis should be placed on sharing experience, undertaking joint activities and fully utilizing the resources and skills available in the country. This implies stronger ties with institutions usually regarded as being outside the consultancy profession in industrialized countries, e.g. universities, research institutes, development agencies and banks. The establishment of close co-operation among these institutions not only would make for better use of scattered resources, but also would create a larger operational base to the benefit of all participants. This pooling of resources would not exclude the use of foreign inputs, either joint ventures or individual consultants from industrialized countries to carry out specialized tasks. It should be borne in mind that numerous consultants from developing countries have worked with consultants in industrialized countries and have thus accumulated valuable experience.

35. The formation or strengthening of associations of consultancy organizations can be useful in raising professional standards, through registration, establishment of codes of conduct, exchange of experience, and improved communications channels. Such associations can also help Governments to formulate and implement policies for strengthening national consultancy services.

Co-operation among consulting organizations of developing countries

36. Several international meetings have made specific recommendations concerning the co-operation of developing countries in exchanging consultancy services. However, such co-operation lags far behind the existing need and opportunities. Most efforts in developing countries to expand and promote consultancy could be the subject of co-operation among the consulting organizations of these countries. Two principal benefits of co-operation among developing countries in the field

of consultancy are apparent: the reduction of cost through joint action and the increase in experience through the pooling of expertise. Thus, co-operation would permit the mobilization of many of the resources needed for project development (marketing) and implementation.

37. Co-operation in consultancy could be considered in a horizontal or vertical form: horizontal co-operation implies that between enterprises of similar backgrounds, specializations and objectives, thus intensifying activity and enlarging experience in the same area, such as plant design. Vertical co-operation implies that between enterprises specializing in different but complementary fields, such as design and erection of plant. While in the industrialized countries co-operation in the first case consists mainly of defence of professional interests, in the second it consists mainly of straightforward joint ventures. In developing countries, both forms are important, since in the first, co-operation increases the potential of action and in the second it increases the scope of the market that can be served. This is not to suggest that co-operation with consultancy organizations from industrialized countries should be excluded. It is recognized that in these countries levels of technology and skills have been achieved in specialized areas in which it would be too costly to develop locally. The point is, however, to ensure that co-operation with a partner from an industrialized country shall be truly beneficial to the partner in the developing country. In particular, it should contribute to the strengthening of the consultancy infrastructure in the developing country.

38. As has been pointed out, co-operation should start at the national level; it would consist in establishing links between consultancy services and kindred institutions. The results of such co-operation would be joint training and research programmes, and the pooling of operational and specialized capacity to arrive at joint ventures or other operational arrangements. There are two essential elements in the development of co-operation: the creation of a platform and the articulation of a mechanism. Both elements require international initiative and the will to co-operate, as well as the mobilization of resources.

39. International co-operation should be promoted by Governments, professional associations, institutions, regional groupings etc. Each of the parties concerned could promote and establish co-operation in one or another area of its own specialization. Through such action it could contribute towards a stronger marketing impact of the consultancy services of developing countries. The creation of permanent links in the areas of particular interest among the institutions involved would certainly enhance positive results.

40. The concept of co-operation implies not only the pooling of resources or the undertaking of a joint effort. It also implies at least to a certain extent a geographical or substantive specialization. The need for specialization arises not only from the general scarcity of resources, but also from the different patterns of requirements and demands in different countries.

41. Organizationally and functionally, the machinery needed for promoting and strengthening co-operation among industrial consultancy services in developing countries, and between them and those of other countries, can be conceived as a three-tiered structure. At the base is the national association. The second tier is formed of a group of national consultancy associations drawn together by reason of geographical proximity and other interests and affinities. The top tier is an interregional confederation which also furthers collaboration between consultancy services in developing and developed countries.

42. The machinery for promoting and strengthening co-operation at the regional level involves institutional arrangements that usually take the form of a trans-national union. It would not be difficult to draw up the objectives and functions of this type of structure, but the capabilities of the union would depend, in the last instance, on the abilities and responsiveness of member associations.

43. There is no doubt that most developing regions share factors conducive to growing co-operation among them (and with international foreign consultants), in the field of industrial consultancy. Briefly stated, these factors are:

- (a) Potential for a much wider market;
- (b) Easier establishment and maintenance of personal contacts;
- (c) Stimulation of national associations to assist their own members in initiating and extending direct business collaboration;
- (d) Expected upswing in investment flows from new sources into the developing countries.

The combination of all these factors would doubtless favour the growth of national consulting associations and would widen the scope of co-operation with consultancy services in developed countries.

44. There are problems that tend to negate these favourable factors. Newly founded national associations are likely to be too preoccupied with their own establishment problems to play an effective role in regional consultancy co-operation for some time. They lack both the resources and the experience in the field and are likely to need help before they will be in a position to help themselves or others. However, there should be no unsurmountable difficulty in the way of setting up a number of regional unions in the developing world. There is no immediate urgency for an elaborate structure that would embody national organizations before they are ready. A selected membership could make a good beginning and could pioneer a movement towards a full regional grouping.

45. In the light of the above, it will be readily appreciated that promoting and strengthening co-operation among national consulting associations in developing countries requires the setting up of suitable machinery, for example a type of third world confederation. Such a confederation would undertake much the same functions as those already defined in the context of regional co-operation, with the added responsibility of acting as an international professional representative of national associations in developing countries. It would also promote purposeful co-operation with consulting organizations in the developed countries.

Role of UNIDO in strengthening industrial consultancy capabilities in developing countries

46. The basic responsibility for strengthening industrial consultancy belongs to the countries and to the organizations directly concerned. UNIDO and other agencies can assist, however, in various direct and indirect ways.

47. UNIDO possesses the technical capacity and organizational structure to support the development of indigenous industrial consultancy services. Perhaps the most common type of assistance is direct assistance at the country level in the form of an individualized project to establish or strengthen consultancy services. Such projects traditionally include the provision of expertise and fellowships and cover such areas as organization, operational strengthening, development of skills etc. Technical assistance may be used to strengthen the functional and technical capacity in specific operations. For instance, if a local team of consultants wish to undertake a specific assignment, but lacks experience in a certain specialized area, such expertise can be provided through technical assistance. This approach not only provides technical solutions, but also increases the marketing strength of the developing countries' consultancy services.

48. Besides direct technical assistance at the country level, assistance can be provided to foster inter-country co-operation for the development of consultancy, by the inclusion of an element of co-operation in any of the technical assistance projects related to consultancy. It can also be done through specific co-operation projects at the country level (financed from the UNDP Country Programmes), and through subregional, regional or interregional projects. The last type of project is particularly suitable for the promotion and support of co-operation (either operational or institutional).

49. Particular attention is also given to institutions and organizations at national as well as regional and interregional levels, which through technical assistance and the support of UNIDO can disseminate the expertise and experience. This approach fosters further co-operation and mobilizes additional resources.

11. CONCLUSIONS AND RECOMMENDATIONS

50. The following conclusions and recommendations were formally adopted by the Meeting during its plenary session:

- (1) Industrial consultancy should be recognized as an essential service that is vital to the achievement of the Lima target. It is a key element of industrialization programmes since it contributed directly to evolving appropriate technical and economic solutions in harmony with national socio-economic objectives, securing improved terms of technology acquisition and achieving technical and managerial self-reliance through a more effective use of national resources. Consultancy is the software equivalent of capital goods which are the essential hardware input for industrialization.
- (2) Accordingly, suitable action should be taken by Governments, consultancy institutions and regional, interregional and international bodies to ensure the strong and rapid development of local industrial consultancy capability as a national resource.
- (3) National consultancy capability, and the consultancy organizations of which it is comprised, should be developed in accordance with the present and future needs of the country and in light of its economic, social, political and cultural environment.
- (4) In many developing countries, gaps in capability and capacity exist in consultancy organizations which need to be filled. Technical co-operation among developing countries could be the most appropriate means; where necessary, however, consideration should also be given to programmes involving co-operation with consultancy organizations in developed countries.

Action to be taken by the consultancy community

- (5) The consultancy community should:
 - (a) Seek to build professionalism by strengthening internal management methods and training programmes;
 - (b) Establish or strengthen professional societies, consultants' associations etc. and establish suitable communications, co-operation and exchange of experience, particularly within the framework of technical co-operation among developing countries;
 - (c) Make judicious use of affiliations with other firms (local and otherwise) as a means of expanding experience and capability. These may include joint ventures or subcontracts as well as twinning or triangular arrangements;
 - (d) Develop rosters of experts within the country, including individuals normally associated with such institutions as universities and research institutes, as a further means of expanding available skills.

Action to be taken by Governments

(6) Governments should:

- (a) Design long-range strategies, policies and a framework for the development of consultancy in the context of national industrial policies and objectives;
- (b) Make full use of local consultancy capabilities; when foreign firms are engaged, a local consultancy organization should be charged with the prime responsibility for the job, unless this is totally impracticable;
- (c) Establish incentive schemes (including tax concessions) to promote consultancy development and activities; and promote co-operation at national and international levels, particularly with other developing countries;
- (d) Promote linkages between consultancy institutions and universities to stimulate improved preparation for consultancy careers; and research and development institutions to stimulate research of use to consultancy;
- (e) Establish suitable credit policies to make working capital available to local consulting firms and to ensure that clients of financial institutions shall employ local consultants whenever possible;
- (f) Be prepared initially to absorb any excess costs associated with the use of local consultants in order to build their experience;
- (g) In selecting foreign consultants, give preferential consideration in accordance with the degree of participation to be assigned to local consultancy services;
- (h) Users of consultancy services should ensure that their performance shall be monitored and controlled so that they conform with relevant needs and conditions;
- (i) Include a provision, in public investment projects, for the establishment of research and design units and training facilities.

Action through technical and economic co-operation
among developing countries

(7) Such action should:

- (a) Provide technical assistance to strengthening existing organizations and establish new ones;
- (b) Conduct international meetings for the exchange of experience;
- (c) Issue publications such as news letters, case studies of consultancy experience etc.;
- (d) Ensure that opportunities for access to internationally funded investment projects shall be made available to consultants from developing countries;
- (e) Urge international institutions and organizations to adopt procedures to encourage greater use of consultancy firms from developing countries;

(f) Encourage adoption of more suitable criteria and procedures for selecting consultancy firms (e.g. the main elements of a consultancy assignment can be broken down to identify the most complex parts, and the risk can be reduced by arranging for a foreign partner on any element for which local skills are inadequate);

(g) Support the creation of rosters, consultancy networks and information banks at subregional and regional levels;

(h) Develop training methodology and joint programmes to expand capabilities of consultancy firms;

(i) Develop and arrange for application of suitable techniques and tools for internal management of consultancy practices, including control of costs, time and quality, contracting procedures etc.;

(j) Exchange information about techno-economic data, suppliers of technology and equipment in developing countries, the methodology of project formulation and evaluation, engineering practices, and other topics of common interest;

(k) Support the creation in subregions or regions of adequate conditions for fruitful co-operation, among them, common codes and procedures (technical standards, specifications, building codes, procurement mechanisms, accounting practices), harmonization of legal and administrative practices etc.

The forms and vehicles of co-operation for the above measures may include the following:

(a) Intergovernmental bilateral and multilateral agreements on economic and technical co-operation, which should specifically include provisions to facilitate the use of consultancy capability from the co-operating countries and to stimulate co-operation among the organizations of those countries;

(b) Inclusion of co-operation among consultancy organizations as part of the work programmes of specialized subregional and regional intergovernmental bodies such as IDRC and ICPC;

(c) Inclusion of co-operation among consultancy organizations as part of the work programmes of regional and interregional organizations devoted to general economic co-operation, such as the Andean Pact, ASEAN, OAU, the Arab League, and their specialized and technical bodies;

(d) Suitable institutional arrangements to ensure collaboration at the bilateral, subregional, regional and interregional levels. Consideration should be given to a three-tier structure, comprising national consultancy association at the first level, limited grouping of national associations at the second level, and an interregional confederation covering all the developing countries at the third level.

Role of the United Nations

(8) It is suggested that UNIDO promote and support appropriate action, provide ideas and act as a catalyst, together with other specialized United Nations agencies and organizations, and international, intergovernmental and non-governmental bodies, in accordance with the conclusions and recommendations of the Meeting. UNIDO might:

(a) Designate, together with UNDP, the building up of local industrial consultancy capability as a priority area of technical assistance and co-operation; and should motivate, respond to and complement government efforts and other local inputs;

(b) Together with UNDP, in addition to efforts at the country level, promote projects at regional and interregional levels, designed particularly to mobilize co-operation among developing countries in the area of consultancy, supporting and complementing such co-operation and efforts to the greatest extent possible within the framework of TCDC;

(c) Support, together with UNDP, the creation of machinery for and a platform of co-operation, using existing institutions at the country and inter-country levels through the headquarters, regional and field network;

(d) Promote awareness of the role, problems and opportunities of industrial consultancy and development through appropriate meetings (regional, interregional) leading to high-level intergovernmental consultations on ways and means to accelerate such development;

(e) Exert every effort to facilitate the participation of local consultancy organizations in UNDP-financed projects, even in cases in which the principal subcontractor is from an industrialized country;

(f) Take the necessary measures to facilitate the creation of national consultancy associations;

(g) Prepare and circulate basic studies and information documents on the role, problems and opportunities of industrial consultancy. (Such studies and documents should cover the following aspects: the nature of industrial consultancy, its situation, role and objectives in developing countries; and guidelines for action at enterprise level);

(h) Arrange for the preparation or updating of manuals for the use of consultancy clients and staff. The manuals should cover, inter alia, how to perform consultancy tasks, how to draft effective terms of reference for consultancy, and how to assess the outputs of consultancy assignments. The manual should be adapted for use of particular regions and subregions and should be prepared in co-operation with competent local or regional organizations;

(i) Arrange the preparation or updating of rosters of indigenously owned and operated consultancy services. The rosters should include details regarding the capability and specialization of the services as well as some form of certification of their competence. Co-operation with other interested organizations, including UNDP, should be ensured to avoid duplication;

(j) Convene workshops on:

- (i) Effective use of consultants (both for users and consultants);
- (ii) Appropriate methodology and organization of consultancy services in developing countries ("technology of consultancy");
- (iii) Methods and curricula for the training and upgrading of consultancy staff in developing countries;
- (iv) Formation and activities of associations of consultancy services of developing countries at national, regional and interregional levels.

(9) The Expert Group decided that this report should be transmitted to the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, August-September 1978), the Third General Conference of UNIDO (New Delhi, January 1980), and the United Nations Conference on Science and Technology for Development (Vienna, August 1979).

Annex I

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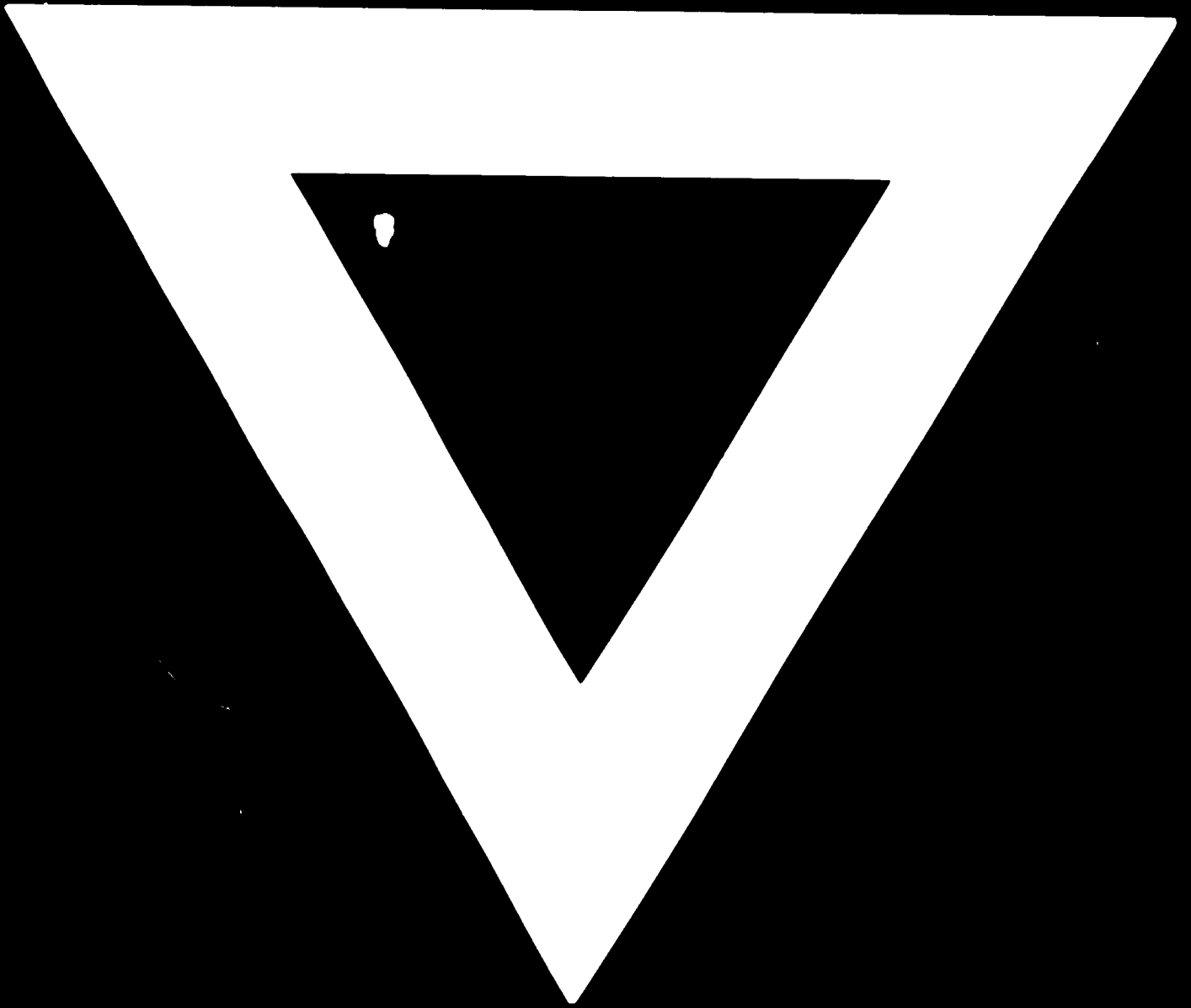
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Annex II

DOCUMENTS PRESENTED AT THE MEETING

- A case study on the role of industrial consultancy in development
by M. Motamedi, Iran
- Consultancy activities in Yugoslavia - A survey of some characteristics of recent development and future orientation
by S. Ristić, L. Milosavljević and V. Kreačić, Yugoslavia
- Consultancy and engineering activities in developing countries and their role in economic and industrial development (ID/WG.278/1)
by Kan D. Mariwalla, India
- Consultancy in developing countries with particular reference to Pakistan
by S. Jafri, Pakistan
- Co-operation among consulting organizations from developing countries and means of promoting and carrying out such co-operation (ID/WG.278/5)
by M.A. Rifaat, Egypt
- Development of consulting and engineering activities in Turkey
by T. Çökçay, Turkey
- A general look at the role of industrial consultancy in the Syrian Arab Republic
by N. Malas, Syrian Arab Republic
- Industrial consultancy for technical and managerial self-reliance (ID/WG.278/2)
by the secretariat of UNIDO
- Industrial consultancy services in Brazil
by L. Correa da Silva, Brazil
- The industrial consulting environment in Tanzania, with special reference to the experience of Tanzania Industrial Studies and Consulting Organization (TISCO)
by F. Kamuzora, United Republic of Tanzania
- Management consultancy in developing countries for the public sector in general and for public enterprises in particular; the role of ICPH (International Centre for Public Enterprises)
by K. Bunc, Yugoslavia
- Management consultancy in Jordan
by W. Azar, Jordan
- Present situation of industrial consultancy and engineering in Algeria
by R. M'Hammed, Algeria
- Role of intergovernmental organizations in the promotion of indigenous consultancy services in developing countries
by A. El-Marashly, Industrial Development Centre for Arab States (IDCAS)
- The role of the Federation of Arab Engineers in promoting and developing engineering consultation services in the Arab world
by A. El-Mrian, Egypt
- Technical co-operation and technological integration among developing countries
by A. Azcoz, Argentina
- Towards controlling national industrial consultancy structure
by R. Onyango, Kenya

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