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UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION

Distr.
LIMITED

UNIDO/EX.89/Rev.1
30 July 1979

ENGLISH

PROMOTION AND STRENGTHENING OF NATIONAL INDUSTRIAL
CONSULTANCY CAPABILITIES AND LINKAGE AND CO-OPERATION
AMONG CONSULTANCY INSTITUTIONS OF DEVELOPING COUNTRIES *

Report on the visits to Kenya, the United Republic of
Tanzania, Zambia and Nigeria under project RP/GLO/79/001 -
Promotion of Co-operation among Developing Countries in the
Field of Industrial Consultancy

by

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3-24 February 1979

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I BACKGROUND

1. The Lima Declaration and Plan of Action on Industrial Development and Cooperation calls for UNIDO to co-operate with Governments in accelerating the transfer, adaptation and development of resources needed for the promotion of an integrated industrialization process, with the objective of achieving the highest degree of interaction between industry and other institutions involved in economic and industrial development (ref paras 58 (f), (h), (i), (n), (o); 59 (g), (h); 60 (b), (k); 61 (d), (n); 62 and 66.

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 line with this new dimension in technical co-operation, UNIDO organized an Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries, in Ljubljana, Yugoslavia, in June 1978, at which - inter alia - the following recommendations were issued (ref para 8 (a) - (i): Role of the United Nations): 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;
- b) together with UNDP, promote projects at regional and interregional level for the mobilization of co-operation in the area of industrial consultancy;
- c) support, together with UNDP, the creation of machinery for co-operation, using existing institutions of country and inter-country levels through headquarters, regional and field network;

- d) promote awareness of the role, problems and opportunities of industrial consultancy and development through appropriate meetings (regional, interregional);
- e) exert every effort to facilitate the participation of local consultancy organizations in UNDP-financed projects;
- f) take the necessary measures to facilitate the creation of national consultancy organizations;
- g) prepare and circulate basic studies and information documents on the role, problems and opportunities of industrial consultancy;
- h) arrange for the preparation or updating of manuals for the use of consultancy clients and staff;
- i) arrange the preparation or updating of rosters of indigenously owned and operated consultancy services.

The Buenos Aires Plan of Action, which was adopted by the UN Conference on TCDC in Buenos Aires, Argentina, in September 1978, recommends in para 55: "Maximization of the use of developing countries' capacities: In designing, formulating and executing technical co-operation projects, Governments, intergovernmental and other organizations concerned with supporting international development efforts should at the request of developing countries make the greatest possible use of local capabilities, including local expertise and consultancy firms. Where institutions and expertise of the requisite level, quality and relevance are not available locally, developing countries should have the option to obtain such technical resources from other developing countries taking due account of factors of quality, cost, delivery schedules and other related conditions."

II AIM OF THE MISSION

2. Following the recommendations adopted by the Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries and the Plan of Action adopted by the UN Conference on Technical Co-operation among Developing Countries, the United Nations Industrial Development Organization (UNIDO) has entrusted me with a short-term mission concerning the industrial consultancy in selected developing countries, i. e. Kenya, the United Republic of Tanzania, Zambia and Nigeria. The Job Description RP/GLO/79/001/11-01/30.9.Z defined the purpose of the project as follows:

"To promote and strengthen the linkage and co-operation between national, sub-regional and regional consultancy institutions of developing countries."

As a consultant, I have been entrusted with the following tasks:

- a) to identify national and regional consultancy organizations in some selected English speaking developing countries in Africa (Tanzania, Kenya, Nigeria and Zambia), and to analyse their activities and possibilities for co-operation among the consultancy firms from these and other developing countries;
- b) to analyse the problems and needs of these organizations in connection with building up the local industrial consultancy capabilities and to identify the areas in which UNIDO could assist and support such consultancy organizations, within the framework of Technical Co-operation among Developing Countries (TCDC), using the expertise and know-how available in other developing countries.

3. It was difficult for the consultant to carry out this complex mission of great responsibility to three East African and one West African country in such a short period of time, i. e. in three weeks.

Of great help to the Consultant in the realization of this mission were:

- a) the high appreciation of UNIDO's activities and support to the development of developing countries by the representatives of governments, industry, consultancy, research, educational and other institutions, whom the consultant met during his mission;
- b) the exchange of views with Mr. Washington A.J. Okumu, Chief of the Section for Economic Co-operation among Developing Countries, and Mr. Mile Janjić, Senior Officer of the Non-Governmental Organizations and Business and Industrial Institutions Co-operation Section of UNIDO, and their full engagement in the preparation and planning of the mission;
- c) the immediate engagement of the UNIDO representatives in the tasks of planning and organizing the visit in the countries concerned, particularly Ms. Birgitta Hillen, Junior Professional Officer in Kenya, Mr. Kim Forss, Junior Professional Officer in the United Republic of Tanzania, Mr. Keshap C. Sen, Senior Industrial Development Field Adviser in Tanzania, Mr. V. Lavides, Senior Industrial Development Field Adviser and Mr. Vagn Mikkelsen, Junior Professional Officer, in Nigeria.

4. During his visit, the Consultant had very fruitful discussions with the Resident Representatives of the United Nations Development Programme (UNDP) in Kenya, Tanzania and Zambia.

III CONSULTANT'S APPROACH

5. During the preparation and in the course of his mission, the consultant adopted the following starting points:

- a) the term "industrial consultancy" is understood as a professional and creative activity which helps the decision-makers to find the rational solutions in technology, investment activity, long-term and current decisions, etc.¹⁾ That means that the professional consulting activity is being considered regardless of the fact that it is performed by independent consultancy organizations, research and development institutions or internal consultancy and research units which are part of industrial enterprises and corporations, banks and other financial institutions. This has been part of the discussions with the representatives of corporations, banks, research institutions, etc., besides the discussions held with independent consultancy institutions during the mission;
- b) industrial consultancy comprises the consulting services in the field of technology, management, pre-feasibility, feasibility and other technical and economic studies, which are the crucial factors in the industrialization process of developing countries;
- c) considering that the consulting activity acts as a tool for decision-makers, management represents a necessary pre-requisite for a successful implementation of consultancy programmes and projects. Under these circumstances each country is faced with the necessity of developing its own concept and methodological basis for consultancy activities, in accordance with its achieved level of development and social and economic conditions. The transfer of knowledge and know-how is useful, but it is necessary to have a critical and adaptable approach concerning the application to the specific development conditions of a given country. Under the condition of a significant retardation of consultancy activities in developing countries, there should exist a thorough engagement and

1) "Consultants are professional problem-solvers whose expert knowledge may cover a number of traditional professional fields, and who are particularly qualified to undertake an independent and unbiased study of a given problem and reach a rational solution. The value of a consultant lies in his training and previous experience in the solution of related problems, and in his ability to select the course of action which, in his expert opinion, should be implemented".
UNIDO "Manual on the Use of Consultants in Developing Countries",
New York 1969.

support by governments to create a national policy for consultancy development, development of consultancy capabilities, and also a cessation of the negative influence of transfer of knowledge in this field. Discussions with the responsible government officers, particularly in the ministries of industry, were therefore included in the programme of the mission;

d) in accordance with the tasks set out in the Job Description for the mission, co-operation among the consultancy organizations of developing countries, this being an integral part of collective self-reliance, has been considered in particular. This does not mean that we should stop the input of knowledge and know-how for the development of consultancy activities from developed countries, but it is evident that the TCDC concept is a real need and should represent the necessary clue for the establishment of new economic relations in the world.

6. During the visits to certain institutions there have been thorough discussions on the role of these institutions in industrial development, and the consultant provided detailed information on the results achieved at the UN Conference on TCDC and the Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries. However, this Report has been limited to matters relevant for the development of national capabilities of industrial consultancy, expansion of the co-operation between developing countries and the role of UNIDO and other UN organizations therein.

IV GENERAL CONCLUSIONS

7. In order to present a rational report of the Mission, at which occasion four countries and 25 governmental, industrial, financial, consultancy and research institutions were visited, an effort has been made to draw general conclusions relevant to all these countries. Most of these conclusions were accepted during the discussion with the representatives of the visited institutions. The general conclusions, which will not be repeated in the country-by-country part of the report, are the following:

- a) Consultancy is an indispensable factor in the process of industrialization and achieving the national self-reliance. However, none of the visited countries have developed their own policy, strategy and measures for creation and enhancement of their indigenous consultancy capabilities;
- b) certain capabilities exist, which offer consultancy services, but their concept, programme, institutional, methodological and cadre structures are rather undeveloped. There is an urgent need for their internal multidisciplinary consolidation and linkage, as well as government and international support;
- c) there is a considerable import of consultancy services from developed countries through international projects, there are subsidiary activities of multinational consultancy organizations, etc. However, such a transfer of knowledge creates confusion at the consultancy services market and constrains the prosperity of indigenous consultancy potentials (subsidiaries act in the interest of their central offices and transfer their concept and methodological basis often without adaptation to the local conditions);
- d) co-operation with the organizations of other developing countries is basically inadequate, although some new attitudes

towards the role of TCDC in developing countries' consultancy activities, providing for their national self-reliance, are becoming evident. Close co-operation is a weak point of the system today, due to the lack of communication channels for information, knowledge and know-how among the countries;

- e) UNIDO's role in and assistance to developing countries has been great until now; it is expected that the organization will be of an even greater help in the development of consultancy activities in these countries. It could serve as a catalyst in helping to develop the national potentials and in giving support to the developing countries in matters of their co-operation and consultancy development.

V K E N Y A

8. The visit took place from 5 - 8 February 1979 in Nairobi. The visits to the Ministry of Commerce and Industry and to the Industrial and Commercial Development Corporation were paid together with Mr. Kotut, Managing Director of the Industrial Survey and Promotion Centre.

During the visit, a short talk was held with the Resident Representative of UNDP in Kenya, Mr. Kitchen. The UNIDO Consultant was also helped in the realization of the programme by Mr. R.O. Onyango, Secretary of the Kenya Posts and Telecommunications Corporation, who was one of the participants at the Expert Group Meeting on the role of Industrial Consultancy in Developing Countries, held in Ljubljana 26 - 30 June 1978.

9. INSTITUTIONS AND ORGANIZATIONS VISITED:

1. Industrial Survey and Promotion Centre - ISPC
Mr. Kotut, Managing Director
2. Ministry of Planning and Community Affairs
H.E. Dr. R. Ouko, Minister of Planning and
Community affairs and
Mr. Y.F.O. Masakhalia, Chief Economist
3. Ministry of Commerce and Industry
Mr. F.N. Ondeiki, Deputy Permanent Secretary
4. Industrial and Commercial Development Corporation
Mr. E. Ndirangu, Industrial Projects Manager
5. Kenya Posts and Telecommunications Corporation
Mr. P.O. Okundi, Deputy Managing Director and
Mr. R.O. Onyango, Secretary of the Corporation

9.1. Industrial Survey and Promotion Centre - ISPC

This national institution, connected to and helped by the Ministry of Commerce and Industry as well as by the Industrial and Commercial Development Corporation, plays a big role in the industrialization process of Kenya. It co-operates with foreign partners in the preparation, design and planning of the realization of industrial projects. Its staff comprises 35 professionals, of which more than 50 % are engineers, while the remaining are economists (marketing, finance, etc.). ISPC is matrally organized with three basic departments (project studies, application of technology, planning and programming). The second phase of the UNDP/UNIDO project KEN/74/007 supports the development of ISPC through the provision of expert services to specific on-going projects. The UNDP component amounts to US \$ 1.570.000. The orientation towards the engagement of individual experts has been caused by the high costs of foreign consultancy organizations.

In accordance with the national policy on industrialization, ISPC has established the basic criteria for the selection of projects on export expansion, use of domestic raw materials and choice of technology, especially in the rural areas. Labour intensive technology has a high priority. Besides the areas of energy, domestic raw material, agriculture and light industries, orientation is directed towards the selected assortment of mechanical and electrical engineering and chemical industries. So far, ISPC is preoccupied with prefeasibility, feasibility and techno-economic studies, but there exists a need for orientation towards the increase of efficiency and innovations in the existing industries. This points to the significance of an orientation towards consultancy activities, which would also be conducive to the self-financing of ISPC, instead of the existing public financing.

The UNIDO consultant had no opportunity to meet any of the officials dealing with UNDP project KEN/75/029 - Industrial Research and Consultancy Unit within the Faculty of Engineering of the University of Nairobi. Therefore he exchanged opinions with the representatives of ISPC concerning the interconnection of ISPC with this project for the development of consultancy activities.

The same applies to the Kenyan Industrial Research and Development Institute (former East African Industrial Research Organization), which should play an important role in the development of the technological consultancy as well as the internal consultancy in industry.

A broad exchange of views was held with Mr. Kotut on the status and problems of the development of consultancy in Kenya. It was concluded, among others, that the absence of tradition and the existence of a large number of small organizations and individuals cannot ensure quality. This causes objectively the distrust in the local consultancy potentials as well as the influence of large multinational organizations through direct engagement on projects and/or opening of subsidiary offices. In the field of architecture and construction, national organizations are more successful. The internal consultancy in industry is not developed, except within some multinational companies.

Besides the participation of foreign experts in UNDP/UNIDO projects, ISPC co-operates internationally only with organizations from developed countries. There are some connections with India, but it is believed that the development of the institutional base, training of professionals, development of methodology etc., could be achieved through TCDC.

From the above, the following can be concluded:

- a) ISPC could be the key organization for the development of national consultancy potentials.
- b) A programme for increasing use of existing resources and for the introduction of new technologies is necessary.
- c) Additional training of staff and development of consultancy methodology are the prerequisites for a successful development of ISPC.

d) Long-range programmes and operational connections with the Kenyan Industrial Research and Development Institute and the Industrial Research and Consultancy Unit of the University could ensure the complementary base for successful activities.

f) The staff training and methodical improvement should lead to self-financing. More responsibility of the organization as a whole and of individual staff members are a prerequisite for practical results. Close connections with the Ministry of Commerce and Industry and the Industrial and Commercial Development Corporation should be maintained.

g) ISPC can play an important role in the development of internal consultancy.

9.2. Ministry of Planning and Community Affairs

H.E. Dr. Ouko stated that consultancy was a condition for further successful economic expansion in Kenya. He considered that architecture and construction were in a better position than other activities in the area of consultancy and engineering design. Besides industry, consultancy has to be developed in agriculture, management, post and telecommunications and urban development.

Concerning consultancy development, priority should be given to the expansion of capacities on the basis of existing ones, the development of internal consultancy and the training of consultancy professionals. Dr. Ouko pointed out that the Lima Declaration and Plan of Action and the recommendations adopted by the UN Conference on TCDC represented an obligation for UNIDO to provide concrete support to the developing countries in the development of consultancy. He considered it necessary to have a close co-operation with the Economic Commission for Africa. Co-operation among developing countries would be an important factor in this direction.

The Ministry of Planning and Community Affairs has prepared a roster of about 500 Kenyan experts, who could serve as consultants in some development programmes.

The Ministry of Planning and Community Affairs can play an important role in the long-range concept for the development of consultancy activities in Kenya.

9.3. Ministry of Commerce and Industry

Mr. Ondeiki gave priority to the development of consultancy in terms of both new investments as well as use of existing resources. The role of ISPC in this field should be very important, as well as the role of the reorganized and improved Kenyan Industrial Research and Development Institute. He also pointed out the possible contribution of the National Council for Science and Technology in initiating certain relevant studies and research in methodology.

Medium and small-scale industries are given high priority in the Kenyan industrialization process and from that point of view the management and reduction of expenses in the implementation of individual projects represent a very important factor.

He accepted the fact that ISPC should improve its methodology and train its staff as well as introduce a sectoral approach in its activities. He also accepted the proposal of preparing the national survey on consultancy development, which should identify the needs and potentials, and design the directions for further actions.

The Ministry of Commerce and Industry is ready to support certain consultancy training programmes and instructive seminars for the managerial staff in industry.

9.4. Industrial and Commercial Development Corporation (ICDC)

This corporation, which is of significant importance in the process of economic development in Kenya, is at the same time a big consumer of consultancy services, especially in the area of feasibility studies. As the national consultancy base is undeveloped, foreign expertise is being utilized. ICDC has an internal unit of 12 experts for small-scale investment surveys.

Having in mind the nature of the activities of the Corporation, the development of internal consultancy capacities should contribute to the efficiency of investments and use of existing capacities, as well as to a better use of external consultancy services.

The Corporation is ready to be involved in the programmes and projects for the development of national consultancy capacities and internal industrial consultancy within the Corporation.

9.5. Kenya Posts and Telecommunications Corporation

Besides detailed consultations with R.O. Onyango about the programme of visits in Kenya, discussions were held about the needs of Posts and Telecommunications Authorities in Kenya. It was agreed that consultancy services are necessary for increase in efficiency and for further development of the Posts and Telecommunications System of the country as well as for the development of a national electronics industry. The development of internal consultancy within the Posts and Telecommunications Corporation will be an essential factor for the development of these important social and economic activities.

10. On the basis of the discussions during the visit of the UNIDO Consultant to Kenya, the following appears to be required:

Specific actions at the national level, the support of UNIDO in the detailed survey of the situation, changes and further activities in the development of consultancy. These are, among others, as follows:

- a) National survey on consultancy development in Kenya, including needs for consultancy services, evaluation of existing consultancy

potentials, actions for the development of an indigenous institutional base in the future, influence of foreign consultancy organizations on the market needs for methodological research and training, conditions for internal consultancy, international co-operation and TCDC etc.

The sponsors of this survey should be the Ministry of Commerce and Industry, the National Council for Science and Technology and the National Commercial and Industrial Corporation. The responsibility for the study should remain with ISPC.

The assistance of UNIDO could consist of the short-term engagement of two or three experts from other developing countries for the preparation of the methodology and the organization of the survey.

b) Workshop on Consultancy Development in Kenya

The purpose of this workshop would be the exchange of opinions on the nature of consultancy practices, its problems and its further development. Discussions should be held on the philosophy, concept and methods of consultancy, on the specific position of internal consultancy, etc.

The participants should come from national organizations orientated towards consultancy, industry, Ministry of Industry and Planning, national commercial and industrial corporations, banks, etc.

UNIDO could be the sponsor of the participation of four to five eminent representatives of consultancy organizations from other developing countries to learn from their experiences.

The workshop should have promotional character and provide valuable elements for the national survey.

c) Consultancy training programme

As result of the survey a specific training programme for the development of consultancy cadres should be carried out.

VI THE UNITED REPUBLIC OF TANZANIA

11. The visit took place in Arusha, 9 - 10 February, and Dar-es-Salaam, 12 - 14 February 1979.

The visits were mostly made with Mr. K. Forss, Junior Professional Officer, UNDP Office, Dar-es-Salaam.

At the beginning and at the end of the mission detailed discussions were held with Mr. Kabbah, Resident Representative of UNDP in Dar-es-Salaam.

Certain difficulties in the organization of the programme in Dar-es-Salaam were caused by the meeting of the "Group of 77", which took place in Arusha from 12 - 17 February 1979 and at which a number of officials and managers from industry and research institutions participated.

12. INSTITUTIONS AND ORGANIZATIONS VISITED

A R U S H A

1. East African Management Institute
Dr. J.J. Okumi, Director and Dr. A. Virag, UN adviser

2. Ministry of Transport
H.E. A. Jamal, Minister of Transport (H.E. A. Jamal participated in the meeting of the "Group of 77", where the consultant had the opportunity to talk to him).

D A R - E S - S A L A A M

1. Tanzania Industrial Studies and Consulting Organization, TISCO
Mr. S.A. Malai, Senior Consultant

2. Ministry of Industries
Mr. F.P. Mrina, Principal Secretary, and Mr. E.B. Toroka, Director of Investment and Implementation

3. National Development Corporation
Mr. H.H. Iddi, Director of Industrial Development, and
Mr. S.I. Hussain, Development Adviser

4. National Institute for Productivity
Mr. A.V. Milanzi, Managing Director

5. Institute of Finance Management
Mr. C.P. Mushailizi, Deputy Director

6. Tanzania Investment Bank
Mr. L.L.Tairo Urasha, Director of Finance

7. National Textile Corporation
Mr. A. Wamunza, Director of Operation

12.1.1. East African Management Institute - Arusha

While the East African Community has ended its activities, this Institute continued its work mainly in the areas of management training, special studies on transport questions and other similar public activities.

The permanent staff consists of 12 officials from Kenya, Tanzania and Uganda and 6 international experts engaged by UNDP. So far, the Institute has mainly been orientated towards service sectors, but now the programme is also orientated towards the industrial sector.

In this situation, solutions for problems concerning status, programme and organization are being sought, such as:

- The institute is to become the Common Management Institute of East and Middle Africa. The constitution has been accepted by 15 countries.
- The aspiration of the Institute is to cover research, consultancy and training with emphasis on the consultancy component (80 % of the present activities concern training and studies)
- Long-range co-operation with national management institutes.

From the above, we may conclude that the improvement of consultancy activities is a significant part of the further prosperity of the institute.

Due to the specific position of this institute, consultancy activities can concern the following:

- Consultancy services to similar organizations in the member countries for the development of their concepts, programmes and methods of consultancy activities.
- Development of internal consultancy
- Training of cadres for consultancy
- Conducting concrete consultancy projects in co-operation with national organizations of certain countries.

In order to realize the above mentioned orientation, the following assumptions are required:

- The countries which accepted the Constitution should accept EAMI as their common institution
- EAMI should make a long-range programme for operational co-operation with the institutions in the member countries
- A special programme has to be developed for the training of professionals in consultancy
- A programme in methodological research has to be prepared (manual, procedures, etc.)

EAMI's intention is to make a survey on needs for consultancy services in the region. This could be the base for a long-range programme and co-operation with particular countries of the region and their institutions. Co-operation with other developing countries and transfer of technology and experiences could be of great help and support to EAMI. On the basis of discussions held during the mission, the consultant proposes the following actions by which UNIDO - through the TCDC programme - could help EAMI in its development:

a) Regional survey on needs for consultancy services

This survey should be carried out by EAMI in co-operation with national institutions and competent organs in the participating countries. UNIDO could provide two to three short-term experts from developing countries in order to assist in the methodology and organization of the survey. UNIDO could also help through contacts with the countries to be included in the survey, to obtain their active contribution to this important analysis.

b) Development of methods of consultancy work and training of cadres for consultancy

In this phase of reorientation of EAMI towards consultancy activities, it would be of great help if two to three well-experienced experts could spend one month in the Institute in order to prepare an adequate training programme for the staff on concept and methodology of consultancy. These experts could also contribute to define research programmes on methodology and training programmes for consultancy.

12.1.2. Ministry of Transport

H.E. Mr. A. Jamal, Minister of Transport, expressed great interest in the action of consultancy development at the national level, in co-operation with other developing countries and supported by the international communities.

He pointed out that equal attention should be drawn both to the development of national consultancy organizations and to the development of internal consultancy within large industrial, transport and other corporations in developing countries.

He expressed interest for support of the development of internal consultancy services particularly within the transport and railway system.

12.2.1. Tanzania Industrial Studies and Consulting Organization (TISCO)

In 1976, TISCO was established by decision of the Parliament of Tanzania as a parastatal organization within the Ministry of Industry.

TISCO's parastatal status is due to the fact that its staff includes a group of foreign experts and its activities are partly financed by the Swedish International Development Agency (SIDA).

TISCO's organization is multidisciplinary and its main orientation is directed towards studies, consultancy in industrial development, improvement of technology and management.

Its staff comprises 25 consultants (Tanzanians) of whom 5 are consultant trainees.

Nineteen are engineers (civil, mechanical, chemical, food engineering) and the remainder is engaged in management and marketing.

The international staff consists of 5 Swedish and 5 Indian experts. TISCO is orientated towards concrete projects in industry (primarily feasibility and sectoral studies, to a smaller extent also improvement of existing industries) which represent a very important factor in the training of local consultants.

Its organizational frame is project orientated, but there is need for sectoral approach also.

A Working Group for the training of consultants and development of consultancy methodology has been established, consisting of local consultants and foreign experts.

TISCO is charging fees for its services, but these do not cover operational expenses.

From previous information we can conclude that TISCO represents an important factor in the consultancy development in Tanzania and has a programme for the development of professional and methodological consultancy basis.

By further support through the Ministry of Industries and the National Development Corporation, the conditions for an indigenous component in TISCO's activities should be strengthened and by that also its role in the industrialization process of Tanzania.

Except for the participation of a group of Indian consultants, co-operation with other developing countries is undeveloped. TISCO's representatives stated that TCDC in consultancy development represents an important factor for the development of national and collective self-reliance. They also pointed out the lack of information and communication among consultancy organizations of developing countries.

The UNIDO consultant exchanged opinions with representatives of TISCO on the situation of consultancy in Tanzania. Consultancy activities have not yet been identified as an important factor for the effective use of existing and the development of new resources. Industry is accepting consultancy activities only very slowly and internal consultancy is not developed.

There is no national policy and strategy on the development of consultancy. A number of small organizations and individual consultants cannot secure the quality and cannot contribute to the strengthening of a consultancy profession.

The influence of consultancy organizations from developed countries and from multinational companies, particularly by establishing branch offices in the countries, very often represents a constraint on the development of an indigenous consultancy basis. TISCO should expand its consultancy component by developing sectoral approach and by increasing its engagement in effective use of existing resources of technology development.

TISCO could play a very important role in the development of internal consultancy in industry.

The consultant was also informed that in September 1978 Mr. N. Mwaniki from the UN Economic Commission for Africa paid a visit to Tanzania in order to prepare proposals for the further development of indigenous consultancy capabilities in Africa. TISCO has not received the report of this expert.

12.2.2. Ministry of Industry

Mr. Mrina and Mr. Toroka expressed their satisfaction that UNIDO was ready to assist in the development of consultancy in developing countries.

They defined TCDC as an important instrument for the development of consultancy in developing countries.

Their opinion was that TISCO should play a key role in the consultancy development in Tanzania, but they also pointed out the existence of other organizations, such as the Bureau for Economic Research, the University of Dar-es-Salaam, the National Institute for Productivity, etc.

They further pointed out that they were forming a Tanzanian Industrial Research and Development Institute, which besides research activities also would develop consultancy services.

The representatives of the Ministry of Industry agreed with the UNIDO consultant on the need for preparing a national survey on the present stage and future orientation of consultancy in Tanzania.

12.2.3. National Development Corporation

The National Development Corporation plays a very important role in the process of industrialization and the establishment of new industries and shows great interest in the development of national consultancy potentials. There exists co-operation with TISCO, but according to their opinion this co-operation should be more fruitful in the future. They believe that TISCO should be sectorally orientated.

Within NDC there exist special units for the initiation of new projects and connections with foreign consultancy services. They believe that these units should function as internal consultancy and for that reason their staff has to receive additional training.

Their experience in engaging consultancy organisations from developing countries for specific projects is a very positive one and should be further developed.

They showed special interest in the development of internal consultancy and would appreciate if UNIDO could accept to sponsor a seminar on the functioning of internal consultancy and research and development units.

12.2.4. National Institute for Productivity

This Institute was founded in 1965 by UNDP /ILO. Three phases of the project have been completed, the fourth phase is presently going on.

Until 1971/72 90 % of the activities concerned training in productivity increase. During the last phase, a consultancy component was included in the Institute's activities.

Their staff comprises 23 professionals, but due to inadequate working conditions the Institute has to cope with difficulties caused by staff fluctuation.

Although NIP charges fees for its services, it requires about 30 % subsidy from the Government.

From the discussions can be concluded that so far very little research has been directed towards the development of technology and methodology for consultancy activities (manuals, procedures, etc.)

A certain co-operation is maintained with similar institutions in India and Nigeria. The strengthening of TCDC for consultancy development in developing countries and UNIDO's important and catalytical role therein is being considered with great interest.

NIP's consultancy activities have to be increased in correlation with management training. Assistance to industry and other activities for the development of internal management services are its concern. Co-operation with TISCO could provide the necessary multidisciplinary components, i. e. connection to technological consultancy. It would be useful if UNIDO could provide through TCDC an expert to assist the Institute in developing consultancy methodology and training programmes for internal consultants.

12.2.5. Institute of Finance Management

This Institute receives assistance through a UNDP/OTC project and is mainly orientated on training. So far 80 % of its activities has concerned training and 20 % research and consultancy. Bearing in mind the needs of the country this ratio should rather be 50 % - 50 %.

The staff of the Institute consists of 70 persons, of which 54 are professionals. There is no co-operation with TISCO, although they believe that such co-operation would be very useful. The institute operates on a self-financing basis, but receives a small subsidy from the Ministry of Finance and Planning.

There is no co-operation with similar institutions in developing countries, the main reason for this being lack of information. However, at courses organized by IFM, some participants came from other African countries.

For the further development of this Institute the consultancy component should be considerably increased, which would also be the basis for further improvement of the training programmes. International co-operation is necessary for the development of consultancy methodology for financial management.

12.2.6. Tanzania Investment Bank

This bank plays an important role in the establishment of industrial and other potentials in the country. A fund was established for assisting in the preparation of development projects. TIB officials pointed out the special problems caused by the lack of qualified manpower in Tanzania and the need for their rational use. The development of TISCO is highly supported. TIB has two departments, the Planning Department and the Follow-Up Division, which should operate as internal consultancy. Interest was shown for training of staff in consultancy methodology and practice.

12.2.7. National Textile Corporation

The representatives of this development corporation pointed out that the absence of cadres and experience in consultancy practices was the main constraint for the use of national organizations in project development. NTC plans to establish its own Institute for textile industry, from which high-quality services could be expected. In their projects, consultants from India and Pakistan are engaged.

13. On the basis of the results of the above mentioned visits and consultations, the UNIDO consultant proposes certain actions at national level, which should contribute to the development of consultancy services and consultancy potentials as part of the industrialization process.

a) National survey on the development of indigenous consultancy in Tanzania

This survey should include, among others, the analysis of existing potentials, professionals and methods of work, conditions for the development of internal consultancy, influence of foreign consultancy services, areas for international co-operation, particularly TCDC, etc. The responsibility for the study could be with TISCO under the sponsorship of the Ministry of Industry and the National Development Corporation.

It would be of great help if UNIDO could provide short-term assistance through two to three high-level experts from other developing countries to assist TISCO in the methodology and organization of the study.

b) Bearing in mind the interest of the various institutions in Tanzania, it is proposed that UNIDO be the sponsor of a seminar on the functioning of internal consultancy and research and development units in industry.

TISCO would execute the project with active participation of the National Development Corporation and the National Institute for Productivity.

VII ZAMBIA

14. The consultant visited Lusaka from 15 to 20 February 1979.

The programme of the visits has been prepared and implemented with very active participation of Mr. K.C. Sen, Senior Industrial Development Field Adviser in the UNDP Office in Lusaka. Mr. Sen also took actively part in formulating the consultant's proposals.

The consultant held detailed discussions with the Resident Representative of UNDP both at the beginning and at the end of his visit.

15. INSTITUTIONS AND ORGANIZATIONS VISITED

1. Ministry of Commerce, Industry and Foreign Trade
 - Mr. E. Nebwe, Permanent Secretary
2. Indeco Limited
 - Mr. A. Mbikusita-Lewanika, Director of Projects
3. Rucom Industries
 - Mr. R.L. Gvulani, General Manager
4. Development Bank of Zambia
 - Mr. O. Moritz, Senior Management Adviser
 - Mr. K.V. Kasapatu, Manager of Industrial Projects Department
 - Mr. O.H. Mutani, Assistant Planning Promotion Manager
5. National Council for Scientific Research
 - Dr. S. Silangwa, Director
6. The Management Development and Advisory Service Office of the Prime Minister
 - Mr. M. Gabbay, UN expert, Acting C.T.A.
 - Mr. B. Bartlett, UN expert
 - Mr. J. Mwanabale, Senior Consultant
7. Inter-African Consultants Ltd., Lavandah Holding Limited
 - Mr. S. Mutondo, General Manager of the Lavandah Holding Ltd.
8. National Commission for Development Planning
 - Mr. V. Kaigl, UNIDO expert

15.1. Ministry of Commerce, Industry and Foreign Trade

The UNIDO consultant had several discussions in the Ministry of Commerce, Industry and Foreign Trade at the beginning and at the end of his visit. He was informed of the basic trends of industrialization in Zambia, where the development of the small-scale industry and industry in rural regions plays an important role. A special role is given to the Industrial Development Corporation - INDECO, into which significant national and parastatal companies have been incorporated.

Today, Zambia is a considerable importer of know-how. Foreign consultancy organizations are engaged on specific complex projects and affiliations of multinational consultancy organizations have been established in Zambia. A few small local organizations or individual consultants are offering their services, but they do not play an important role in the economic development of the country. For this reason the Zambian Government initiated the establishment of a national consultancy agency as a significant tool in building up new industries and increasing efficiency of the existing ones. This national consultancy agency should play a significant role in the preparation and implementation of development and investment projects. But this initiative has not been further developed.

Taking into account the role of INDECO in the industrialization of the country, there is a growing need for strengthening its internal units for project preparation and management, as well as for more effective use of existing capabilities.

Mr. Nebwe particularly welcomed the UNIDO initiative to assist the developing countries in developing their national indigenous capabilities as well as in expanding the mutual consultancy co-operation of developing countries. He pointed out the fact that there was a particular need for training of national professionals capable for consultancy activities. Mr. Nebwe accepted the UNIDO consultant's proposals for actions to be undertaken for consultancy development in Zambia.

15.2. Industrial Development Corporation Limited - INDECO

This corporation consists of 35 operating companies, playing an important role in the process of industrialization and especially in the preparation of new projects. There is a Project Management Service employing 25 professionals, out of which 6 are foreign experts. A special Technical Service has also been formed offering its assistance to the increase of efficiency of existing industries, though presently it employs two experts only.

The representatives of INDECO pointed out that there were many problems when engaging external experts, particularly regarding the quality of their services and the socio-economic conditions in Zambia. There exists a real need for establishing a National Consultancy Organization, though it would perhaps be more useful if it acted within INDECO or Zambia Corporation Limited (ZIMCO).

On the basis of the discussions, it can be concluded that INDECO should play an important role in establishing the national consultancy capabilities in Zambia, but there also is a necessity to strengthen the existing technical services within corporations through appropriate training in methodology of consultancy activities.

15. 3. Rural Corporation - RUCOM

This Government agency plays an extremely important role in the socio-economic development of Zambia, for it stimulates the development of small-scale business in rural regions. At the very beginning it started with small-scale services but since then its activities have been significantly expanded in the field of small-scale industry and in the use of domestic raw materials.

There is a lack of adequate experts for the preparation of feasibility, financial and marketing analyses as well as of adequate project implementation systems in RUCOM's activities today.

Thus, there is a real interest for the development of national consultancy capabilities.

The present RUCOM situation concerning qualified staff does not allow the establishment of internal technical services. However, the tasks and activities of this Corporation impose the need for including it in the future plans.

15.4. The Development Bank of Zambia

This parastatal Development Bank, whose main shareholder is the Zambian Government, plays an important role in the process of industrialization and at the same time is a large user of consultancy services. Considering the financial capabilities of industry, the bank has established a special fund for technical assistance in carrying out feasibility and other studies relevant for new investments. It has been pointed out that there is a certain lack of quality, but too high prices are requested from the foreign consultancy organizations. For that reason the Bank has supported the Government initiative for establishing the National Consultancy Agency. This was also stated in the Bank's Annual Report for 1977 - 78.

In View of the Bank's functions, the following statement appeared in the above mentioned report: "While the Bank will fully co-operate to implement this plan*, it will at the same time strengthen its planning and promotional activities". So far this Planning and Promotion Department, which should play a special role in carrying out the feasibility and prefeasibility studies and at the same time serve as a link with external experts, has a very small qualified cadre.

It is obvious that the Bank could assist in the development of national consultancy capabilities, but at the same time it requires strengthening its own internal consultancy units.

* It means in establishing the National Consultancy Agency

15.5. National Council for Scientific Research

This Council represents not only the fundamental scientific and technological base in the country, but it is also the chief government adviser for determining the national scientific and technological policy. Employing about 70 to 100 people, some of which are foreign experts, the Council co-operates with the industry. The orientation towards agro-industries, building materials, use of domestic raw materials and water resources makes the Council an active factor for achieving the economic prosperity of the country.

The Council has adequate laboratories that practise not only science, research and development, but carry out technological consultancy practice also. However, it is necessary to link it with other organizations in the country for ensuring a multidisciplinary approach as well as specific staff training in consultancy methodology.

15.6. The Management Development and Advisory Service Office

This organization, originally orientated towards management consultancy, was founded in 1971 and has had continuous support through a UNDP/ILO project. It offers certain services to industry and other users, but there are many problems in its development. The basic one is the shortage of Zambian counterpart staff, who should provide for the implementation of the main aim of this project, i.e., development of a national management consultancy organization. At present there are 8 Zambian consultants employed in the organization, most of them recently engaged. There has not been a single local production management consultant up till now, although there exists a real need in this area. There are four foreign experts employed and two more will come.

These problems are limiting the possibilities of consultancy practice for training the local professional staff as well as for the formation of the methodological consultancy base.

It is believed that management consultancy has no tradition and that requirements for this kind of services have not yet been developed. There is no co-operation with similar organizations from developing countries nor are there experts from developing countries engaged in the UNDP/ILO project.

The organization could become the base for management consultancy in Zambia. The necessary prerequisite would be the expansion of local staff and their training through work on projects and additional instructions as well as the development of a methodological consultancy base. The current phase of the UNDP/ILO project could be used for these purposes.

15.7. Inter-African Consultants Ltd., Lavandah Holding Limited

The foundation of an organization, which would also offer its services to other African countries is still at a preparatory stage. It is based on the real needs for such kind of services and the lack of local potentials. Following this principle, a concept for this new organization, offering consultancy services in the field of agriculture and forestry, industrial planning, engineering, finance and management, has been prepared. Due to the shortage of indigenous cadres, discussions are under way concerning joint ventures with organizations from developed countries. The partners in question are well known foreign consultancy agencies (Messrs. Landell Mills Associates Limited, UK; Nord-Consult A.S. and Forindeco, Norway).

It was difficult for the UNIDO consultant to draw firm conclusions from these short talks on the role of this ambitious project in the development of consultancy capabilities. A handicap was that the UNIDO consultant could not meet Mr. C.N. Lihusha, Managing Director, who was the real author of the concept of this organization. Mr. Lihusha is the former Managing Director of the Development Bank of Zambia. There is no doubt that this initiative should be taken into consideration during the future discussions on consultancy development in Zambia.

15.8. National Commission for Development Planning

Mr. V. Kaigl, whom the consultant met, is a UNIDO expert. He pointed out the need for building a national consultancy base in order to support economic prosperity. It is his opinion that INDECO and ZIMCO should play the most important role in this task.

16. Based on his consultations in Zambia, the UNIDO consultations believes that it is necessary to undertake certain actions at the sub-regional and national level as necessary preparation for the detailed planning of the development of indigenous consultancy capabilities in Zambia.

The following actions are proposed:

a) Subregional seminar on consultancy practice

The seminar would be held in Lusaka at the end of 1979 or at the beginning of 1980 with participants from the following countries: Zambia, Malawi, Swaziland, Lesotho, Botswana, Mozambique and Namibia.

The seminar should be implemented within the concept of TCDC and would deal with principles and methodology of consultancy activities, the functioning of consultancy, internal consultancy, etc. It could contribute to the development programmes for indigenous consultancy capabilities in the above mentioned countries.

b) National survey on consultancy development in Zambia

The Government should initiate a national survey on the present state and the development perspectives of national consultancy capabilities, the impact of import of consultancy services and affiliations of foreign organizations, future institutional frameworks, needs for training and conditions and needs for development of internal consultancy. INDECO or ZIMCO could organize the work on such a survey.

UNIDO, through its TCDC Programme, could provide short-term expert services to assist in the methodology and organization of the survey.

c) Study Tour of Selected Zambian Officials to Other Developing Countries

This study tour should be undertaken by certain officials from Government, ZIMCO, INDECO, RUCOM and other institutions to acquaint themselves with the experience of other developing countries in the field of consultancy. UNIDO could sponsor this study tour.

d) Fellowships for selected Zambian Specialists

Under the TCDC programme, selected Zambian specialists should be awarded fellowships in other developing countries to study the practices both in consultancy organizations and in internal consultancy.

VIII N I G E R I A

17. The consultant visited Lagos on 22 and 23 February 1979. Due to the cancellation of the scheduled flight from Lusaka on 19 February and the delay of the flight from Lusaka to Nairobi on 20 February, the consultant reached Lagos only on 21 February.

The programme of the visits was worked out with Mr. V. Mikkelsen, Junior Professional Officer in the UNDP Office in Lagos.

During his stay in Lagos the consultant held several discussions with Mr. V. Lavides, Senior Industrial Development Field Adviser in the UNDP Office.

18. Institutions and Organizations visited:

1. Federal Ministry of Industry
 - Mr. A.O. Oluwunmi, Director for Industrial Policy and Planning
 - Dr. E.N. Eke, Undersecretary in the National Office of Industrial Property
2. Federal Institute of Industrial Research
 - Dr. O.A. Koleoso, Acting Director
3. Centre for Management Development
 - Dr. S. Paul, Chief Technical Adviser of UNDP/ILO Project and Director of the Public Relation Division

18.1. Federal Ministry of Industry

The present situation of the development of industrial consultancy services in Nigeria has been considered in detail. It was assessed that the existing consultancy base is mainly limited to small private organizations and individuals and to affiliations of the multinational consultancy organizations. However, dynamic growth and the growing needs of industry create the necessity for higher quality of services as well as a more active participation of indigenous intellectual services in the further process of industrialization. For this reason, the Federal Ministry of Industry together with UNIDO and UNDP have initiated two significant projects:

- a) Establishment of a National Office for Technology Transfer and a National Industrial Consultancy Agency - NIR/78/006

The establishment of a National Office for Technology Transfer should contribute to the strengthening of the negotiating position and to the use of national capabilities of the country when importing foreign technology and know-how in general.

The National Industrial Consultancy Agency should contribute to the development of industrial consultancy both in the case of new investments and development programmes and the appropriate use of available resources.

From the above, one may draw the conclusion that both projects are directed towards strengthening the consultancy potentials of the country and that there should exist a close link between the projects with regard to their objectives, programmes and contents.

- b) Establishment of an Industrial Development Centre in Oshogbo - NIR/73/014

This Centre, which the UNIDO consultant had no time to visit, will cover six federal states of Nigeria with the aim of assisting in the development of small-scale industry through improvement in efficiency of the existing industry, stimulation of building up of new capacities, improvement in manpower structure, etc.

It is understood that the activity of this Centre should represent a significant factor in the consultancy activities of the country.

Besides these two institutions, the Federal Institute of Industrial Research, the Centre for Management Development and some other institutions offer services in consultancy or represent a potential for consultancy activities.

Nigeria intends to develop certain industrial complexes (petroleum, coal, steel, machine tools, etc.) through the linkage of existing capacities and building of new ones. This implies a need for internal consultancy development.

In addition to this development of an industrial consultancy base, the Nigerian Government also considers the regulation of technology imports.

Thus certain conclusions can be drawn:

- There is a certain determination of governments to apply a planning approach when building and upgrading national consultancy capabilities.
- Certain UNDP/UNIDO projects contribute through their programmes to the building up of consultancy capabilities.

- There exists a certain intellectual potential offering consultancy services in Nigeria, but there is need for a conceptual, methodological and cadre improvement.
- Through enlargement of industry the conditions and real needs for industrial consultancy are created.

18.2. Federal Institute of Industrial Research

This Institute, which has existed over 24 years, has gained positive reputation in Nigeria and is also well known outside the country. It is closely linked to the Federal Ministry of Industry and the National Science and Technology Development Agency. Out of its 300 employees, 80 are specialized in research. The Institute is fully supported by the Government, although its main field of activity is applied research, and is closely connected with Industry (problem-solving).

The research programme mainly covers food science and technology, material research and applied biology, but there is a tendency for enlargement towards mechanical and electrical engineering, electronics and other industrial sectors. The Institute is even more orientated towards the field of applied research through separate engineering design and industrial analysis units, where the multidisciplinary component plays a specially important role.

The Institute also offers certain consultancy services, but this activity is neither conceptually nor methodologically elaborated. Engineering design and consultancy, based on applied research, could make the Institute an even more important factor in the future process of industrialization. FIIRO could play a significant role in building and development of internal research and development and consultancy units in industry.

Another field of interest of the Institute is the further enlargement of the technology consultancy component of its activities. For the implementation of this additional staff training is necessary, and also to engage cadres with a management background and to build the methodological base for consultancy activities. The gradual transfer to self-financing could have a positive impact on these developments.

18.3. Centre for Management Development

The Centre for Management Development is an executive branch of the Nigerian Council for Management Development as a Federal Government Agency. Its staff consists of 70 professionals and 8 UNDP/UN experts.

The basic activities of the Centre are defined as:

- Management consultancy services in industry and other fields;
- Research in the field of management;
- Training in the field of management;
- Training for consultancy activities.

From the above one may conclude that the MDC provides both management consultancy and training of professionals for consultancy practice. Programmes for training of internal consultants in industry and other fields could be elaborated.

For the time being, the Centre is supported by the Government. A gradual transfer to self-financing could certainly stimulate the development of the consultancy component.

The Centre represents a solid base for the further development of management consultancy.

19. Summarizing this short visit to Nigeria and the discussions with the representatives of the Federal Ministry of Industry, the Federal Institute of Industrial Research and the Centre for Management Development, the UNIDO consultant believes that it would be useful to undertake certain actions at the national level as follows:

a) National survey on consultancy development

This survey should include the market potentials for consultancy services, the existing institutional base and its future development, the conditions and needs for development of internal consultancy, the impact of consultancy services export and of affiliations of multinational consultancy companies on the development of indigenous consultancy capabilities, the necessity for training consultancy cadres, etc.

This survey could also represent an efficient base for the rational, conceptual and programme channeling of the National Industrial Consultancy Agency into a co-ordinating body for the development of an indigenous national consultancy base as well as for the planned UNDP projects.

UNIDO could assist in preparing the methodology for this survey by providing two to three short-term experts. The Federal Ministry of Industry should act as co-ordinator in the implementation of the survey.

b) Workshop on Consultancy Development in Nigeria

The workshop which would deal mainly with the planning, methodology of consultancy activities and training of consultancy cadres, would not only be of interest to Nigeria, but also to other developing countries. It should be carried out within the programme of TCDC.

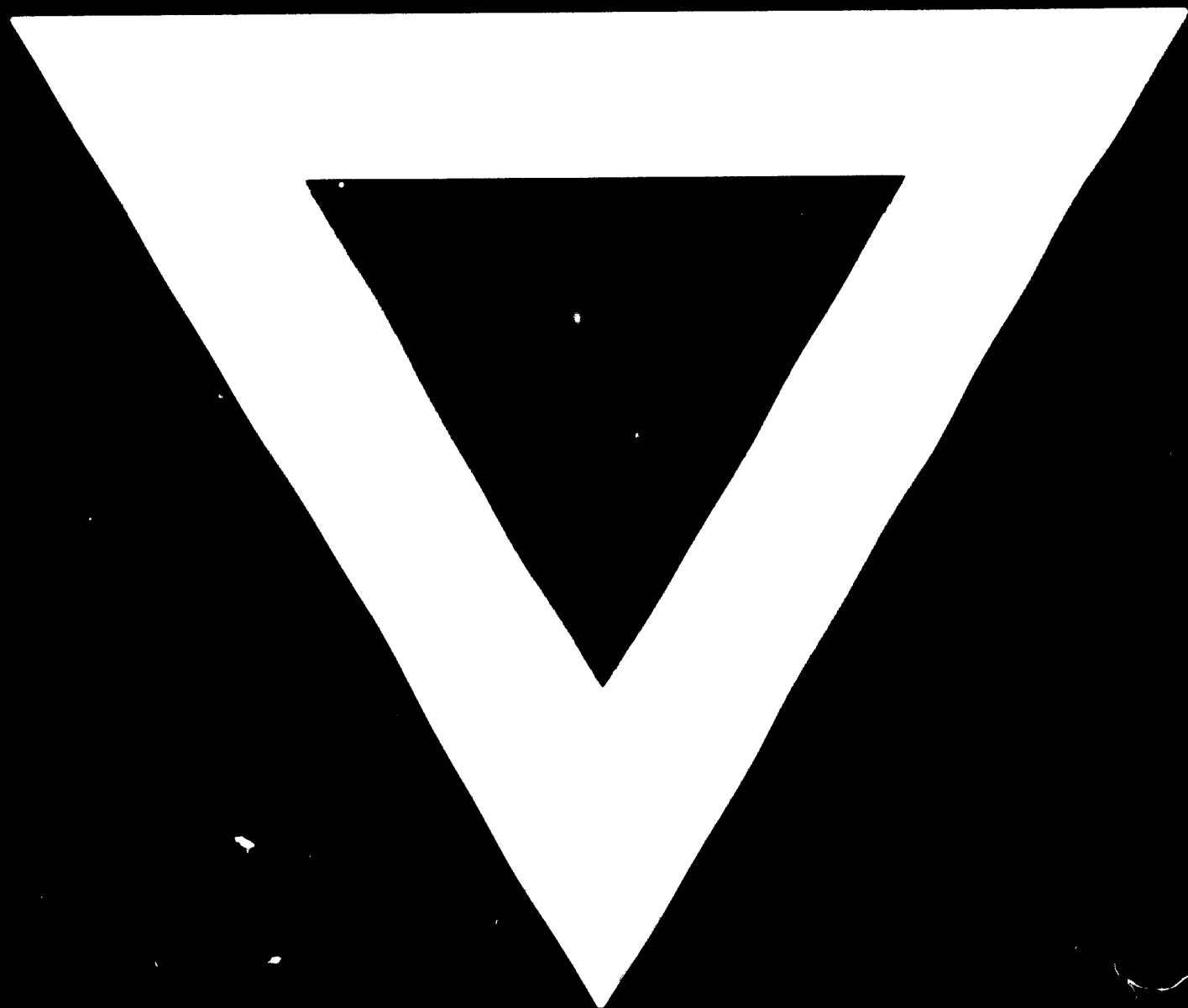
IX SOME RECOMMENDATIONS FOR FURTHER UNIDO ACTIVITIES IN
INDUSTRIAL CONSULTANCY DEVELOPMENT

20. Taking into account the recommendations of the Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries, held in Ljubljana in June 1978, as well as the awareness and the experience gained during the mission to Kenya, Tanzania, Zambia and Nigeria, the UNIDO consultant proposes certain UNIDO activities for assisting the developing countries in this field:

1. Development of national consultancy capabilities in developing countries and expansion of co-operation between the consultancy organizations of developing countries should gain a high priority in UNIDO's programmes.
2. Establishment of a permanent steering committee for industrial consultancy, consisting of top-level experts of developing countries, which could be useful for planning UNIDO's activities, as well as for stimulating co-operation between developing countries in this field. This was also one of the recommendations of the Expert Group Meeting in Ljubljana.
3. Organization of missions similar to the one reported by the UNIDO consultant. This would contribute, among other things, to the stimulation of government activities for the development of indigenous consultancy in developing countries.
4. Programming of a broader exchange of knowledge and know-how between developing countries relevant for the development of an institutional base, improvement of methodology of consultancy activities and training of consultancy cadres, as well as other matters relevant for the development of consultancy in developing countries.

5. Bearing in mind the low level of internal consultancy in developing countries and the growing need for this type of services, UNIDO could initiate a workshop on internal industrial consultancy in developing countries and the role of TCDC in this area.

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