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Distr.  
LIMITED

ID/WO.298/4\*  
7 May 1979

ENGLISH

**United Nations Industrial Development Organization**

Expert Group Meeting on  
The Role of the Public Sector in the  
Industrialization of the Developing Countries  
Vienna, Austria, 14 - 18 May 1979

UNIDO's activities related to the public sector  
during 1978 and early 1979 \*\*

Note by

the Secretariat of UNIDO

\* (Re-issued) for technical reasons

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id.79-3563

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Appendix A - F

I Resolutions adopted by the United Nations

1. At its 107th Plenary Meeting on 19 December 1977, the General Assembly adopted resolution 32/179<sup>1/</sup> on the role of the public sector in promoting the economic development of developing countries. In this resolution the General Assembly recalled the relevant provisions of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, which inter alia recognized the importance of ensuring an adequate role for the public sector in the expansion of the industrial development of developing countries. In the same resolution the General Assembly further requested the Secretary-General to continue studying the role of the public sector in promoting the economic development of developing countries and to take into account inter alia the role of the public sector in implementing the long-term strategy of industrialization.

2. At its twelfth session in May 1978, the Industrial Development Board, recalling the aforementioned General Assembly resolution, adopted resolution 48[XII]<sup>2/</sup> on the role of the public sector in promoting the industrialization of the developing countries. This resolution requested the Executive Director inter alia: to participate fully in the study provided for in General Assembly resolution 32/179; to devote due attention to the role of the public sector in industrial development when preparing documentation for the Third General Conference of UNIDO; to study the role UNIDO can play in enhancing international industrial co-operation with public industrial enterprises; to pay due attention to projects involving public enterprises when carrying out industrial investment co-operation or other programmes; and to attach due attention to the technical assistance offered to the public sector whenever such decisions rest with UNIDO. In the same resolution the Industrial Development Board further decided that at the Thirteenth session of the Industrial Development Board the question of the role of the public sector in industrial development be discussed under a separate item of the agenda and requested the Executive Director to prepare for that session documentation inter alia on the contribution of UNIDO in implementing the Lima Declaration and Plan of Action with

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<sup>1/</sup> see Appendix A

<sup>2/</sup> see Appendix B

regard to the role of the public sector in the industrial development of developing countries. Consequently, a report of the "Activities of UNIDO related to the public sector" was submitted to the Thirteenth Session of the Industrial Development Board.<sup>3/</sup>

3. In resolution 1978/60<sup>4/</sup> on the role of the public sector in promoting the economic development of developing countries, the Economic and Social Council inter alia noted with appreciation the above mentioned initiative taken by the Industrial Development Board. The Economic and Social Council requested the Secretary-General to proceed with the further implementation of G.A.Res. 32/179 and invited the Regional Commissions and other organizations concerned within the United Nations system to assist the Secretary-General regularly in his continuing study of the role of the public sector in promoting the economic and social development of developing countries, and further invited the Secretary-General to submit a comprehensive progress report on the subject to the council at its second regular session, 1979.

4. The Expert Group Meeting on the role of the public sector in the industrialization of the developing countries has been convened in the light of the aforementioned resolutions of the General Assembly, the Industrial Development Board, and the Economic and Social Council. The objectives of the meeting are to examine the role of the public sector in promoting the industrialization of the developing countries and to review and provide guidelines for UNIDO's research and operational programmes on the subject. The purpose of the present document is briefly to outline the various research and operational activities of UNIDO which are related to the public sector. The review refers to 1978 and the early part of 1979.

## II Industrial Studies<sup>5/</sup>

5. A separate chapter is devoted exclusively to the subject of the public sector and industrial development in the special issue of the Industrial

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<sup>3/</sup> ID/B/221, 15 Feb. 1979

<sup>4/</sup> see Appendix C

<sup>5/</sup> Sectoral Studies are discussed in chapter VII

Development Survey<sup>6/</sup> which has been prepared by UNIDO for its Third General Conference. This chapter which inter alia is based upon various country surveys of industrial development policies and programmes made by the International Centre for Industrial Studies [ICIS], has also been submitted as a document for the present Expert Group Meeting.<sup>7/</sup> That paper is divided into six sections. The introductory section defines the public industrial sector as comprising those enterprises predominantly owned and controlled by the state and producing manufactured goods, as distinct from the whole range of public sector industrial policies and measures.<sup>8/</sup> The second and third sections discuss the roles of the State as a manager and partner in industrial productive activities in general and the rationale and the emergence of a public industrial sector in developing countries in particular. The third section examines three selected issues within the context of the current world situation and related to the increasing role of the public industrial sector in developing countries, namely, control of development of natural resources, acquisition and adaptation of technology and rural development. In the fourth section information and estimates are given aimed at providing an overview of the contribution of the public industrial sector to industrial development in developing countries. The fifth and sixth sections examine the pre-requisites for making the public industrial sector an effective instrument of economic development in developing countries.

6. As called for in the previously mentioned resolutions adopted by the General Assembly [32/179] and the Industrial Development Board [48[XII]], UNIDO has contributed to the Secretary-General's study on the role of the public sector in promoting the economic development of developing countries in the form of a short paper on the role of the public sector in industrial development.

7. As requested in General Assembly resolution 3362[S-VII], UNIDO is preparing, in consultation with other agencies of the United Nations system, a joint study on international industrial co-operation. This study encompasses a broad range of issues in four major areas of international co-operation for industrial-

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<sup>6/</sup> The Industrial Development Survey is scheduled to be released in mid-1979.

<sup>7/</sup> ID/WG 298/2

<sup>8/</sup> This definition is applied throughout the present document

zation, namely. finance, direct foreign investment, technology, and trade. The study is scheduled for completion in July 1979 and conclusions and proposals emanating from this study are expected to be presented to the Third General Conference of UNIDO before submission to the General Assembly. Closely related to this study is the study on industrial redeployment from developed to developing countries and on structural adjustment in developed countries [ID/B/222]. All these studies on international industrial co-operation have important implications for public industrial enterprises in developing countries and their role in a wider international context.

8. In the area of feasibility studies, UNIDO published in 1978 a "Manual for the Preparation of Industrial Feasibility Studies".<sup>9/</sup> UNIDO also published, as the third publication in the series on project formulation and evaluation, a "Guide to Practical Project Appraisal, Social Benefit - Cost Analysis in Developing Countries"<sup>10/</sup>. Both of these publications are highly relevant to the problems of public industrial enterprises, which require special attention in regard to their multidimensional responsibilities in achieving national goals.

### III Operational Activities 1: The Country Perspective

9. In 1978 UNIDO's operational programmes amounted to \$54.9 mill as compared with \$43.9 mill in 1977. The operational programmes are classified by source of funds; by project component; by geographical regions; by countries; by field of activity; and by main industrial sectors. No distinction is made in the classification between the public and the private sector. Nevertheless there are certain UNIDO programmes that are more applicable to the public sector than the private sector while there are others that are in principle applicable to both types of industrial enterprises, public as well as private, irrespective of the pattern of ownership. A third category of programmes is more relevant to the private industrial sector. Since the programmes are based on requests by governments, it may be expected that they take into account government

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<sup>9/</sup> ID/206

<sup>10/</sup> ID/SER.H/3

policies relating to the public industrial enterprises. In the following analysis, a tentative picture is attempted to be drawn up in regard to UNIDO's operational programmes related to the public sector. The programmes are viewed from three different angles, which are not mutually exclusive, namely from a geographical perspective [Chapter III]; from a sectoral perspective [Chapter IV] and from a horizontal perspective in regard to different fields of activity [Chapter V].

10. It is important to analyse UNIDO's operational programmes from a geographical perspective, since some developing countries are more public sector oriented than others. The Industrial Development Survey has analysed the relative contribution of the public and private sector to manufacturing output, investment and employment in a few selected developing countries. While insufficient data prevented a full-fledged analysis, the examination clearly showed the importance of the public sector in industrial development of both the least and the more developed of the developing countries. Certain countries clearly came to the fore as being predominantly public sector oriented.

11. The conclusions of the Industrial Development Survey in this regard are summarized in Appendix E. In terms of industrial output the analysis covered 11 developing countries and in 4 of these, namely, Somalia, Egypt, India and the United Republic of Tanzania, the contribution of the public sector exceeded 50 per cent. Only in one country did the contribution fall below 23 per cent. In terms of industrial investment the analysis covered 20 developing countries. The contribution of the public sector to industrial investment was as high as 97.9 per cent in Iraq and in 10 countries, namely, Iraq, Egypt, Somalia, Yemen, Pakistan, India, Mexico, Sri Lanka, Turkey and Tunisia, the contribution exceeded 50 per cent. These data are merely illustrative, but nevertheless important, since in these and other developing countries where public sector involvement is predominant, UNIDO's technical assistance programmes contribute substantially to the establishment or improvement of public industrial enterprises.



#### IV Operational Activities 2: The Industry Branch Perspective

12. It is equally important to examine UNIDO's operational programmes from the point of view of different branches of industry since some branches are more relevant to public sector participation than others. The Industrial Development Survey concluded from an analysis of 29 developing countries that a pattern of state participation exist in different branches of industry. The analysis covered 34 different branches of industry and identified the specific sectors and countries where significant public sector participation exist. This analysis, which is summarized in Appendix F, concluded that significant public sector participation existed in basic industrial goods especially in the field of petrochemicals [in 19 out of 29 developing countries]; petroleum refineries [18 countries]; non-metallic mineral products [18 countries]; iron and steel [16 countries]; and cement [13 countries]. Public sector participation is also found in certain basic consumer goods industries such as food, beverages and tobacco [13 countries] and textiles, wearing apparel, leather [10 countries], especially in countries which follow a centrally planned approach to development or in countries where there is a lack of capital and entrepreneurship in the private sector. There is also a modest tendency towards public sector participation in certain capital goods industries [machinery and transport equipment] in a few developing countries, in particular the more developed of the developing countries, where such industries are already established.

13. It is reasonable to assume that UNIDO's operational activities related to the public sector follow similar trends among various branches of industries, though substantial variations may exist in individual branches and specific countries. UNIDO's operational activities consist of altogether 10 programme components, four of which focus on the industrial sectors recommended for priority development in the Lima Declaration and Plan of Action. Three of these, namely the metallurgical, chemical and agro-industries are those where significant public sector participation exist.<sup>11/</sup> It is therefore most likely that these UNIDO activities primarily assist public sector development. A brief review of each of these programme components is given in the following.<sup>12/</sup>

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<sup>11/</sup> The fourth sector refers to engineering industries. This sector is primarily private sector oriented though a modest degree of public sector participation exist in the field of agricultural machinery and equipment tractors and other machinery [except electrical]

<sup>12/</sup> This review is based upon the Annual Report of the Executive Director, 1978, UNIDO, ID/B/220, 9 Feb. 1979 [pages 57, 63 and 62]

14. UNIDO's technical assistance programmes in the field of metallurgical industries, amounted to \$8.6 mill in 1978. Assistance was rendered in the field of light non-ferrous metals; heavy non-ferrous metals; iron and steel; foundries; metal transformation and technology transfer. These activities were mainly concerned with; identifying opportunities to establish or expand metallurgical plants; providing expertise in the selection and application of equipment and processes; carrying out investigations aimed at industrial use of domestic raw materials; arranging for training in plant and laboratory operations; advising on the planning of metallurgical sectors; strengthening metallurgical technology centres; and strengthening co-operation among developing and between developed and developing countries in those fields.

15. In the field of chemical industries technical assistance delivery amounted to \$8.3 mill in 1978. Assistance was provided in a broad spectrum of industrial branches such as ceramics and allied products, basic chemicals, pharmaceuticals, fertilizers and pesticides, petrochemicals, pulp and paper and buildings materials. The assistance provided under this programme was applied not only at different levels of production but covered such questions as production technology, manpower and investment requirements, and the elaboration of integrated programme of action, ranging from policy planning to factory establishment and operations.

16. In regard to agro-industries UNIDO's technical assistance delivery amounted to \$7.4 mill in 1978. The activities covered a broad spectrum of public and private industries including wood processing and wood products; textiles and wearing apparel; food processing, leather and leather products; rubber products and packaging. Public sector participation exist particularly in the food processing, textiles, wearing apparel and leather industries. Efforts in these fields were concentrated on the rendering of multi-disciplinary advice and assistance aimed at promoting accelerated agro-industrial development at both the national and regional levels.

V Operational Activities 3: The Horizontal Perspective

17. Viewed from the third perspective, the horizontal view, certain UNIDO programmes in various fields of activity cut across all sectors of industry and are relevant to both the public and the private sector. UNIDO's activities in this area encompass all out of its ten programme components namely: factory establishment and management; training; feasibility studies; the investment co-operative programme<sup>13/</sup>; institutional infrastructure; and industrial planning. In 1978 the total programme delivery of these activities amounted to \$22.4 million. The importance of the public sector in these activities cannot reliably be assessed on the basis of existing material. Some of the activities like factory establishment and management; training, feasibility studies and the investment co-operative programme may be related to public industries in a more direct and visible way while other programmes such as institutional infrastructure and industrial planning may only be more indirectly related. Common to all of them is that their orientation closely follows the patterns of country orientation and branch orientation described in the two previous chapters. Their significance can best be illustrated by highlighting selected activities, which are merely illustrative of the type of programmes which exist in various fields of the public industrial sector.<sup>14/</sup>

18. Sudan: Improvement of the efficiency of the public sector industries [DP/SUD/74/041]. This project is concerned with the major public sector industries of the Sudan, particularly with the improvement of their organizational and operational abilities. Up to the present, assistance has been provided to the Blue Nile Packing Corporation, the Oil Corporation and the Food Corporation, special attention being given to the more effective utilization of cost accounting and marketing procedures, and to the acquisition of spare parts for maintenance systems. This large-scale project, initiated in 1976, will continue through 1979. Its present total value is of the order of \$755,000 (of which \$171,000 represent cost-sharing).

<sup>13/</sup> The Investment Co-operative Programme is discussed separately in Chapter VI

<sup>14/</sup> This analysis is based upon the Annual Report of the Executive Director 1978, UNIDO, ID/B/220, 9 Feb. 1979, and document ID/B/221, 15 Feb. 1979 "Activities of UNIDO related to the public sector".

19. Egypt: Industrial capacity utilization [DP/EY/77/005].

This project is designed to assist in optimizing the efforts of the Egyptian Government towards industrial development through improving the utilization of existing industrial capacity. The project was preceded by a detailed study of certain public sector enterprises in Egypt carried out by UNIDO's International Centre for Industrial Studies. Specialized consultancy services will be provided to the General Organization for Industries on an ad hoc basis and upon short notice. This large-scale project, worth \$1.3 million, is still in the pipeline, but approval is expected during the early part of 1979. It is scheduled to run over a four-year period.

20. Uganda: Development of accountancy systems of staff [DP/UGA/74/007].

This project was established to support the Government's objective of achieving managerial and technical self-reliance and it has been implemented in co-operation with the Uganda Development Corporation and the Management Training and Advisory Centre. Many nationals have been trained in industrial management consultancy, both inside and outside Uganda. A uniform accounting system has been introduced for use by industrial enterprises. The project began in December 1974 and carries an overall value of \$587,000.

21. Indonesia: Operational consultancy to small- and medium-scale public sector industries [DP/INS/78/004]. Assistance under this project, which is about to start, will feature an in-depth review of the operating performance of selected enterprises and a critical analysis of their operating problems. It includes a preparatory assistance input of \$25,000 and is expected to lead to a large-scale project worth about \$1 million. The project will be of assistance in the formulation of a project document for the large-scale project.

22. Benin: Assistance to the Bureau central des projets (DP/BEN/77/004).

The Bureau central des projets, a Government institution responsible for project identification and evaluation, also provides assistance to existing national industry. UNIDO is providing assistance to the institution in

various fields of activity including training and the up-grading of the skills of local personnel. This is accomplished mainly by providing a permanent framework for the exchange of experience and on-the-job training. The project was started in 1977 and is expected to continue through 1981. Its overall value is in the region of \$1.2 million.

23. Cairo: Assistance to Department of Portfolio (DP/CAI/75/011)

The Department of Portfolio is responsible for the supervision and control of approximately 100 enterprises representing all sectors of the economy. UNIDO assistance to the Department covers: the setting up of systems to be followed by the enterprises for more efficient economic and financial operation; the design of organizational flow-charts; and the elaboration of better accountancy methods and systems of monetary control. The eventual creation of new production units is also foreseen. UNIDO currently has two experts in the field, and a third is under recruitment. The project started in 1975 and is expected to continue until 1981. It has a total value at present of \$985,000.

24. Turkey: Installation of a national quality control system

[DP/TUR/77/036]. The purpose of this project is to provide advisory services to industrial enterprises aiming at the introduction and management of effective quality control systems. More than 50 per cent of the factories in Turkey belong to the public sector. This project is of four years' duration with an estimated UNDP input of \$690,000. The project manager has begun his assignment.

25. Yugoslavia: The International Center for Public Enterprises in the Developing Countries (ICPE). Since 1976 UNIDO has been partly financing in-plant group training seminars organized together with the ICPE at Ljubljana. In 1976, 1977 and 1978, altogether four seminars on the methodology of training in public enterprises were conducted, in English and French, for some 80 participants from all regions. The success of the seminars led to ICPE, late in 1978, submitting to UNIDO a five-year plan for the expansion of the programme, at an estimated cost of \$1 million. An objective of the expanded programme is to gradually begin holding the seminars in other participating developing countries.

26. Bangladesh: Strengthening of public enterprise management.

This project rendered assistance in the overall development of the jute industry where some 10 publicly owned jute plants account for most of the country's foreign exchange. The project covers production planning, quality control and cost and financial accounts.

27. At Dakar, Senegal, a Meeting on the Management of Public Industrial Enterprises was held in 1978, attended by representatives from 19 African countries. The meeting identified areas in the field of management where international assistance and co-operation could be most usefully applied. As a direct follow-up of the meeting an agreement was reached with the "Centre africain de formation et de recherche administrative pour le développement" concerning the possible joint implementation of projects in Africa.

28. In 1978, UNIDO's programmes continued to place emphasis on assistance to the least developed countries, land-locked and island developing countries. In this regard a project on the formulation of a financial administration programme for a state-owned enterprise in Guinea was approved for implementation.

29. Investment Co-operative Programme <sup>15/</sup>

The Investment Co-operative Programme of UNIDO (ICPO) is responsible for carrying out pre-investment studies in the developing countries and has been assigned the specific task of helping the developing countries to obtain foreign co-operation in the form of financing and technical and managerial know-how in order to supplement and strengthen the countries' domestic investment efforts. In this context ICPO acts as an intermediary bringing together promoters of industrial projects in the developing countries, in both the public and private sector, and suppliers of investment resources from countries with free market economies and countries with centrally planned economies. In the identification and preparation of investment projects, both public and private enterprises interested in investing in developing countries are registered in a company roster that covers selected industrialized countries.

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15/ This Section is based upon the Annual Report of the Executive Director 1978, UNIDO ID/B/220, 19 Feb. 1979, [par. 12-78]

Public as well as private industries have participated in various Investment Promotion Meetings arranged by ICPC. Further, in the implementation of the findings of the studies on relocation of industrial capacity from developed countries, conducted by ICIS, meetings were held with industrialists from public and private enterprises in Austria, Belgium, Sweden, and Switzerland. For example the survey of Belgium yielded the names of over 200 public and private enterprises interested in some form of transfer of resources to developing countries.

#### VII System of Consultations and Sectoral Studies

30. The system of consultations provides a forum in which the interdependence of interests to promote industrial development throughout the world is emphasized and co-operative efforts made to discuss and reconcile the divergent views of producers and consumers of both developed and developing countries.

31. UNIDO has undertaken the preparation of consultation meetings in nine industrial sectors. In four of these, namely the petrochemical, the iron and steel, the food processing and the fertilizer there is a general and significant public sector participation. For example the previously mentioned analysis in the Industrial Development Survey concluded that in 29 developing countries, for which data was available, significant public sector participation was observed in 19 countries in regard to petrochemicals, in 16 countries in regard to iron and steel, in 13 countries in regard to food processing and in 12 countries in regard to the fertilizer industry. Consultations are also being undertaken in two other sectors where there is a modest public sector involvement, namely the capital goods industries and agricultural machinery industries.

32. The sectoral consultations are preceded and supported by various sectoral studies carried out by the International Centre for Industrial Studies (ICIS). The purpose of these studies is to provide information on the economic, technical and commercial aspects of the various industrial sectors to assist policy makers in developing countries in the formulation of viable

development policies for setting up or developing their various industrial sectors. The studies are oriented towards the basic requirements of the consultation meetings and their follow-up. They are updated at regular intervals to reflect the findings of the consultation meetings and to incorporate major techno-economic developments within the various sectors.

#### VIII Special Programmes

33. The special programme of UNIDO related to the Development and Transfer of Technology is highly relevant to the needs and problems of the public industrial sector. As an example of its activities in this field, UNIDO organized in 1978, through its technology group, a number of seminars and workshops on such aspects as technology transfer and acquisition, managing the transfer and development of technology in public enterprises in developing countries as well as the management implications of technology transfer. A programme that deserves particular attention recently initiated by UNIDO relates to the provision of technological advisory services for public sector enterprises for the evaluation and negotiation of foreign technology and investment.

34. Another special programme of relevance to the public industrial sector is the activities concerned with Economic Co-operation among Developing Countries. Illustrative of these activities is a programme which enabled Kenyan officials to visit Indian public and private industrial establishments and research institutes engaged in developing indigenous technology and adapting imported technology. Under this programme UNIDO, in co-operation with the International Center for Public Enterprises in Developing Countries [ICPE], also organized an Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries.

#### IX Co-operation with Governments and Intergovernmental Organizations

35. In the planning and implementation of its activities related to the public sector UNIDO co-operates with governments and intergovernmental organizations as well as the Regional Commissions of the United Nations. UNIDO's operational activities are designed and implemented according to



to the needs and priorities established by the requesting governments. In the light of the close link between governments and the public industrial sector, the established procedural mechanism for technical assistance may a priori tend to favour public sector oriented programmes, while assistance to the private industrial sector is more cumbersome and subject to request by and channelling through the government.

36. Recognizing the central role of UNIDO in co-ordinating all activities of the United Nations system in the field of industrial development in developing countries, and considering that the International Center for Public Enterprises in Developing Countries [ICPE] has been established in March 1976 in Ljubljana, Yugoslavia, as an intergovernmental organization of developing countries for the development of research, training, consultancy, exchange and dissemination of information and documentation with regard to public enterprises in developing countries, a "Memorandum of Understanding" concerning co-operation between the UNIDO and ICPE was agreed upon in early 1979. With a view to facilitating the effective attainment of the objectives set forth by their legislative bodies, UNIDO and ICPE have agreed to act in close co-operation with each other and to consult each other as appropriate in regard to matters of common interest.

37. The memorandum specifies that UNIDO and ICPE shall co-operate and, as may be appropriate, co-ordinate in: - the joint implementation of seminars, workshops and other technical assistance projects; - promotional activities; - the promotion of co-operation and links between public enterprises in developing countries; - research activities; - activities in the fields of consultancy, information and documentation; - and any other activity or project of common interest to the two organizations and the developing countries.

38. Already since the establishment of ICPE in March 1976, the two organizations have joined their efforts and have fruitfully co-operated in a considerable number of activities, and in particular in the organization of several Seminars on Management and Training in Public Enterprises, of an Intergovernmental Workshop on Management and Transfer of Technology and of an Expert Group Meeting on the Role of Industrial Consultancy in Developing Countries. ICPE has also co-operated closely with UNIDO in the

holding of the present Expert Group Meeting and made a valuable substantive contribution to the meeting. The co-operation between UNIDO and ICPE may be further intensified and expanded in the spirit of the "Memorandum of Understanding" and in the light of international consultations such as the present one.

**32/179. Role of the public sector in promoting the economic development of developing countries**

*The General Assembly,*

Recalling its resolutions 2626 (XXV) of 24 October 1970 containing the International Development Strategy for the Second United Nations Development Decade, 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling also its resolution 3488 (XXX) of 12 December 1975, in which, *inter alia*, it recognized the important and vital role the public sector in developing countries could play in achieving the over-all economic and social development goals in accordance with their national development plans,

Recognizing the necessary and important role of the public sector, including public administration, finance and management, in enhancing national capacities for the full and effective realization of national development objectives,

Recalling its resolution 2845 (XXVI) of 20 December 1971,

Noting Economic and Social Council resolutions 1977 (LIX) of 30 July 1975 and 2018 (LXI) of 3 August 1976 on public administration and finance for development,

Recalling the relevant provisions of the Lima Declaration and Plan of Action on Industrial Development and Co-operation,<sup>123</sup> adopted by the United Nations Industrial Development Organization at its Second General Conference, held at Lima from 12 to 26 March 1975, which, *inter alia*, recognized the importance of

ensuring an adequate role for the public sector in the expansion of the industrial development of developing countries,

Recalling the pertinent provisions of the above-mentioned resolutions which reaffirm the right of every State to exercise full and permanent sovereignty over its natural resources for the benefit of its people,

Bearing in mind that every State has the sovereign and inalienable right to choose its economic and social system in accordance with the will of its people, without outside interference,

1. Takes note of the report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries,<sup>124</sup> prepared in accordance with General Assembly resolution 3488 (XXX);

2. Endorses Economic and Social Council decision 274 (LXIII) of 4 August 1977, in which the Council recommended to the General Assembly, *inter alia*, the continued study of the subject;

3. Requests the Secretary-General to continue studying the role of the public sector in promoting the economic development of developing countries, as provided for in Economic and Social Council decision 274 (LXIII), through the fullest utilization of existing possibilities and resources and existing Secretariat departments;

4. Recommends that the competent United Nations organs should take into account the studies on the role of the public sector in promoting the economic development of developing countries in formulating a new international development strategy;

5. Invites the Secretary-General, in his study on the role of the public sector in the socio-economic development of developing countries, to take into account especially the following aspects:

(a) Capital formation and full realization by developing countries of their natural resources for the benefit of their entire population;

(b) Role of the public sector in implementing the long-term strategy of industrialization;

(c) Role of the public sector in promoting agricultural production;

(d) Role of the public sector in developing an effective national potential in research and development in the fields of science and technology;

(e) Attainment of the aims of a unified approach to economic and social development, including the achievement of an equitable distribution of income and wealth in the nation;

(f) Creation of broader employment opportunities and reduction of unemployment;

(g) Role of the public sector in the expansion of the share of developing countries in international trade, including the improvement of their export and import capacity and balance of payments;

(h) Role of the public sector in adjusting to changing economic circumstances and undertaking necessary structural and other adjustments;

6. Requests the Secretary-General to identify, based on national requirements, international measures re-

quired to support national public administration, finance and management for the development of the developing countries;

7. Further requests the Secretary-General to submit a progress report on the implementation of the present resolution to the General Assembly at its thirty-third and thirty-fourth sessions through the Economic and Social Council at its sixty-fifth and sixty-seventh sessions, respectively;

8. Requests the Economic and Social Council to examine the progress reports and to make appropriate recommendations on this subject to the General Assembly.

107th plenary meeting  
19 December 1977

RESOLUTION ADOPTED BY THE INDUSTRIAL DEVELOPMENT BOARD  
AT ITS TWELFTH SESSION

48 (VII). Role of the public sector in promoting the industrialization  
of the developing countries

The Industrial Development Board,

Recalling General Assembly resolution 32/179, of 19 December 1977, on the role of the public sector in promoting the economic development of developing countries,

Mindful also of the General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), of 1 May 1974, containing the Declaration and Programme of Action on the Establishment of a New International Economic Order, 3281 (XXXIX), of 12 December 1974, containing the Charter of Economic Rights and Duties of States and 3362 (S-VII), of 16 September 1975, on development and international economic co-operation,

Bearing in mind that every State has the sovereign and inalienable right to choose its economic and social system in accordance with the will of its people without outside interference,

Recalling the relevant provisions of the Lima Declaration and Plan of Action on Industrial Development and Co-operation<sup>a/</sup> which, inter alia, recognized the importance of ensuring an adequate role for the public sector in the expansion of the industrial development of developing countries,

Recalling the pertinent provisions in the above-mentioned resolutions as well as in Industrial Development Board resolution 46 (X) of 29 April 1976, which reaffirm the right of every State to exercise full and permanent sovereignty over its natural resources for the benefit of its people,

1. Requests the Executive Director:

- (a) To participate fully in the study provided for in General Assembly resolution 32/179, and to observe in the elaboration of his contribution the aspects outlined in paragraph 5 thereof, in so far as it relates to industrialization;
- (b) To inform the Permanent Committee at its eleventh session about the contribution that has been prepared by the United Nations Industrial Development Organization for incorporation into the progress report on the implementation of General Assembly resolution 32/179;
- (c) To devote due attention to the role of the public sector in industrial development when preparing documentation for the Third General Conference of the United Nations Industrial Development Organization;
- (d) To study the role the United Nations Industrial Development Organization can play in enhancing international industrial co-operation with public industrial enterprises;

<sup>a/</sup> See A/10112, annex, chap. IV.

(e) To pay due attention to projects involving public enterprises when carrying out industrial investment co-operative or other programmes;

(f) To attach due attention to the technical assistance offered to the public sector, whenever such decisions rest with the United Nations Industrial Development Organization;

2. Decides that, at the thirteenth session of the Industrial Development Board, the question of the role of the public sector in industrial development will be discussed under a separate item of the agenda;

3. Further requests the Executive Director to prepare for that session documentation incorporating the following:

(a) The role of national enterprises in the developing countries in processing raw materials and in contributing to the utilization of natural resources for the benefit of these countries;

(b) The draft of the contribution by the United Nations Industrial Development Organization to be incorporated in the progress report on the implementation of General Assembly resolution 32/179 to be presented to the General Assembly at its thirty-fourth session;

(c) The contribution of the United Nations Industrial Development Organization in implementing the Lima Declaration and Plan of Action with regard to the role of the public sector in the industrial development of the developing countries.

246th plenary meeting  
25 May 1978

Second regular session, 1978  
Agenda item 11. Development and international  
economic co-operation

RESOLUTION ADOPTED BY THE ECONOMIC AND SOCIAL COUNCIL

[on the report of the First (Economic) Committee (E/1978/135)]

1978/60. Role of the public sector in promoting the economic development  
of developing countries

The Economic and Social Council,

Taking into account the suggestions made in the report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries, 1/

Noting with appreciation the initiatives of the United Nations Industrial Development Organization 2/ and of the Economic and Social Commission for Asia and the Pacific through its resolution 181 (XXXIV) of 17 March 1978, 3/ in the field of the strengthening the role of the public sector in promoting the economic development of developing countries,

Bearing in mind that every State has the sovereign and inalienable right to choose its economic and social system in accordance with the will of its people, without outside interference,

1. Takes note of the report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries;
2. Requests the Secretary-General to proceed with the further implementation of General Assembly resolution 32/179 of 19 December 1977, taking into account the comments and suggestions made by delegations during the second regular session, 1978, of the Council;
3. Invites the regional-commissions and other organizations concerned within the United Nations system to assist the Secretary-General regularly in his continuing study on the role of the public sector in promoting the economic and social development of developing countries;
4. Further invites the Secretary-General to submit a comprehensive progress report on the subject to the Council at its second regular session, 1979.

37th plenary meeting  
3 August 1978

1/ E/1978/76.

2/ See Official Records of the General Assembly, Thirty-third Session, Supplement No. 16 (A/33/16), chap. XV and annex I.

3/ See Official Records of the Economic and Social Council, 1978, Supplement No. 2 (E/1978/28), chap. IV.

RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Second Committee (A/33/446/Add.1)]

33/144. Role of the public sector in promoting the economic development of developing countries

The General Assembly,

Recalling its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling also its resolutions 3335 (XXIX) of 17 December 1974, 3488 (XXX) of 12 December 1975 and 32/179 of 19 December 1977 and Economic and Social Council resolutions 1978/6 of 4 May 1978, 1978/60 of 3 August 1978 and 1978/75 of 8 November 1978,

Bearing in mind the relevant provisions of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, 1/ adopted by the United Nations Industrial Development Organization at its Second General Conference, held at Lima from 12 to 26 March 1975, which, inter alia, recognized the importance of ensuring an adequate role for the public sector in the expansion of the industrial development of developing countries,

Emphasizing the need for expanding the exchange of experience regarding the role of the public sector, especially among the developing countries, through a more detailed examination of its different aspects,

Recalling the pertinent provisions of the above-mentioned resolutions, which reaffirm the right of every State to exercise full and permanent sovereignty over its natural resources for the benefit of its people,

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1/ See A/10112, chap. IV.

Noting with interest the initiatives taken by the Industrial Development Board in its resolution 43 (XII) of 1 May 1976 <sup>2/</sup> and by the Economic and Social Commission for Asia and the Pacific in its resolution 101 (XXXIV) of 17 March 1976, <sup>3/</sup> with a view to strengthening the role of the public sector in promoting the economic and social development of developing countries,

Bearing in mind that every State has the sovereign and inalienable right to choose its economic and social system in accordance with the will of its people, without outside interference,

1. Takes note of the report of the Secretary-General on the role of the public sector in promoting the economic development of developing countries; <sup>4/</sup>
2. Recommends that the important role of the public sector should be taken into account in formulating proposals concerning the new international development strategy;
3. Endorses Economic and Social Council resolutions 1976/60 on the role of the public sector in promoting the economic development of developing countries and 1978/6 on public administration and finance for development in the 1980s, as well as resolution 1976/75;
4. Invites Governments of developing countries, if they deem it necessary, to study the feasibility of establishing national objectives for strengthening the role of the public sector and that of public administration and finance in their economic development in the 1980s, together with measures that may be required for the realization of those objectives;
5. Invites the regional commissions and other bodies concerned within the United Nations system to make a contribution on the basis of their experience in order to assist the Secretary-General in his study of the role of the public sector in promoting the economic and social development of developing countries;
6. Requests the Secretary-General to proceed with the implementation of General Assembly resolution 32/179, taking especially into account the role of the public sector in promoting the secure economic and social development of developing countries and bearing also in mind the evaluation of activities in public administration and finance;
7. Invites the Secretary-General to take the present resolution into account in preparing a comprehensive and detailed report in accordance with General Assembly resolution 32/179.

90th plenary meeting  
20 December 1978

2/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 16 (A/33/16), annex I.

3/ See Official Records of the Economic and Social Council, 1978, Supplement No. 8 (E/1978/48), chap. IV, sect. A.

4/ E/1978/76.



Contribution of the Public Sector to Manufacturing  
Output, Investment and Employment in Selected Developing  
Countries (latest year available)

Country	Output	Investment	Employment
	- percentage -		
Democratic Yemen	44.9	-	74.6
Egypt	67.0	89.6	60.0
El Salvador	-	40.9	-
Guatemala	-	15.9	-
Haiti	-	10.0	-
India	30.0	60.9	22.7
Iran	-	33.4	-
Iraq	47.4	97.9	39.6
Ivory Coast	-	19.3	-
Mexico	7.8	59.0	-
Morocco	-	34.8	-
Nigeria	-	17.7	-
Pakistan	-	76.0	-
Peru	-	25.3	-
Rep. of Korea	-	10.4	-
Somalia	85.1	79.9	65.3
Sri Lanka	23.0	55.3	6.0
Tunisia	-	53.7	-
Turkey	37.0	55.0	-
United Republic of Tanzania	50.0	-	50.0
Venezuela	-	49.8	-
Yemen	-	76.2	78.3

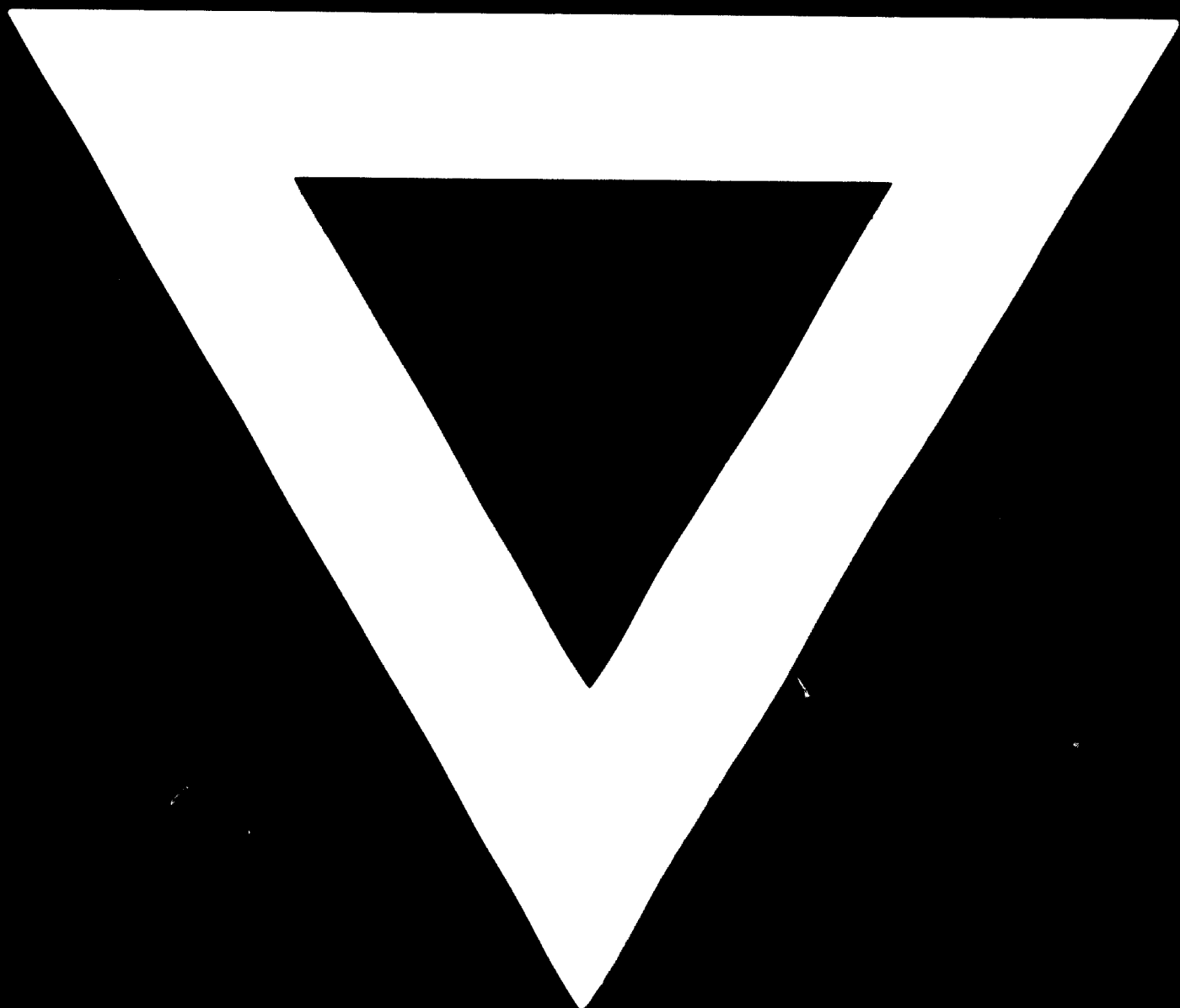
Source: ID/WG 298/2, Tables II, III and IV

Distribution of Priority Manufacturing Industries  
in the Public Sector in 29 Developing Countries

Category	ICIS	Number of countries where significant public sector parti- cipation exist [out of 29 developing countries]
<u>Basic consumer goods</u>		
Food, beverage and tobacco	31	13
grain mill products	3116	2
sugar factories and refineries	3118	8
Textile, wearing apparel, leather incl. footwear	32	10
spinning, weaving and finishing textiles	3211	7
<u>Basic industrial goods</u>		
Pulp, paper and paperboard	3411	8
Industrial chemicals (petrochemicals)	35	19
fertilizers and pesticides	3512	12
Petroleum refineries	352	18
Non-metallic mineral products	36	18
cement lime and plaster	3602	14
Basic metals	37	2
iron and steel	371	16
non-ferrous metal (copper)	372	3
<u>Capital goods</u>		
Machinery and transport equipment	382, 383, 384	4
Engines and turbines	3821	5
Agricultural machinery and equipment tractors	3822	7
Other machinery, except electrical	3823, 3824, 3825, 3829	7
Industrial electrical machinery (heavy)	3831	2
Ship building and repairing	3841	1
Railroad equipment	3842	-
Motor vehicles (commercial cars and lorries)	3843	4
Aircraft	3845	-
Electronics	3832	2
<u>Other manufacturing</u>		
Wood and wood products incl. furniture	33	6
Paper and paper products printing and publishing other than pulp and paper printing and publishing	34 excluding 3411	2
342	4	
Other chemical products (pharmaceuticals)	352	5
Miscellaneous products of petroleum and coal	354	1
Rubber products	355	-
Plastic products	356	1
Metal products, except machinery & equipment	381	2
Other manufacturing	385, 390	3

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche

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**80.04.16**