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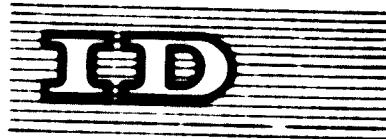
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ANALYTICAL REPORT OF THE ACTIVITIES IN THE FIELD OF
INDUSTRIAL DEVELOPMENT OF THE UNITED NATIONS
SYSTEM OF ORGANIZATIONS

Submitted by the Executive Director

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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Introduction

1. In resolution 4 (II) the Industrial Development Board requested the UNIDO secretariat to prepare an analytical report on the basis of the material contained in the consolidated report in order to obtain a view of the over-all effort of the United Nations system in industry. The purpose of the present report, which is prepared in accordance with the above-mentioned request of the Board, is first, to ascertain areas of common interest where co-ordination of activities would lead to a more effective effort by the United Nations system in dealing with the problems of industrial development; and second, to identify relatively neglected areas of work where a more intensified effort would be called for.

2. The information contained in the Fourth Consolidated Report (ID/B/56) is a summary of the activities in industry of organizations in the United Nations system. The Report provides better and more comprehensive coverage of the activities of the contributing organizations than in previous years. For the first time, contributions have been received from UNCTAD, WFP, ITO, WMO and GATT.^{1/} In addition, the FAO contribution, which in previous years had been provided as an addendum, has now been incorporated into the main report. Although the coverage and reporting of projects have improved, there is still considerable room for betterment as regards the criteria that govern selection of projects for inclusion in the Report.

3. In their contributions to the Consolidated Report, it would appear that the various organizations have interpreted the term industry in the broadest sense. Thus the information contained in the Report covers a number of projects related to peripheral aspects of industry. The term industrialization has been interpreted by some of the contributing organizations to include not only the manufacturing industry but also minerals, electricity, pre-industrial training, transport, education and other social infrastructure. While this may provide a broader picture of the total effort of the United Nations system in the field of industrialization, it tends to complicate the analytical task envisaged in the request of the Board.

^{1/} Abbreviations are identified in document ID/B/56, pages 8-10.

4. The Consolidated Report contains approximately 1,110 projects undertaken by nineteen organizations in the United Nations system, and the material relates to a wide range of activities. The industrial projects implemented by the various organizations of the United Nations system are based essentially on the respective legislative mandates of these organizations. The pattern that emerges is not that of an integrated and planned effort directed towards accelerating the process of industrialization of the developing countries, but rather that of a series of ad hoc efforts. Without denying the usefulness or effectiveness of these efforts, there is clearly room for improvement as regards a more co-ordinated and integrated approach.

ANALYSIS OF THE DATA

5. The material received from the World Bank Group related exclusively to the activities of that Group as regards financing, either directly through the International Finance Corporation or through financial contributions to the development banks in the developing countries. The annex to the present document contains the information supplied by the World Bank Group.

6. In the present report, an attempt is made to undertake a first analysis of the material contained in the Consolidated Report. This being the first attempt, and in view of the fact that not enough time or resources could be devoted to this task, the methods or concepts used for this purpose should be considered as tentative. It is hoped that it will be possible to improve the analysis in future years by refining the basic data and the methodology of the approach.

7. The project data are classified into two main groups, operational and supporting activities. The operational activities refer in general to projects financed by UNDP, the Regular Programme of technical assistance and, in the case of UNIDO, other sources such as Special Industrial Services. The operational projects are further classified into long-term (UNDP/SI), medium and short-term (Regular Programme, UNDP/TA) and, in the case of UNIDO, short-term SIS projects. In order to provide a common denominator, the projects are calculated in man-months, using an average duration of 50 man-months for

a UNDP/SF project, 3 man-months for a UNDP/TA project, and 1 man-month for an SIS project. It is more difficult to find a common denominator for the supporting activities, which consist of studies, research, publications and meetings, and these activities are reported under the appropriate functional category.

8. The functional classification of the Consolidated Report has been re-organized to conform more closely to the organization of the programme of work of UNIDO. Data have been classified into ten areas, which were used as a framework for the analysis of the activities of the various organizations.

9. Table 1 below contains an estimate of operational activities in the field of industry of the United Nations system in 1968, in terms of expert man-months, classified by functional areas. Fellowships and equipment, sometimes associated with the operational activities, are not included. Bearing in mind the qualification that the data should be considered as rough orders of magnitude, it can be seen that, of the total man-months devoted to operational activities, 52 per cent are devoted to industrial institutions and services; 41 per cent to manufacturing sectors; and 7 per cent to industrial planning and related activities. As regards assistance provided to the manufacturing sectors, the construction and building materials sector has received the least assistance and the food processing and fisheries sector has received the most. The latter is accounted for by the substantial operational activities in the form of Special Fund projects in food research and technology institutions implemented by FAO.

10. The entire range of industries, consisting of mechanical and electrical engineering, machine tools, instrumentation, agricultural machinery, ship-building and transport equipment, has received approximately 4 per cent of the total assistance. Most of these are significant industrial sectors that provide dynamic elements to the process of industrialization, but even such essential sectors as textile and leather industries have received relatively little attention. As regards industrial institutions and services, about 33 per cent of the total assistance was devoted to the field of industrial training and about 10 per cent to the setting up of industrial research and related institutional establishments.

Table 1

Operational activities in industry of the United Nations system of organizations

Functional groups	Long-term projects (UNDP/SF)		Short and medium-term projects (UNDP/IA and Regular Programme)		Short-term projects (SIS)		Total	
	Man-months	Per cent	Man-months	Per cent	Man-months	Per cent	Man-months	Per cent
A. Industrial planning and policies	500	3.9	552	16.3	195	16.9	1,247	7.1
B. Industrial sectors								
Mechanical, metallurgical, electrical and transport equipment industries	300	2.3	232	6.7	200	17.3	732	4.7
Construction and building materials industries	-	-	117	3.5	45	3.9	162	0.9
Petrochemical, fertilizer, chemical and related industries ^{1/}	750	5.8	256	7.6	130	11.2	1,136	6.5
Food processing industries, fisheries and industries processing agricultural products other than food ^{2/}	2,050	18.1	568	16.7	165	14.3	3,063	17.6
Forest product industries including pulp and papers ^{3/}	1,300	10.0	168	5.0	35	3.0	1,503	8.9
Light industries (leather and textiles)	300	2.3	168	5.0	105	9.1	573	3.3
Total industrial sectors ^{b/}	5,000	38.5	1,509	44.5	680	58.8	7,189	41.1
C. Industrial services								
Small-scale industries	800	6.2	240	7.1	115	10.0	1,155	6.5
Industrial training	5,500	42.5	560	16.5	90	7.8	6,150	35.7
Technical research and institutions	1,150	8.9	528	15.6	75	6.5	1,753	10.0
Total industrial services	7,450	57.6	1,328	39.2	280	24.3	9,058	51.4
GRAND TOTAL	12,950	100	3,299	100	1,155	100	17,404	100

^{a/} The total man-months contain also data on activities related only indirectly to manufacturing. It was not possible to ascertain the exact industry component of these activities.

^{b/} Operational activities were reported for the group "Mining, mineral, energy and power-based industries".

11. Long-term Special Fund projects account for a significant share of operational activities. Of the total man-months devoted to the operational activities, about 75 per cent originate from the Special Fund component of UNDP. As to the distribution of long-term assistance among the various functional groups, about 4 per cent of the total man-months is devoted to projects in industrial and project planning; 39 per cent to the industrial sectors; and the remainder to industrial services and institutions. Industrial training alone accounts for some 42 per cent of the total man-months devoted to industry. In industrial sectors, a significant share of assistance, amounting to about 28 per cent of the total, is devoted to forestry and food processing industries, and it should be noted that these projects bear little direct relationship to manufacturing activities proper, being oriented primarily towards agriculture and forestry. Barring the food and forestry sectors, the long-term type of assistance (UNDP/SF) to the remaining industrial sectors is insignificant. The resources provided under the SIS programme have slightly alleviated the situation in this respect: some 60 per cent of the man-months financed under the SIS programme is devoted to assistance to industrial sectors, although the share of the SIS programme in total United Nations assistance to industrial sectors is rather small, being of the order of 10 per cent.

12. With regard to non-operational activities, research, studies and meetings are shown in number of projects since they could not be translated into man-months because of the lack of data. These activities are thus not strictly comparable in quantitative terms with the operational activities. However, the material presented here may throw light on the general work undertaken in this area by the United Nations system. There is not necessarily any direct quantitative relationship between operational and supporting activities although the supporting activities are intended to build up a store of information and knowledge that should then lead to action in the field. Many of the supporting projects of UNIDO and of the regional economic commissions are continuing activities that derive from the responsibilities of the United Nations Secretariat in the field of international economic co-operation and from a certain tradition of research and publications in that field. The United Nations proper thus accounts for the largest part of non-operational activities carried out in the United Nations system. The work of the regional economic

commissions is geared to general promotion of regional development activities and to the dissemination of information on economic development matters in their respective regions. According to information received from the members of the United Nations family, great emphasis is given to operational work in industry.

REVIEW OF WORK OF THE UNITED NATIONS SYSTEM ACCORDING
TO FUNCTIONAL GROUPS

Industrial planning and policies^{2/}

Table 2

Industrial planning and policies

	<u>ESA</u>	<u>ECA</u>	<u>ECWAF</u>	<u>EEC</u>	<u>ENCL</u>	<u>UNEP/IB</u>	<u>UNIDO</u>	<u>ILO</u>	<u>TOTAL</u>
I. <u>Operational activities</u> (in man-months)									
Long-term projects (UNDP/SF)	-	-	-	-	-	-	350	150	500
Short and medium-term projects (UNDP/TA and Regular Programme)	-	-	-	24	-	-	472	56	552
Short-term projects (SIS)	-	-	-	-	-	-	195	-	195
Total (man-months)	-	-	-	<u>24</u>	-	-	<u>1,017</u>	<u>306</u>	<u>1,323</u>
(per cent)	-	-	-	<u>2.0</u>	-	-	<u>81.5</u>	<u>16.5</u>	<u>100.0</u>
II. <u>Supporting activities</u> (number of projects)									
Research and studies	18	18	8	10	4	-	31	6	106
Meetings	-	4	3	3	-	-	7	5	22

13. As mentioned earlier, only 7 per cent of the total man-months in operational activities was devoted to problems under the heading of industrial planning and policies. The bulk of the operational activities in this field, amounting to 81 per cent, was undertaken by UNIDO and the remainder by

^{2/} This group corresponds to chapters 1-17 of the Consolidated Report and to activity groups 12-19 of the UNIDO classification as contained in its programme of work for 1970 (document ID/1/44).

ILO. The work of UNIDO consisted of implementing a number of Special Fund projects on centres for industrial studies and development. Short and medium-term assistance was also provided in the preparation of feasibility studies, the formulation and implementation of projects, and industrial programming and policies. The work of ILO in this area was largely concerned with industrial relations, wage policies and labour laws. ILO has also undertaken a number of studies on the quantitative relations between economic growth and employment, on the development of human resources and on matters relating to wages.

14. Approximately one hundred projects dealing with research and studies on industrial planning and policies were reported for 1968, and seventeen meetings were organized in the same period. The work of the regional economic commissions consisted mainly of preparing annual regional surveys, statistical publications and studies on industrial sectors. The activities of UNIDO included the collection and analysis of industrial programming data, preparation of profiles of manufacturing establishments, studies on formulation and implementation of projects, studies on promotion of investment, preparation of industrial surveys and studies on exports of manufactures.

Mechanical, metallurgical, electrical and transport equipment industries^{3/}

Table 3

Mechanical, metallurgical, electrical and transport equipment industries

	<u>ECA</u>	<u>ECAFE</u>	<u>ECE</u>	<u>ECLA</u>	<u>UNIDO</u>	<u>ILO</u>	<u>TOTAL</u>
<u>I. Operational activities</u> <u>(in man-months)</u>							
Long-term projects (UNDP/SF)	-	-	-	-	237	63	300
Short and medium-term projects (UNDP/TA and Regular Programme)	-	-	-	-	200	32	232
Short-term projects (SIS)	-	-	-	-	200	-	200
Total (man-months)	-	-	-	-	<u>637</u>	<u>95</u>	<u>732</u>
(per cent)	-	-	-	-	<u>87.0</u>	<u>13.0</u>	<u>100.0</u>
<u>II. Supporting activities</u> <u>(number of projects)</u>							
Research and studies	5	1	10	3	9	2	30
Meetings	-	-	1	-	4	5	10

^{3/} This group corresponds to chapters VII-VIII of the Consolidated Report and to activity groups 1-3 of the UNIDO classification as contained in its programme of work for 1970.

15. This group covers the following industries: mechanical and electrical engineering, machine tools, telecommunication equipment, instrumentation, agricultural machinery and equipment, shipbuilding, and transport equipment. Considering the range of industries in this group, the volume of operational activities is rather small, namely 4 per cent of the total activities of the United Nations system in the field of industry.

16. UNIDO provided 80 per cent of the assistance to the developing countries in this area, including three Special Fund projects and short-term technical assistance to the metalworking industry.

17. The supporting activities in this area were undertaken largely by the regional economic commissions, UNIDO and ILO. Much of the work of the regional economic commissions dealt with research and studies in the metallurgical industries, in particular on iron and steel and non-ferrous metals. Attention was also given to the mechanical engineering industries. UNIDO organized a number of meetings including one on design, manufacture and utilization of dies and jigs and one on electronic industries and the Second Interregional Iron and Steel Symposium in Moscow. ILO has undertaken preparatory work for the eighth session of the Iron and Steel Committee which is to be held during the second half of 1969.

Construction and building materials industries^{4/}

Table 4

Construction and building materials industries

	<u>ESA</u>	<u>ECA</u>	<u>ECE</u>	<u>UNESOB</u>	<u>UNIDO</u>	<u>ILO</u>	<u>TOTAL</u>
I. <u>Operational activities</u>							
<u>(in man-months)</u>							
Long-term projects (UNDP/SF)	-	-	-	-	-	-	-
Short and medium-term projects (UNDP/TA and Regular Programme)	-	-	5	-	112	-	117
Short-term projects (SIS)	-	-	-	-	45	-	45
Total (man-months)	-	-	5	-	157	-	162
(per cent)	-	-	3.1	-	96.9	-	100.0
II. <u>Supporting activities</u>							
<u>(number of projects)</u>							
Research and studies	2	2	5	1	2	1	14
Meetings	-	-	3	-	2	-	6

^{4/} This group corresponds to chapters XIV and XV of the Consolidated Report and to activity group 3 of the UNIDO classification as contained in its programme of work for 1970.

15. As mentioned earlier, work in this area has been rather negligible.^{5/} Operational activities in this area, mainly carried out by UNIDO, dealt with the establishment of an asbestos plant, rehabilitation and modernization of a cement factory and assistance to ceramic and pottery industries. UNIDO also organized the Interregional Seminar on the Development of Clay Building Materials Industries in Copenhagen in co-operation with the Government of Denmark and with the participation of the United Nations Centre for Housing, Building and Planning. The work of the regional economic commissions consisted of undertaking a number of studies on the construction and building materials industries and included the organization of: a training course for building contractors in the East African subregion; a seminar on industrialization of housing in the ECAFE region; and the study tour of the ECE Committee on Housing, Building and Planning following the annual session of that Committee.

Petrochemical, fertilizer, chemical and related industries^{6/}

Table 5

Petrochemical (including rubber), chemical, pharmaceutical, fertilizer and pesticide (including vaccines) industries

	<u>ESA</u>	<u>ECA</u>	<u>ECAFE</u>	<u>ECE</u>	<u>ECLA</u>	<u>UNESOB</u>	<u>UNIDO</u>	<u>ILO</u>	<u>FAO^{a/}</u>	<u>TOTAL</u>
I. Operational activities										
<u>(in man-months)</u>										
Long-term projects (UNDP/SF)	-	-	-	-	-	-	200	-	550	750
Short and medium-term projects (UNDI/TA and Regular Programme)	-	-	-	24	-	-	168	-	64	256
Short-term projects (SIS)	-	-	-	-	-	-	130	-	-	130
Total (man-months)	-	-	-	24	-	-	498	-	614	1,136
(per cent)	-	-	-	2.2	-	-	43.8	-	54.0	100.0
II. Supporting activities										
<u>(number of projects)</u>										
Research and studies	2	-	-	2	-	-	10	1	1	16
Meetings	-	-	1	-	-	-	8	-	1	10

^{1/} The data on FAO refer to activities related only indirectly to manufacturing. It was not possible to ascertain the exact industry component of these activities.

^{2/} The consolidated Report does not contain all activities undertaken in this area by the United Nations system (see, for example, All Working Group papers on Housing and Urbanization, thirteenth session, 1969, Vienna).

^{3/} This group corresponds to chapters XVI-XXI of the United Report and to activities groups 1-7 of the UNIDO classification contained in its programme of work for 1970.

19. UNIDO is the executing agency for four UNDP/SF projects and has helped to promote fertilizer and petrochemical industries and the production of pyrethrum and pesticides based on chlorine and bromine. Assistance was also provided to a number of countries under the SIS programme in the form of feasibility studies on provision of plant specifications and evaluation of tenders. FAO is the executing agency for a number of UNDP/SF projects for increasing farm production through fertilizer use and it has assisted eight countries in soil analysis and in the appropriate use of fertilizers.

20. The supporting work in this area was undertaken largely by UNIDO; eight meetings were organized on various aspects of manufacture and use of basic chemicals and salt industries. The work of the regional economic commissions consisted of studies on petrochemical and fertilizer industries, including the organization of training courses.

Food processing industries, fisheries and industries processing agricultural products other than food 7/

Table 6

Food processing industries, fisheries and industries processing agricultural products other than food

	<u>ECA</u>	<u>UNIDO</u>	<u>FAO^{a/}</u>	<u>TOTAL</u>
I. <u>Operational activities</u>				
<u>(in man-months)</u>				
Long-term projects (UNDP/SF)	-	-	2,350	2,350
Short and medium-term projects (UNDP/TA and Regular Programme)	-	64	504	568
Short-term projects (SIS)	-	165	-	165
Total (man-months)	-	<u>229</u>	<u>2,854</u>	<u>3,083</u>
(per cent)	-	<u>7.4</u>	<u>92.6</u>	<u>100.0</u>
II. <u>Supporting activities</u>				
<u>(number of projects)</u>				
Research and studies	1	2	3	6
Meetings	-	1	10	11

a/ The data on FAO refer to activities related only indirectly to manufacturing. It was not possible to ascertain the exact industry component of these activities.

7/ This group corresponds to chapter XX-XXIV of the consolidated report and to activity group 6 of the UNDP classification as contained in the programme of work for 1970.

21. As mentioned earlier, food processing industries accounted for a substantial share of technical assistance provided to the developing countries by the United Nations system of organizations. FAO is the executing agency for 49 UNDP/SF projects in this area, of which 15 projects relate to food technology, animal and plant products, agricultural marketing and animal husbandry; 14 to fisheries, fishery research, training, feasibility studies on new methods of utilizing fishery resources and fish processing; and three projects to sheep breeding, wool and rubber research. Most of these projects are oriented towards problems of agriculture and fisheries and have only an indirect, and in some cases rather remote, relationship to manufacturing activities proper. The fact that most of the technical assistance rendered by the United Nations system of organizations in this area, as in some other areas where similar conditions obtain (e.g. forest industries), is of a "para-industrial" rather than of an industrial nature makes direct quantitative comparisons, in terms of man-months, very uncertain.

22. UNIDO provided assistance, mainly under its SIS programme, in improving technology relating to millet and cassava, in reorganizing fruit and vegetable processing plants and canning plants for citrus fruits and in establishing plants for the production of vegetable oil. UNIDO also organized a seminar on integrated food processing.

Forest product industries including pulp and paper

Table 1

Forest product industries including pulp and paper

	<u>ECA</u>	<u>ECE</u>	<u>ECLA</u>	<u>UNIDO</u>	<u>FAO</u>	<u>TOTAL</u>
I. <u>Operational activities (in man-months)</u>						
Long-term projects (UNDP/SF)	-	-	-	-	1,300	1,300
Short and medium-term projects (UNDP/TA and Regular Programme)	-	-	-	104	64	168
Short-term projects (SIS)	-	-	-	35	-	35
Total (man-months)	-	-	-	<u>139</u>	<u>1,364</u>	<u>1,503</u>
(per cent)	-	-	-	<u>9.2</u>	<u>90.8</u>	<u>100.0</u>
II. <u>Supporting activities (number of projects)</u>						
Research and studies	2	1	1	-	6	10
Meetings	-	1	-	-	1	2

a/ The data on FAO refer to activities related only indirectly to manufacturing. It was not possible to ascertain the exact industry component of these activities.

3. FAO is the executing agency for 26 projects in forestry and forest industries. The projects pertain to such subjects as surveys of forestry resources, silviculture, reforestation and logging. Some pre-investment studies were undertaken by FAO on forest industries development and a number of projects deal with training in forestry (e.g. logging) and sawmilling. Assistance was also provided to the pulp and paper industries by FAO, as part of its programme in forest industries.

8/ This group corresponds to chapters XXIV and XXV of the Consolidated Report and to activity group 6 of the UNIDO classification as contained in its programme of work for 1970.

24. Assistance provided by UNIDO dealt with the improvement in design and production of furniture, improvement of forest products and production of matches and plywood. The activities of the regional economic commissions included studies on economic and technical aspects of wood processing and the development of forest product industries. Advisory missions to various countries in the regions were organized by the ECLA/UNIDO/FAO Forest Advisory Group for Latin America, and similar activities were undertaken in Africa by FAO in co-operation with ECA. The observations made in the preceding group on the comparability of data are also valid for this group.

Light industries (leather and textiles)^{2/}

Table 8

Light industries (leather and textiles)

	<u>ECA</u>	<u>ECE</u>	<u>UNIDO</u>	<u>ILO</u>	<u>FAO</u>	<u>TOTAL</u>
I. <u>Operational activities (in man-months)</u>						
Long-term projects (UNDP/SF)	-	-	-	-	300	300
Short and medium-term projects (UNDP/TA and Regular Programme)	-	-	144	-	24	168
Short-term projects (SIS)	-	-	105	-	-	105
Total (man-months)	-	-	<u>249</u>	-	<u>324</u>	<u>573</u>
(per cent)	-	-	<u>56.5</u>	-	<u>43.5</u>	<u>100.0</u>
II. <u>Supporting activities (number of projects)</u>						
Research and studies	2	6	2	1	1	12
Meetings	-	3	1	-	-	4

25. FAO is implementing six Special Fund projects on hides, skins and leather development which deal with improvement of raw hides and skins and of tannery operations, training in flaying, curing and handling of hides and skins and marketing of processed hides, skins and leather. UNIDO implemented a number of UNDP/TA and SIS projects in rehabilitation and modernization of existing plants and in improving the technology of leather tanning and tannery operations. Studies on the leather and footwear industries in Central and North Africa were undertaken by ECA. In the textile industry sector,

^{2/} This group corresponds to chapters XXIII and XXVI of the Consolidated Report and to activities 2 and 3 of the UNIDO classification as contained in its programme of work for 1970.

most of UNIDO technical assistance relates to planning, design, reorganization, marketing, quality control and rectification of defects. The regional economic commissions have undertaken a substantial amount of work in the field of textiles and clothing industries.

Small-scale industries^{10/}

Table 9

Small-scale industries

	<u>Regional economic commissions</u>	<u>UNIDO</u>	<u>ILO</u>	<u>FAO</u>	<u>TOTAL</u>
I. <u>Operational activities</u> <u>(in man-months)</u>					
Long-term projects (UNDP/SF)	-	150	650	-	800
Short and medium-term projects (UNDP/TA and Regular Programme)	-	176	64	-	240
Short-term projects (SIS)	-	115	-	-	115
Total (man-months)	-	<u>441</u>	<u>714</u>	-	<u>1,155</u>
(per cent)	-	<u>38.2</u>	<u>61.8</u>	-	<u>100.0</u>
II. <u>Supporting activities</u> <u>(number of projects)</u>					
Research and studies	1	12	3	1	17
Meetings	-	2	2	-	4

26. ILO, UNIDO and the regional economic commissions have implemented a number of projects in the field of small-scale industries. The work of the regional economic commissions is largely concerned with supporting activities, whereas the work of UNIDO consists of both supporting and operational activities. ILO also has been engaged in both supporting and operational activities; it is responsible for ten Special Fund projects and has provided short-term assistance under UNDP/TA in this area. UNIDO is the

^{10/} This group corresponds to chapter V of the Consolidated Report and to activity group 11 of the UNIDO classification as contained in its programme of work for 1970.

executing agency for three Special Fund projects in Iran, Uganda and Turkey (in the latter country, in co-operation with ILO). UNIDO also provided assistance in the form of 22 UNDP/TA projects and 33 SIS projects through which it rendered advice to Governments on planning of small-scale industries and establishment of industrial estates. A number of meetings were organized by UNIDO on small-scale industries in co-operation with ILO and FAO.

27. Work is being carried out by ILO and UNIDO in the field of industrial extension services, training and demonstration. There is need for the establishment of new industrial extension centres and for the strengthening of existing ones in many developing countries. To that end, UNIDO proposes to undertake jointly with ILO a programme of action including, in particular, the organization of joint missions to selected countries.

Mining, mineral, energy and power-based industries

28. The United Nations system of organizations has implemented a large number of projects in this area. The projects reported in the Consolidated Report refer to supporting activities only. A very substantial number of operational projects are being financed by UNDP in mineral surveys, power development etc., and the lack of information on such projects, which prevented the inclusion of these projects in the Consolidated Report, makes it difficult to present a true over-all picture.

Industrial training^{11/}

Table 10

Industrial training

	<u>ECA</u>	<u>ECLA</u>	<u>UNIDO</u>	<u>ILO</u>	<u>UNESCO</u>	<u>TOTAL</u>
I. <u>Operational activities (in man-months)</u>						
Long-term projects (UNDP/SF)	-	-	50	2,650	2,800	5,500
Short and medium-term projects (UNDP/TA and Regular Programme)	--24--	--	16	456	64	560
Short-term (SIS)	-	-	35	55	-	90
Total (man-months)	--24--	--	<u>101</u>	<u>3,161</u>	<u>2,864</u>	<u>6,150</u>
(per cent)	<u>C.4</u>		<u>1.6</u>	<u>51.4</u>	<u>46.6</u>	<u>100.0</u>
II. <u>Supporting activities (number of projects)</u>						
Research and studies	5	1	1	10	1	18
Meetings	8	-	-	2	4	14

29. Industrial training has received considerable attention by the organizations in the United Nations system. The data in table 10 cover the training activities of five organizations but other organizations such as WHO and IAEA also have training activities that have not been reported. Moreover, because of the general method of analysis adopted in this document, only the man-months of experts have been taken into account and not the fellowships. Thus the programmes of fellowships which form the core of training are not included in the Consolidated Report and are not reflected in the statistics on industrial training in table 10. UNIDO, for instance, is conducting in various developing countries a number of in-plant training programmes for which resources have been made available by the host countries and by UNIDO, through its fellowship programmes.

^{11/} This group corresponds to chapter VI of the Consolidated Report and to activity group 10a of the UNIDO classification as contained in its programme of work for 1970.

30. ILO and UNESCO are implementing a large number of operational projects. ILO is the executing agency for vocational training projects, an area which has been agreed upon by UNIDO and ILO to be the responsibility of the latter. It is estimated that almost 75 per cent of ILO activities in the area of vocational training relates directly or indirectly to the development of industrial skills. UNESCO is providing assistance in the establishment of institutions within the educational system for the training of instructors, technicians and engineers. It serves as the executing agency for 28 Special Fund projects providing assistance to the developing countries in improving technical education in the universities. The work of UNIDO is concerned with bridging the gap through its in-plant training programmes, between skills acquired at university and skills required by industry. UNIDO has organized training programmes in specialized technical fields, in management, in evaluation and implementation of projects and in investment promotion.

Industrial research and institutions^{12/}

Table 11

. Industrial research and institutions

	<u>ESA</u>	<u>ECA</u>	<u>ECAFE</u>	<u>ECE</u>	<u>UNIDO</u>	<u>ILO</u>	<u>PAO</u>	<u>UNESCO</u>	<u>TOTAL</u>
I. <u>Operational activities</u>									
<u>(in man-months)</u>									
Long-term projects (UNDP/SF)	-	-	-	-	700	50	-	400	1,150
Short and medium-term projects (UNDP/TA and Regular Programme)	-	-	-	32	192	-	240	64	528
Short-term (SIS)	-	-	-	-	75	-	-	-	75
Total (man-months)-	-	-	-	<u>32</u>	<u>967</u>	<u>50</u>	<u>240</u>	<u>464</u>	<u>1,753</u>
(per cent)	-	-	-	<u>1.8</u>	<u>55.2</u>	<u>2.8</u>	<u>13.7</u>	<u>26.5</u>	<u>100.0</u>
II. <u>Supporting activities</u>									
<u>(number of projects)</u>									
Research and studies	2	2	-	2	6	1	-	15	28
Meetings	3	1	2	1	2	-	-	7	16

^{12/} This group corresponds to chapters XXX and XXXI of the Consolidated Report and to activity groups 7-9 of the UNIDO classification as contained in its programme of work for 1970.

31. This area covers a large range of activities dealing with technical and industrial research, testing laboratories, industrial standardization, industrial legislation including patents, and industrial information. A considerable number of operational activities have been undertaken principally by UNIDO, FAO and UNESCO. The work undertaken by FAO in the field of food research and technology and in forestry research has been mentioned earlier. UNESCO is the executing agency for a number of UNDP/SP projects dealing with power, engineering, industrial testing and research, and mechanical engineering research and development. Research and training as well as the organization of facilities for research and development form part of these projects. UNIDO is the executing agency for projects dealing with the establishment and operation of technological research institutes and for projects on industrial standardization. These institutes are concerned with applied research, testing of local materials, formulation of projects and, in some cases, provision of advice to industry on various plant problems.

32. In the field of industrial information and documentation services, work is carried out by UNESCO and UNIDO, the former dealing with scientific and technical documentation in general, and the latter with technological and industrial information, including the operation of an industrial enquiry service. UNESCO has organized a number of meetings dealing with the application of science and technology to development and has published documentation on national science policies. The regional economic commissions have undertaken a number of studies on the transfer of technology, and ECAFE held a Ministerial Conference on the Application of Science and Technology to the Development of Asia.

AREAS OF COMMON INTEREST AND AREAS REQUIRING INTENSIFIED ACTION

33. While the review of activities of the organizations in the United Nations system, contained in the above sections, may have provided a general pattern of the distribution of the activities in the field of industry, no definite conclusions can be drawn from it. The analysis has revealed the limitations of the data contained in the Consolidated Report.

34. Efforts are now being made by UNIDO to harmonize and co-ordinate its activities with those of the relevant specialized agencies, the regional economic commissions and UNCTAD, and it is hoped that, as a result of the discussions that are envisaged in the near future, it will be possible to evolve a well co-ordinated programme for the industrial sector. An account of these efforts is contained in document ID/3/55 (The central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development).

Areas requiring more intensified action

35. A general conclusion that may be derived from the material contained in the Consolidated Report is that a number of areas in the field of industrialization have to date received inadequate coverage. Though the nature of the data does not permit a quantitative evaluation, it is nevertheless possible to enumerate a certain number of such areas. The usefulness of such a stock-taking exercise consists not only in that it provides valuable indications as to the gaps in the activities of UNIDO itself, but, in a number of areas also, as regards the entire complex of activities of the United Nations system of organizations in the field of industrialization. The identification of such activity gaps may be considered as one of the important aspects of the central co-ordinating role of UNIDO, which includes, among other things, provision of general guidance for the orientation of United Nations activities in industry.

36. The areas in which a greater effort of assistance appears to be required are organized in three groups which correspond broadly to the three main groupings of the work in UNIDO:

Group A: Industrial policies; promotion of capital investment; promotion of exports.

Group B: Government machinery for industrial development; industrial property, legislation and patents; standardization; industrial information.

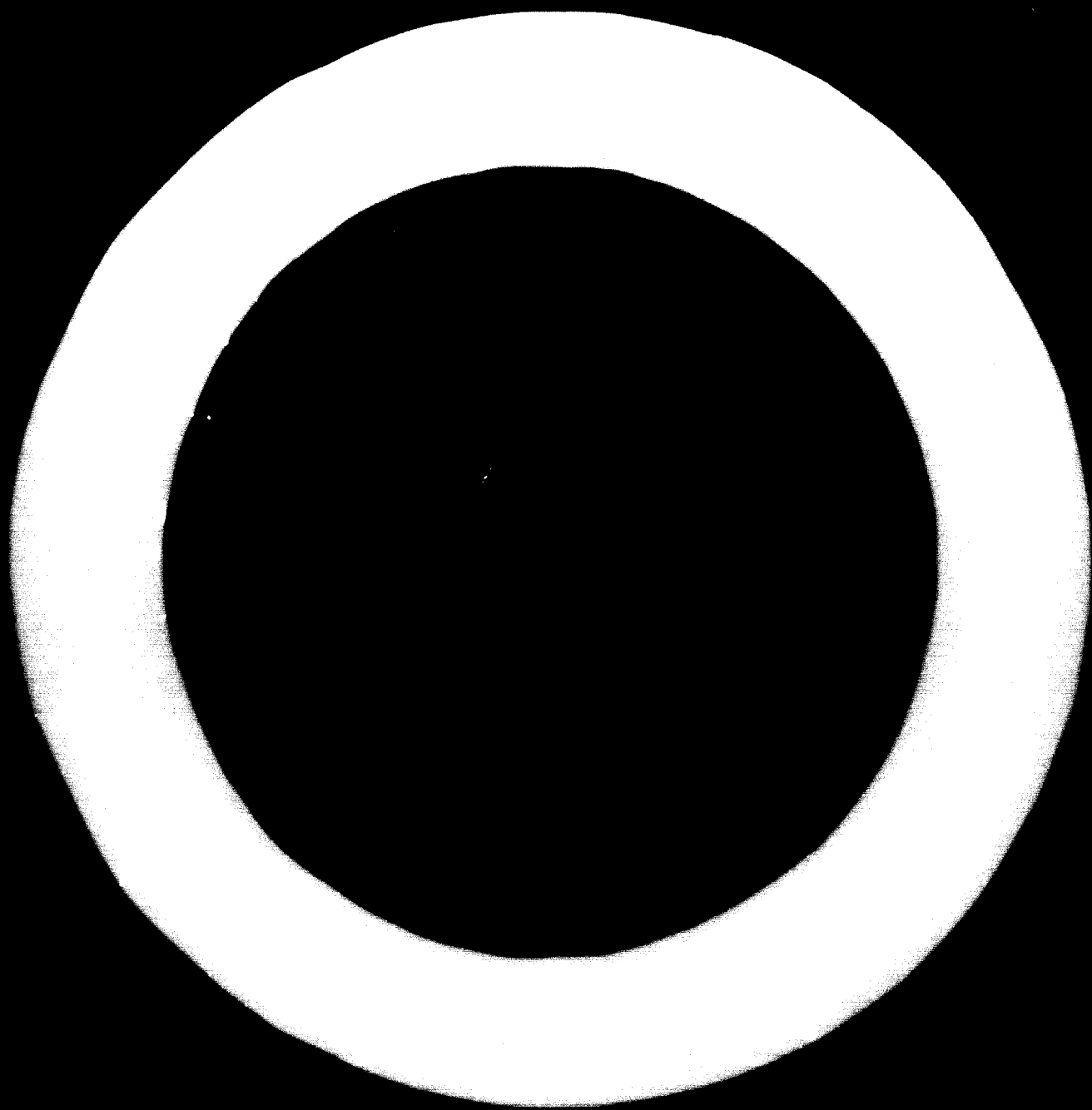
Group C: Industrial inputs in agriculture, such as agricultural machinery, fertilizers and insecticides; electrical engineering and electronics; glass and ceramics; pharmaceuticals; repair and maintenance in industry.

37. While the above list is self-explanatory, a few comments are called for. As regards Group A, there is a definite need for increased assistance to Governments in the formulation of policies and in the development of an effective machinery - which is at the present time practically non-existent - for providing "market" or clearing facilities between industrial investment opportunities in developing countries and potential suppliers of capital in developed countries. There is also a growing interest on behalf of Governments of developing countries in promoting exports of their manufactures in order to diversify both their industrial output and the structure of their exports.

38. Group B relates to assistance in strengthening the institutional structure of the developing countries in the field of industrialization. Although some work is being carried out in the areas enumerated under this Group, it still falls far short of the needs of the developing countries. It is hardly necessary to stress that one of the major obstacles to accelerated industrialization in developing countries is the basic weakness of their administrative machinery and the lack of institutional support of industry.

39. Group C includes a certain number of industrial branches in which it has so far not been possible to provide the necessary support for lack of resources in the Organization. In this field, a larger effort is required. Repair and maintenance in industry is a special area in which UNIDO, as can be seen from the documents submitted to the Board, has initiated a major programme that, given the necessary resources, can be developed substantially in the course of the coming years.

40. In some of these areas, the required intensification of activities involves a co-operative effort of the various United Nations agencies and the regional economic commissions active in the field of industrialization. In dealing with the question of harmonization and co-ordination of programmes in industry this particular problem is also being taken into account.



ANNEX

SUMMARY OF THE ACTIVITIES OF THE WORLD BANK GROUP IN THE
FINANCING OF INDUSTRY IN THE DEVELOPING COUNTRIES

1. During the 1967-1968 fiscal year, the World Bank extended loans to industry amounting to a total of \$14.5 million, of which \$15.0 million was in the form of loans to fourteen private development finance companies and the remainder was direct assistance to a number of manufacturing enterprises.
2. During the same fiscal year, the International Finance Corporation made commitments of approximately \$90.7 million to a number of manufacturing enterprises.
3. In addition, information was received from the World Bank on (a) cumulative figures of commitments by the International Finance Corporation, by industrial activities, for the period 1957-1968, and (b) cumulative figures of aggregate financial assistance provided from the initiation of operations until the end of 1967 by twenty-six development finance companies with which the World Bank Group is associated; these figures are also classified by industrial activities. In both cases the classification corresponds to the chapter classification of activities in the Consolidated Report (ID/B/56). Information under (a) appears in table 1 and under (b) in table 2 below.
4. The cumulative total of commitments by the World Bank to the development finance companies as of 30 September 1968 amounted to an aggregate of \$726.9 million.

Table 1

Cumulative figures on commitments by the International Finance Corporation for the period 1957-1968, by types of activity
(Data as of 30 June 1968)

	<u>Millions of US dollars^{a/}</u>
Mechanical engineering industries (machinery, machine tools, plant and equipment)	6.9
Electrical and electronic industry, including telecommunication equipment, appliances and electric instruments	7.5
Transport equipment	4.2
Metallurgical industries (iron and steel; non-ferrous metals including aluminium)	46.9
Construction and building materials industries	22.2
Chemicals and pharmaceuticals	8.0
Fertilizers	33.2
Food processing industries, including those based on both animal and plant products	19.5
Textiles	17.4
Forest product industries except pulp and paper	0.7
Pulp and paper	32.5
Leather industries	0.4
Mining and mineral resources based industries	24.3
Energy and power and energy and power based industries	12.0
Tourism	3.0
Storage and agriculture	2.7
Development Finance Companies	27.4
Miscellaneous industries	<u>3.0</u>
Total	<u>271.8</u>

^{a/} Conversion rates used were exchange rates prevailing at 31 December 1967.

Table 2

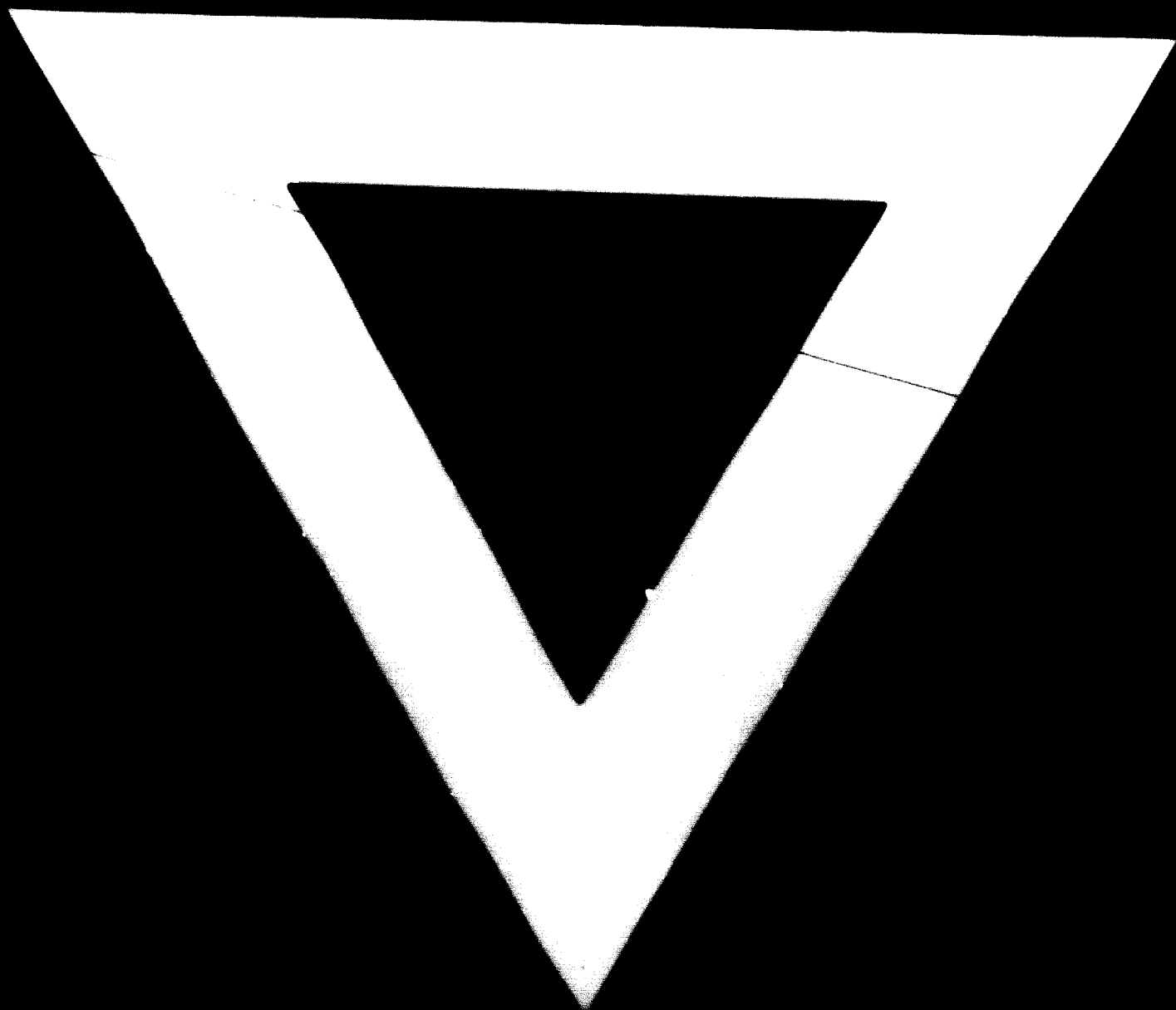
Cumulative figures on aggregate financial assistance^{a/}
provided from the initiation of operations through 1967
by Development Finance Companies affiliated with the
World Bank Group

	<u>Millions of US dollars^{b/}</u>
Mechanical engineering industries (machinery, machine tools, plants and equipment); electrical and electronic industry, including telecommunication equipment, appliances and electric instruments; instruments, including precision and optical instruments, agricultural machinery and equipment; transport equipment	250.18
Shipbuilding and the maritime industry	18.14
Metallurgical industries (iron and steel; non-ferrous metals including aluminium)	185.96
Construction and building materials industries	55.09
Ceramics, including glass and earthenware	78.49
Chemicals and pharmaceuticals	217.56
Petrochemicals (including rubber industries)	65.30
Fertilizers	-
Pesticides industries, including vaccines etc.	-
Food-processing industries, including those based on both animal and plant products; fisheries and fish processing industries; industries processing agricultural products other than food of animal or vegetable origin; large-scale agriculture and livestock farming	325.03
Textiles and clothing industries	140.89
Forest product industries including pulp and paper	146.45
Leather industries	5.81
Mining and mineral resources based industries	89.57
Energy and power and energy and power-based industries	23.82
Miscellaneous industries ^{c/}	<u>161.58</u>
Total	<u>1,975.87</u>

a/ The term "financial assistance" is taken to mean medium and long-term loans and equity investments. However, for a few development finance companies, it includes guarantees and underwritings.

b/ Conversion rates used were exchange rates prevailing at 31 December 1967.

c/ Includes tourism, hotels, personal services, merchandising, warehousing, and other activities not covered by the above industrial sectors. Also includes equity investments of some companies amounting to \$10.01 million on industrial classification which is not available.



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