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## Industrial Development Board

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# D00532

REVIEW OF PAST PERFORMANCE AND FUTURE

PROSPECTS OF UNIDO

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 1969, at its third session, the Industrial Development Board discussed the question of establishing a long-term programme of work of UNIDO.<sup>1/</sup> From these discussions it appeared that the establishment of such a programme should involve essentially the formulation of the guidelines and main directions of the activities of the organization, both in the field and at headquarters, and an estimate of the resources likely to be available for the implementation of such activities. The structure of the organization would then be adapted to the requirements resulting from these activities and the expected resources.

2. In connexion with the above discussion, the secretariat submitted to the Board at its third session document ID/B/45, which contained in Part Three a number of considerations related to the formulation of a long-term programme.

3. In the discussions that took place in the Second Committee of the General Assembly in late 1969 on the Report of the Industrial Development Board on the Work of its Third Session (A/7617), some delegations expressed the wish that the Executive Director of UNIDO prepare a further document on this subject to be submitted to the fourth session of the Industrial Development Board.

4. The present document (ID/B/74) has been prepared in accordance with this wish and should be read in conjunction with the long-term programme contained in document ID/B/45. It is hoped that the material presented in these two documents will be of assistance to the Board in resuming its discussions on the question of the future activities and prospects of UNIDO. It should be made clear at this point that the thoughts and observations outlined in the following chapters are intended to serve as a background for the deliberations of the Board and do not necessarily constitute suggestions or recommendations for action.

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<sup>1/</sup>See document A/7617, para. 271-294.

5. The organization of this document is as follows: Part One gives an account of the activities and performance of UNIDO during the period 1967 to 1969, together with the historical perspective of the establishment of the organization. Chapters I to V deal with the following items, respectively: establishment of UNIDO; objectives, priorities and activities of UNIDO; resources; structure and organization of UNIDO; and a brief summary of the work of the organization for the years 1967 to 1969. Part Two is devoted to the future prospects of UNIDO. Chapter VI contains a review and identification of some of the factors that are likely to condition the future programmes and activities of the organization. Chapters VII and VIII deal with the estimate of future resources and the design of a long-range programme of UNIDO, respectively. Chapter IX contains a discussion of the organization and structure of UNIDO, both at headquarters and in the field, on the basis of the requirements arising from its prospective actions.

6. While this document has been designed to be of assistance in the deliberation of the Industrial Development Board at its fourth session, any study of the future activities and organization of UNIDO by the Board would clearly need a much closer and detailed examination of the different points outlined in this document.

PART ONE: ACCOUNT OF THE ACTIVITIES AND PERFORMANCE  
OF THE ORGANIZATION, 1967 to 1969

I. The establishment of UNIDO

7. The future evolution of UNIDO should be viewed in the historical perspective of its establishment. UNIDO emerged as a new organ of the United Nations through a decision of the General Assembly in 1966 (General Assembly resolution 2152(XXI)). This resolution was the culmination of a series of actions and discussions in the United Nations regarding machinery to deal with problems of industrialization. At the request of the General Assembly, the Economic and Social Council established in 1961 a Committee for Industrial Development, and a Centre for Industrial Development (CID) was established within the Department of Economic and Social Affairs as a new secretariat unit, thus strengthening the then existing Division of Industrial Development. The following year the post of a Commissioner for Industrial Development was established and the CID underwent a reorganization. At that time the United Nations was preparing actively for the United Nations Conference on Application of Science and Technology for the Benefit of the Less Developed Areas, which was held in early 1963 and which highlighted, *inter alia*, the problem of transfer of technology to the developing countries. Almost simultaneously, another important conference was in preparation, namely the First United Nations Conference on Trade and Development, which also dealt with the various economic aspects of development including exports of manufactured goods from

the developing countries. A further examination of the appropriate machinery for industry was requested by the General Assembly. In accordance with General Assembly resolution 1821(XVII) an Advisory Committee of Ten Experts was established in 1963 which produced a report recommending the establishment of an autonomous organization for industry of the type of UNIDO. In the same year, on the authority of a decision by the General Assembly, the Centre for Industrial Development started the planning and preparation of a number of regional symposia and of the International Symposium on Industrial Development. The regional symposia were held in 1965 and 1966 and the International Symposium in 1967. While the symposia did not deal with the question of a United Nations machinery for industry, they nevertheless helped to clarify issues of substance and to identify areas of action to assist the developing countries in the formulation of policies and programmes of industrialization. Following the recommendations of the Committee of Ten, the General Assembly decided in 1965 to establish an autonomous organization of industry (UNOID) and requested a special preparatory committee to draft a constitution for that organization (resolution 2089 (XX)). During the deliberation of that committee three tendencies emerged.

8. One group of major countries considered that, for several reasons, the creation of a separate United Nations organization for industrial development was not warranted. It was argued that, an international machinery for that purpose already existed. In addition to the United Nations Centre for Industrial Development, there were also the activities of, the Food and Agriculture Organization, the International Labour Organisation, the World Bank etc. In the opinion of this group of major countries, the establishment of a new agency for industry would have resulted merely in an increase in the cost of international administration. It was considered further that industry was a field that, with the exception of the countries with centrally planned economies, was largely within the sphere of private enterprise. Therefore, this group felt that industry did not offer a large scope of action for an intergovernmental machinery. It was further argued by this group of countries that required expansion of technical assistance in industry could be taken care of by



allocating additional funds for such assistance under the United Nations Development Programme (UNDP) to be administered by the existing agencies; in fact, appeals were made repeatedly to the UNDP to provide more funds to industry through the existing machinery. Finally, it was pointed out that the addition of a new body would only complicate further the already complex problem of co-ordination within the United Nations system of organizations.

9. A large number of countries, however, shared other views and maintained that industrialization was a strategic and most dynamic element in the aspirations and expectations of the developing countries and that the developing countries were not served adequately by the existing international machinery. This group of countries pressed for the creation of an independent central organ of the United Nations devoted exclusively to problems of industrialization of the developing countries - an organ comparable to those already in existence in such fields as agriculture, labour, science and health. They further considered that only an organization endowed with adequate resources, means of action and appropriate international standing would be in a position to take care of the complex problems posed by the process of industrialization of the developing countries. These countries also felt that with regard to field operations, a mere increase of UNDP funds channelled through the existing machinery was not adequate to meet requirements, and that effective assistance in this field required not only an increased flow of funds but, more important, a specialized machinery to identify areas of assistance, procedures and priorities adapted to the special requirements of the industrialization potential of different countries. In connexion with questions of co-ordination, this group of countries argued that co-ordination problems had been aggravated by the lack of a central machinery, which led to an unco-ordinated expansion of activities of the existing agencies in industry, and that the establishment of an independent central organization would improve, rather than complicate, the co-ordination problem.

10. Finally, another group of countries, while accepting the principle of a new international organization, felt that the terms of reference proposed by the organization's sponsors unduly limited its field of activity to problems

of industrialization of the developing countries and thus failed to take into account the need for international action in certain fields involving industrial relations between the developed countries. Thus, this group considered that in the area of transfer of technology, international action was called for, not only as regards transfer between developing and developed countries but also between the developed countries, as had been stressed during the 1963 Conference on Application of Science and Technology. Therefore, while concentrating its efforts in assisting the developing countries, the new organization should also be concerned with the development and transfer of industrial technology in general.

11. Thus, the constitutional form of the new organization that emerged from the deliberations of the General Assembly was a compromise arrangement. While the organization was given comprehensive terms of reference as regards promotion of accelerated industrialization of the developing countries and coordination of the industrialization activities of the United Nations family of organizations, it was set up as an autonomous organization within the framework of the United Nations. Thus, the assessed funds of the organization were to be provided under the budget of the United Nations, and the procedures and rules of administration of the United Nations Secretariat applied to all matters of its administration and internal management such as finances, recruitment, personnel and publications. The operational activities of the new organization were to be financed from voluntary contributions, mostly from the UNDP, in accordance with the rules and procedures of the latter. The endowment of the organization with independent operational funds met with serious objections on the part of a number of countries; the provisions of the final resolution, however, authorized the organization to receive direct contributions under special conditions. While resolution 2152(XXI) establishing UNIDO was adopted unanimously, some of the provisions of the resolution reflected the contesting views expressed in the debates upon which a compromise arrangement was reached through a long process of discussion and negotiation.

12. In evaluating the performance of UNIDO since its formal establishment on 1 January 1967 and in formulating the direction and scope of action in the future, it is necessary to take account of the fact that the legacy of this difficult and laborious phase of conception of UNIDO has acted as a constraint on its capacity of action in discharging its responsibilities.

## II. Objectives, priorities and activities of UNIDO

13. According to its terms of reference under paragraph 1 of General Assembly resolution 2152(XXI), the objective of the organization is to "promote industrial development, in accordance with Article 1, paragraph 3, and Articles 55 and 56 of the Charter of the United Nations, and by encouraging the mobilization of national and international resources to assist in, and promote and accelerate the industrialization of the developing countries, with particular emphasis on the manufacturing sector". Paragraph 2 of the same resolution spells out in detail the activities of the organization in fulfilling this objective.

14. The action to be taken by UNIDO in discharging its responsibilities is two-fold. First, the organization should provide assistance to, and support the activities of, governments of developing countries in the various areas of the process of industrialization as regards economic, technological and institutional aspects. Second, and seen at a different angle, UNIDO, in its capacity as an intergovernmental organization within the framework of the United Nations, should serve as an international forum for the exchange and discussion of experiences and views of member countries on the process of industrialization in the developing countries. It is hoped that such an exchange of views, proposals and recommendations will foster international understanding and co-operation and provide member States with clarification of, and possible guidance in, their national policies and programmes.

15. As regards the first area of activities, the institutional constraints referred to above and the limited resources in relation to the magnitude of its task have necessarily limited the scope of action of UNIDO. To avoid

dispersion of resources, the activities of the organization had to be guided by certain priorities which may be summarized as follows:

- (a) Establishment and implementation of public policies of industrialization;
- (b) Establishment of realistic industrial plans and programmes for the industrial sector, within the framework of general economic development and on the level of both individual industrial branches and industrial projects. This includes follow-up implementation of over-all and branch planning and preparation, evaluation and implementation of industrial projects;
- (c) Financing of industry, including fixed and working capital from domestic and external sources; investment in new projects and expansion of existing projects; and pre-investment;
- (d) Establishment, operation and management of industry, including the supply of skilled manpower, entrepreneurship and managerial and engineering skills;
- (e) Transfer and adaptation of technology: design of factories, equipment, processes and products;
- (f) Harmonization of national industrial development with the requirements for regional and international co-operation.

#### Activities of UNIDO on the secretariat level

16. Within the priorities summarized above, the activities of UNIDO on the secretariat level include field activities as its main instrument of action, UNIDO being essentially a field-oriented organization. Technical assistance in industry at the present consists essentially in providing expertise, training of nationals and in establishing or improving the institutional infrastructure. Due to the limited resources for assistance available to UNIDO, as compared to the needs, field activities in many cases are restricted to setting up prototype operations with the view to achieving a wide demonstration effect, thereby stimulating further action by governments. The use of resources under the SIS programme, which offers a certain degree of flexibility in its programming and financing procedures, has made it possible for UNIDO to widen its range of assistance to a large number of eligible projects that would have been "unprogrammable" under the normal UNDP procedures.

17. The second component of UNIDO action is headquarters' activities which are intended primarily to provide substantive support to the field operations either directly, by backstopping, or indirectly, by stimulating exchange of experience and know-how in the various fields of UNIDO assistance (e.g. economics of industry, technology, management) through studies, meetings, seminars, manuals and other publications etc. An activity recently initiated by UNIDO and one which, for lack of a better term is designated as "promotion", is the establishment and development of direct contacts through its intermediary between individuals and institutions of developed and developing countries to promote co-operation in providing such inputs as know-how, equipment and training facilities. A particularly important area is investment financing in which UNIDO facilitates and stimulates contacts between potential suppliers of funds - both private and public sources - and parties sponsoring specific industrial projects in the developing countries. It will be noted that the leverage effect of the resources engaged by UNIDO in this type of activity is particularly high in terms of the financial resources being mobilized through negotiations between the parties concerned.

#### Action of UNIDO as an intergovernmental organization

18. As mentioned above, the action of UNIDO under its terms of reference is of a wider scope than its field and supporting activities. In its capacity as an intergovernmental organization within the framework of the United Nations, it should also: (a) provide a rallying point for the aspirations and efforts of the developing countries in the development of their economies and in the improvement of the economic and social levels of their populations through industrialization; and (b) serve as a forum for discussions and exchange of ideas at high governmental levels on the problems and policies of industrialization and as a source of policy guidance to governments. Owing to its international standing and public impact, it should be in a position to mobilize, especially in the industrialized countries, the good will and co-operation of policy makers and industrial and financial leaders and to enhance public opinion. While of a diffused and intangible nature, action in this area is nevertheless of considerable importance as it results in influencing attitudes and defining concepts that are essential for the effectiveness

of the activities under the formal programme of work. UNIDO can fulfil its task with some success only if its action is backed by an understanding, co-operative and active involvement of the developed countries, which are in a position to mobilize resources, both material and human, on a much larger scale.

19. While the secretariat of UNIDO can play a certain role with regard to this type of activity, it is basically the responsibility of the governing bodies.

### III. Resources

20. The financial resources available to UNIDO for its activities both at headquarters and in the field include: (a) the allocation from the Regular Budget of the United Nations; (b) the allocation for assistance in industry under the Regular Programme of technical assistance (Part V of the United Nations budget); (c) the UNDP allocations for the financing of approved projects under its various programmes; and (d) various voluntary contributions including those made by governments in the annual pledging conferences. The total financial sources under all headings rose from \$15 million in 1967 to \$26 million in 1969, with resources under the regular budget of UNIDO increasing from \$5.9 million in 1967 to \$9.4 million in 1969. The distribution ratio of the above resources between the regular (administrative) budget of UNIDO and the other sources is at present roughly one to two.

21. The scope of the activities of UNIDO need not be limited, however, by its financial resources proper. Thus, the need is being increasingly realized for harmonization of assistance to the developing countries under the bilateral programmes of governments and the multilateral programmes of the United Nations family so as to develop a mutually acceptable pattern of international co-operation on a complementary basis. Should such co-operation come into effect, it would result in a considerable leverage effect upon the action of UNIDO, given the considerable magnitude of the resources involved in the co-operation programmes. In evaluating the potential over-all impact of UNIDO, account should be taken of these associated resources.

22. The success of the action of UNIDO in co-ordinating activities in industry within the United Nations system of organizations will also increase the effectiveness of the total resources available for assistance within the system. The same would apply to co-operative action with organizations outside the United Nations system involving much larger resources, including those of the developing countries themselves. It is difficult to estimate the total of all these associated resources but it should be of considerable magnitude.

23. Finally, it has been mentioned that the tasks of UNIDO include the fostering and mobilization of goodwill of governments and other agencies, public and private, responsible for industry. While representing potential assets, these intangible resources do not become available automatically; they have to be built up on the basis of mutual confidence between the organization and the member States. Such confidence will in turn depend largely on the performance of the organization in fulfilling its responsibilities. Thus, on the one hand, there is a close interdependence between the resources and performance of UNIDO and, on the other hand, between the extent of involvement and co-operation of member States, individually and collectively with the objectives and activities of the organization. The greater the involvement, the more the direct action of UNIDO will benefit from the resulting intangible resources and, consequently, the better the yield of the financial resources.

24. In the evaluation of the past performance of UNIDO and in the planning of its future activities, due attention should be given to these three categories of resources and their interdependence.

#### IV. Structure and organization of UNIDO

25. The present structure and organization of UNIDO have evolved through a series of changes in the last fourteen years. Following a recommendation by the Economic and Social Council, an Industry Section was established in 1956 in the Bureau of Economic Affairs in the Department of Economic and Social Affairs of the United Nations in New York. At the same time a

programme of work on industrialization was submitted to the twenty-first session of ECOSOC.<sup>2/</sup> In 1958, the Industry Section was transformed into a Branch comprising the following three sections: Industrial Programming and Policies, Industrial Economics, and Small-scale Industry. In 1960, the Branch was upgraded to the Industrial Development Division in which, in addition to these three sections, a training and management section and a technical assistance evaluation unit were established with the objective of further expanding the work of industrialization. In 1960, the Economic and Social Council approved resolution 751 (XXIX) establishing the Committee for Industrial Development. This Committee, composed of 30 member States, met for the first time in March 1961 and recommended the establishment within the Secretariat of an Industrial Development Centre which was to take over the activities of the Division of Industrial Development. In the implementation of this recommendation the Centre was established in 1961; to head the new Centre, the post of a Commissioner for Industrial Development was established the following year. The Centre was composed of a Research and Evaluation Division, with substantially the same structure of the former Division of Industrial Development, and of a newly established Technological Division; the latter included sections on Technical Studies, Training and Management, Co-ordination and Information. In 1964, a third division, the Division for Technical Co-operation, was founded within the Centre. With the establishment of UNIDO in January 1967, following resolution 2152 (XXI) of the General Assembly, the title of the Research and Evaluation Division, taken over from the Centre, was changed to that of Industrial Policies and Programming Division; the other two divisions, the Technological and Technical Co-operation Divisions were also taken over from the Centre, and two more divisions were introduced, namely, the Industrial Services and Institutions Division and the Division of Administration. Since 1967, UNIDO has maintained roughly the same pattern of organization.

26. The expansion of the technical assistance activities during the period 1963 to 1966 is indicated by the increase of the number of Special Fund projects supervised by the Centre for Industrial Development - from six in 1963 to eighteen by the end of 1966 at the time when the General Assembly approved the resolution establishing UNIDO. By the end of 1969, the number of Special Fund projects increased to 38.

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<sup>2/</sup> Official Records of the Economic and Social Council, twenty-first session, Annexes, agenda item 5, document E/2832.



27. The preparations for the regional symposia for industry in Asia, Africa, Latin America and in the Arab countries - organized by the Centre for Industrial Development in collaboration with the regional economic commissions, UNESOB and the Government of Kuwait - were a useful exercise from the organization's point of view in bringing the activities of UNIDO closer to the problems of the different regions and the requirements of the developing countries. The International Symposium on Industrial Development, held in Athens at the end of 1967, proved that structurally UNIDO was capable of dealing adequately with various aspects of industry in the developing countries. The structure of UNIDO also proved to be adequate for dealing with the large number and great variety of field projects under the different programmes and, in particular, under the SIS programme which was started in 1966.

28. The characteristics of the present structure of UNIDO stem from the recognition of the fact that the process of industrialization in the developing countries can be viewed from three different perspectives. First, from the point of view of the individual industrial branches (e.g. metallurgy, engineering, textiles, chemicals); second, from the point of view of the across-the-board economic and financial problems (e.g. policies; industrial planning and programming on the national, industry and project levels; financing); and third, from the point of view of the various services and institutions (e.g. research, standardization, training, management) that are required for the effective operation of industry.

29. The three areas are not exclusive of each other but involve complementary, mutually supporting action. Thus, assistance in a given industrial branch often includes problems of programming, project preparation and financing, on the one hand, and training and management on the other. In the same way, assistance in institutional aspects has often to be provided on the level of a specific industry.

30. It is within this tridimensional pattern that the action of UNIDO both at headquarters and in the field can be described. The present structure of the organization follows this basic pattern: the three substantive divisions of UNIDO, namely the Industrial Technology Division, the Industrial Programming and Policies Division and the Industrial Services and Institutions Division,

correspond to the three main areas of action described above. Joint action is undertaken when an integrated multi-dimensional approach is indicated in a particular case.

31. On the other hand, the operational activities are organized on a regional basis to correspond to the geographical location of the UNDP Resident Representatives and to provide closer contacts with the developing countries. These activities are handled by the Technical Co-operation Division with the support of the substantive divisions.

32. Separate sections were established within the various divisions with a view towards concentration of the relevant expertise to generate, assimilate and disseminate knowledge and information in order to provide the most effective advice to the developing countries. Another criterion for the establishment of a given section was the requirement of having valid counterparts in the developing countries in the respective areas of work.

#### V. Brief summary of the work of UNIDO for the period 1967 to 1969

33. The organization is still very young. It will be borne in mind that it has only three years of history, having begun its operations on 1 January 1967. Moreover, most of the activities in 1967 were devoted to the preparation of the International Symposium on Industrial Development held in November and December of that year and to the physical installation of the new headquarters in Vienna. It may be recalled that the transfer of the organization to Vienna involved a considerable input of time and effort in establishing the minimum infrastructure for the operation of UNIDO at its new headquarters. The transfer involved the establishment of physical facilities, the recruitment of personnel, the take-over of the management of operational activities from the Department of Economic and Social Affairs in New York, the development of the new machinery in Vienna to handle the increased volume of technical assistance, development of contacts with governments, industries, scientific and educational institutes and other organizations, and the carrying out of many other tasks that are associated with the setting-up of a new international organization.

34. It should be also noted that during the formative period of UNIDO, the general climate for international action was far from favourable. It was a period of disillusionment with the ideals and performance of the United Nations - a period when an atmosphere of critical re-appraisal of the operation and structures of the international institutions prevailed. This atmosphere was reflected in a proliferation of bodies - such as the Group of Nine, the Group of Fourteen, the Jackson and Pearson Commissions - for review and evaluation of the international machinery. While UNIDO was the youngest member of the United Nations family and had to wage an uphill effort in the first years of its establishment and operation, it has been subjected, nevertheless, to the same criteria of appraisal as the older organizations that had benefited from longer experience, much larger resources and the advantage of a long period of operations in a more felicitous environment.

35. Despite the difficulties, and while recognizing some shortcomings in its performance, it is not an exaggeration, however, to say that much has been accomplished by the organization during the past three years. The figures given in table 1 in document ID/B/69,<sup>3/</sup> submitted to the fourth session of the Board, show that, as regards field operations, the volume of expenditures under all programmes grew from \$5.4 million in 1967 to \$9.6 million in 1969. Further growth in the period 1970 to 1972 can be indicated only in terms of anticipated resources and is reflected in the planned increase of these resources from approximately \$20 million to \$30 million. Within this over-all figure for technical assistance under all programmes, expenditures under the SIS programme increased in the period 1967 to 1969 from \$0.5 million to \$2.1 million and are expected to reach a total of \$4.5 million in 1972. The number of Special Fund projects for which UNIDO is the executing agency increased from 18 in 1967 to 35 at the end of 1969. The supporting activities at headquarters grew in line with the field operations although naturally at a slower pace; as measured by man/months on the manning tables of the three

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<sup>3/</sup> Outline of the 1972 Work Programme of UNIDO.

divisions that are responsible for the substantive support of the field activities, the resources increased from 1,500 man/months in 1967 to 1,764 man/months in 1969.

36. Throughout this three-year period, UNIDO benefited from full co-operation with the UNDP, as shown in the expansion of UNDP funds allocated to the operational programmes in industry. Although the latter still account for a relatively small share in the total volume of assistance financed by the UNDP, there has been a substantial increase in the volume of the funds allocated to UNIDO in absolute terms and a gradual, although slow, improvement in the share of UNIDO in the total. A constructive attitude has been taken also by the specialized agencies and the other bodies within the United Nations system in the matter of co-operation and co-ordination of activities in industry. In this respect, not only did the apprehensions that had been expressed by some governments at the time of the establishment of UNIDO fail to materialize, but there has been a welcome shift in the approach to the issue of co-ordination - from resolution of conflicts of competence towards initiation of co-operative efforts in areas of common interest - so as to have the countries benefit from the combined competence and experience of the organizations concerned.

37. During the same period, UNIDO participated to an increasing extent in different bodies and councils of the United Nations system. It developed closer contacts with business, financial and industrial authorities in many countries.

38. Mainly due to the growing interest and confidence of the developing countries in the work of UNIDO, there has been a steady build-up of other activities. There has been greater acceptance of the organization, even in those circles where there had been an attitude of indifference and scepticism. The substantial contributions made to the organization by a large number of countries in the last two Pledging Conferences constitute a tangible proof of this encouraging development. Interest in the work of UNIDO has been manifested also by governments in a variety of other ways.

39. A major element contributing to the progress achieved has been the excellent guidance which the organization has continued to receive from the Board whose work has benefited greatly from the high degree of co-operation shown by all member States. It should be noted that - except for a few cases in which resolutions have been adopted by a majority vote, largely because matters involving certain positions of principle were dealt with - the resolutions of the Board have been adopted by unanimous assent of all members.

40. As has been stressed on several occasions in the statements by the Executive Director to the Board, the basic approach of UNIDO to the problem of international co-operation in industry has been consistently to the effect that the cause of industrialization of the developing countries be served best by a policy based on goodwill, mutual understanding and even enlightened self-interest rather than by a policy of confrontation of dogmatic views. That such an approach is substantially correct is borne out by the concurrence expressed by member States with the general orientation of the activities of the organization.

41. The General Assembly, to whom the Board has reported yearly on the activities and performance of the organization, has expressed favourable comments on the progress of the organization.

PART TWO: FUTURE PROSPECTS OF UNIDO

VI. Future prospects

42. The work of UNIDO in the future should consist, in the first place, of an expansion of most of the activities of the past, with such changes as may be required on the basis of the experience gained and the requirements of the field. However, other modifications, including a possible re-orientation of the programme in some areas, may have to be introduced in order to adapt the work of UNIDO to the likely changes in the economic, technological and institutional environment of the process of industrialization of the developing countries. The impact of these environmental factors can only be conjectured at the moment; however, they have to be kept under review constantly if the programme of work is to remain dynamic and of maximum flexibility and effectiveness. Thus, it might be useful at this point to indicate briefly the nature of a certain number of these factors.

43. There is certain to be a great deal of action on national and international levels in connexion with the Second United Nations Development Decade. The preparatory work carried out by the United Nations family resulted in the formulation of a certain number of over-all and sectoral targets, including targets for industry, and of various policies on national, regional and international levels aimed at assisting the developing countries to achieve these targets. As has been indicated in the documents submitted by the secretariat of UNIDO to the Board and other governing bodies of the United Nations on the subject of the Second Development Decade, UNIDO, owing to lack of resources and insufficient time, has not been in a position to contribute its share towards the preparation of the projections of industrial development of the developing

countries in the 1970s. It has been considered that the role of UNIDO, for the time being, should be confined to surveying the needs, assessing the performance of the developing countries and their progress towards the implementation of the industry targets, and providing assistance in formulation of the appropriate policies and measures. So far, a relatively modest start has been made in initiating this action which the organization intends to develop fully in the coming years. As to work on projections, UNIDO has been engaged in a limited way in econometric and other statistical work on a certain number of branches of industry with the objective of providing basic statistical background for its activities on the country level. It is intended to pursue and amplify the econometric work in the future aiming at building up, among other things, models of industrial development to complement those that have been built up by the United Nations for the economy as a whole and by other bodies for the non-industry sectors.

44. The second factor is the expected evolution of the UNDP programme as a result of the far-reaching review of the activities of UNDP following the Capacity Study by Sir Robert Jackson published in November 1969.<sup>4/</sup> The Governing Council of the UNDP is examining this study in the light of comments made in the February 1970 session of the Inter-Agency Consultative Board and of a programme of action submitted by the Administrator of UNDP which was based, among other considerations, on the recommendations of the Capacity Study. The reorganization of UNDP as may emerge from the deliberation of the Governing Council and other bodies will have an important impact on the field activities of UNIDO. Thus, the proposals under discussion include establishing a system of long-term country programming and strengthening the role of the Resident Representatives in establishing country programmes of assistance; under this new procedure, individual projects would be approved within the country programmes. There is also a proposal to establish, in co-operation with the participating agencies, a comprehensive system of information in order to improve the effectiveness of the programming, implementation and evaluation of procedures of the UNDP. These proposals, if accepted, would greatly affect the operations of UNIDO in the field and would call for a substantial review and reorganization of the UNIDO machinery.

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<sup>4/</sup> A Study of the Capacity of the United Nations Development System (DP/5).

45. The third factor relates to development in the field of economic co-operation between developed and developing countries particularly as regards the flow of financial resources for economic development. The Pearson Report,<sup>5/</sup> in which an extensive study was made of the financing needs of the developing countries, contains a certain number of recommendations aimed towards a substantial increase in the flow of resources.
46. In this connexion it will be noted that at the moment the general outlook for international co-operation in this area is not very favourable, owing to monetary upheavals, difficulties of balance of payment and mounting budgets in the advanced countries as a result of general inflationary developments, and mounting social costs and military expenses. A certain scepticism is also prevailing about the effectiveness of aid, either as an instrument of development or as a factor in preserving international peace. The problem, nevertheless, is being considered seriously by governments and international agencies, and it is hoped that effective action will be forthcoming in the near future. As has been mentioned, a more favourable attitude is emerging as regards the harmonization of bilateral and multilateral aid, and there are also some indications of possible shifts of resources into multilateral programmes.
47. Developments in all these areas would directly affect the action of UNIDO. Thus, UNIDO might be increasingly involved, at the request of countries, in advice and consultation on matters involving provision of finance and industrial know-how. An increase in the flow of resources to industry would require a corresponding increase in the activities of UNIDO in the area of feasibility and pre-investment studies of industrial projects. It will be noted in this connexion that the recommendations of the Capacity Study put considerable emphasis on assistance of this type.
48. As to the activities of the international financing organizations in this area, co-operation has been initiated by UNIDO with the African Development Bank in the organization of investment promotion meetings in the region; similar co-operation is likely to develop with the regional development banks in Latin America and Asia, and preliminary contacts at the executive level have been established with the World Bank Group. As regards the future action of

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<sup>5/</sup> Partners in Development, New York, Praeger, 1969.



UNIDO, a highly important development has been the recent reorientation of the activities of the World Bank Group towards financing of industry in developing countries. Under the new action programme of the World Bank, industry was included as one of the six priority areas. A special department for industrial projects was set up at the Headquarters of the World Bank and a major expansion of the activities in the field of industry is expected, including the establishment of new industrial financing institutions in a number of developing countries. The Group has already started the implementation of a comprehensive programme of country missions. More than 30 missions are envisaged for the current year, aiming at an assessment of the financing requirements of the countries concerned, including financing of industry and the requirements in technical assistance.

49. As mentioned earlier, other environmental developments of an institutional and technological nature are likely to arise. It is to be expected that with the progress of industrialization, the industrial sector in the developing countries will undergo not only quantitative but also qualitative changes; that is, it will expand not only in width but also in depth through the emergence of new and more sophisticated branches of industry. These developments should affect correspondingly the nature of the required assistance and greater emphasis would have to be given to such areas as improvement of higher technical skills, intensive training in advanced managerial and engineering fields, and supporting research. Increased attention would also have to be given to regional integration and specialization and promotion of exports of manufactured goods so as to widen the markets for industrial goods and to achieve a more effective utilization of economies of scale in industrial production.

50. A further factor to be taken into account is the effect of the technological revolution that is taking place in the advanced countries in practically all sectors of economic activities. This applies particularly to the emergence of new highly dynamic industrial sectors (e.g. electronics, petrochemicals, including the various synthetic derivatives such as plastics and man-made fibres); the far-reaching automation of industrial operations including the rapid spread of computerization of operation and management of industries; and the steep, if not explosive, rise in productivity in agriculture (the "green revolution"). At the threshold of the coming decade there are also new and

far-reaching developments in such areas as: space technology; exploitation of resources of the seabed; technology of prospecting and location of sources of mineral ores and oil; the uses of nuclear energy as a source of power and for other non-military applications which have increased steeply; and production of synthetic proteins on an industrial scale.

51. Finally, significant changes are taking place in the economic and institutional structure of industry in the advanced countries. Many industries are undergoing major restructuring through mergers and consolidations on a national and international scale, aiming at consolidation of markets, streamlining of financing structures and patterns of cost, and taking fuller advantage of the technological progress. In most countries, labour costs are increasing steeply and there are serious labour shortages which are met by imports of foreign labour that often lead to serious social problems. Attempts are being made in some countries to overcome these difficulties by deliberately encouraging external investments that might lead to a transfer of some of the more labour-intensive branches of industry to developing countries with abundant labour resources.

52. All these developments are bound to have a profound effect upon the process of industrialization in the coming years. It will be necessary for the developing countries to assess these developments, to evaluate the potential impact on their industries and, wherever possible, to take advantage of some of these developments. UNIDO should be in a position to provide effective assistance in all these fields.

## VII. Projection of resources

### Financial resources

53. The projection of the financial resources will be made for the five-year period ending in 1975, beyond which it would be difficult, if not impossible, to make numerical forecasts with any degree of realism. In any case, the figures should be considered as orders of magnitude in view of the considerable margin of uncertainty involved in an evaluation of activities which depend largely on government requests.

54. As a basis for the forecast we shall first consider the trend of UNIDO resources for the three-year period 1969 to 1971 for which figures are already available (see table 1 of the statistical appendix in document ID/B/64). It will be noted that total resources rose from \$25.9 million in 1969 to \$31.8 million in 1970 and to an estimated \$39 million in 1971, representing a yearly increase of about 23 per cent for the two years 1970 and 1971. Taking the main items under technical co-operation activities, the resources devoted to technical assistance programmes (Regular Programme, UNDP/TA and UNDP/SF and the SIS programme) rose from \$13.8 million in 1969 to \$17.5 million in 1970 and \$21.5 million in 1971, representing a yearly increase of 27 and 23 per cent, respectively; resources under the UNIDO General Trust Fund - which consist of voluntary contributions to UNIDO, including amounts pledged under the Pledging Conferences - show an increase from \$1.7 million in 1969 to an estimated \$2.0 million in 1970 and \$2.5 million in 1971 or a yearly increase of 18 and 25 per cent, respectively.

55. Given the immense backlog of unsatisfied needs for technical assistance in industry, as illustrated by the figures in the column "Requirements" in table 1 referred to above, it is not unrealistic to assume that the resources under UNDP should continue to grow at least at the same compound rate of approximately 25 per cent yearly during the entire period. This would result in a total of \$55 million in 1975, more than three times the 1970 figure.

56. These figures are borne out by considering the individual components. The UNDP/SF component is expected to show the highest rate of growth, with a net increase (that is, new approved projects less projects completed during the year) of about 30 projects a year. The number of projects in the pipeline is thus estimated to rise from some 60 projects by the end of 1970 to 210 by the end of 1975, corresponding to a yearly flow of resources of about \$35 million. The UNDP/TA component is expected to reach a yearly figure of \$5 million by 1975. The volume of the Regular Programme in industry is not expected to change significantly, while the SIS-type programme under the Revolving Fund, which is the dynamic component of UNIDO short-term assistance, should increase from the present figure of \$4.5 million to \$10 million a year.

57. The UNIDO General Trust Fund component is expected to double by the end of 1975 to an amount of \$5 million through voluntary contributions under the annual Pledging Conferences. Despite its relatively modest size, this source represents a highly effective instrument of UNIDO action in view of its flexibility. The use of this source has made it possible for UNIDO to engage in a variety of important projects of assistance that would have been difficult, if not impossible, to initiate under the UNDP financed programmes.

58. As to the UNIDO Regular Budget, mentioned in reference to a long-term programme in Part Three of document ID/B/45 submitted to the Board at its third session, the substantial increases during the period 1967 to 1969 reflected to a large extent the financial requirements involved in the transfer of headquarters to Vienna and the establishment of the administrative infrastructure of the new organization as regards both the general administration and the administration of the technical co-operation programme that has been taken over from the Department of Economic and Social Affairs at United Nations Headquarters. The increase in the financial requirements in the coming years will arise from the needs of servicing and supporting a greatly expanded volume of field operations and the anticipated increases in costs and levels of remuneration of staff. It is expected, however, that the required resources under the Regular Budget should increase at a much slower rate than those under the field operations. In fact, as can be seen from table 1, referred to above, such a slow-down has been indicated for the years 1970 to 1971.

59. In the absence of any better measurement, the volume of expenditures on technical co-operation should represent the magnitude of the "direct product" of UNIDO activities, while the Regular Budget of the organization should correspond, as a very rough approximation, to the administrative "overhead" of the field operations. The smaller rate of growth of the resources absorbed under the Regular Budget, as compared to the resources devoted to direct field operations, would indicate the gradual increase in effectiveness of UNIDO operations.

### Associated resources

60. As mentioned in chapter III, it is expected that the effect of the financial resources of UNIDO proper could be magnified considerably through addition of the associated resources, as the anticipated harmonization of activities with the bilateral programmes develops in the coming years. While it is difficult to evaluate this multiplier effect in numerical terms, it should be considerable, given the magnitude of the resources devoted to bilateral assistance.

### Intangible resources

61. Another factor in improving the effectiveness of UNIDO resources was action on the intergovernmental level referred to above, which should increase considerably in scope in the course of the coming years. As a major instrumentality in this area, mention should be made of the concerted action by governments of both developed and developing countries in co-operation with the organizations of the United Nations family within the framework of the Second United Nations Development Decade.

### Constraints and limitations

62. As against these resources, a certain number of constraints and limitations should be taken into account in projecting the action of UNIDO. Most of these are due to the fact that UNIDO is subject to the administrative and financial procedures of the United Nations in matters of budgeting, programming, recruitment and financing. Having been developed to respond to the requirements of the work of the United Nations, these procedures generally follow the organizational patterns of public administration; because of the nature of the work of UNIDO, they are not always applicable to certain areas of action of UNIDO which require flexibility of operation more akin to procedures and practices in use in industry. Thus, as regards budgeting, the regular budget of UNIDO is part of the budget of the United Nations and is subject to the same procedures of preparation, discussions and approval. As a result, the financial policies of governments with regard to the United Nations as a whole apply almost automatically to UNIDO: a policy of financial

retrenchment would affect directly the UNIDO budget although its financial needs are related to the development of its activities in the field of industrialization and not to those of the United Nations as a whole.

63. The same considerations apply to recruitment procedures which follow the pattern of public administration, while the nature of the work of UNIDO puts it in many cases directly in competition with industry for the same type of personnel. UNIDO should be in a position to apply methods of recruitment followed by industry as well as to offer competitive salary rates.

64. The preceding considerations concerning procedures of administration apply to an even greater extent to the activities in the field. Reference has been made to the problems experienced by UNIDO as a result of current procedures of programming of the UNDP, particularly in the case of projects that emerge - as is often the case in industry - on short notice and require rapid implementation (trouble-shooting). The problems of recruitment of staff with industrial experience are also much greater within UNIDO because of the large numbers involved and the specialized nature of the assignments.

65. It will be noted that the operation of the UNDP, including procedures in financing, programming and implementation, has been reviewed extensively in the Capacity Study referred to earlier. The potential repercussions of this study on the work of UNIDO were reviewed in an earlier chapter.

#### VIII. Design of a long-range programme

66. In the light of the preceding considerations regarding the environment within which the action of UNIDO would unfold and the expected situation of resources, a certain number of guidelines for the long-range programme are formulated in the following paragraphs. In this respect, as was mentioned in Part Three of document ID/B/45 submitted to the Board at its third session, it will be realized that, as UNIDO is essentially an operational organization responding to government requests, its long-range programme can be formulated only in terms of guidelines and main directions.

67. Generally, the programme would continue to be guided by priorities, while at the same time, it would respond to the conditions and expected developments outlined in the preceding chapters. As regards the latter, the action of UNIDO in the immediate future should be affected strongly by its responsibilities under the Second Development Decade. In fact, these responsibilities provide an over-all operation which will integrate, to a substantial extent, the activities of UNIDO in the various fields. More specifically, the machinery of advice and consultation on the country level will be extended considerably. The survey missions being carried out at present will gradually evolve into evaluation and consultation missions to assist governments in taking stock of the progress in implementation; advise them on appropriate policies and measures; and, finally, assist them in setting up national machineries to take over and perform these functions at a later stage. Attention will be given also to policies of regional industrial co-operation. As mentioned earlier, an expansion of the work in econometric projections and model building is being envisaged.

68. In this connexion, it will be noted that UNIDO does not envisage the establishment of a world plan for industrialization among its responsibilities under the Second Development Decade. While it is the task of UNIDO to keep under continuing review the developments in industry in the developed countries - inasmuch as they affect the process of industrialization in developing countries - the pattern, rate of growth and policies of industrialization of the industrialized countries are entirely outside the terms of reference of UNIDO. On the other hand, since the developed countries account for an overwhelming share (some 95 per cent of world industrial production<sup>5/</sup>), the formulation by UNIDO of a world industrial plan, even of indicative nature, would be a highly unrealistic exercise of questionable usefulness.

69. With regard to the expected re-organization of the UNDP, emphasis would have to be given to country level programming and the development of links with the regional machinery as envisaged in the proposals of the Capacity Study. UNIDO has already begun work in developing long-term assistance

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<sup>5/</sup> Cf. table 5 in Industrial Development Survey, Vol.I(ID/9, Sales No.68.II.B.18).

programmes through programming missions to a number of developing countries. This work will be extended systematically with the support of the field staff of UNIDO.

70. As many developing countries will be entering more advanced stages of industrialization, new areas of assistance will be uncovered (e.g. in more sophisticated technology, advanced management techniques, supporting institutions for research, quality control and standardization). Thus UNIDO should be in a position to keep the programmes of assistance to developing countries under continuous review and to be adequately equipped to provide the necessary assistance.

71. The programme should be responsive to needs for assistance by countries at different stages of development, different endowment in resources and different political systems and institutions. As time goes on there will be increased differentiation among countries as regards their stage of industrial development, and assistance will have to be provided on a wide front, from assistance to countries still in the earliest stages of industrialization to those on the threshold of a mature industrial economy.

72. Services of UNIDO will be called for increasingly in areas that involve high-level confidential advice to governments; for instance, in matters of basic industrial policy and decision-making on important industrial projects involving negotiations with outside interests, both public and private.

73. As regards the work of UNIDO in relation to direct financing of industry through the various international financing institutions (e.g. the World Bank Group, the regional development banks), development of close working contacts with these bodies is envisaged. In terms of field activities, a substantial increase is expected, particularly in the preparation of feasibility and pre-investment studies for the investment projects to be financed through these sources.

74. The potential impact of the expected developments in the industrial and technological environment implies, in terms of UNIDO action, that the secretariat would have to keep abreast of these developments so as to fulfil effectively its task in advice and assistance. The responsibilities of UNIDO



in transfer of technology would require considerable expansion of its assistance in such areas as applied research, design of equipment, processes and products.

75. The activities of UNIDO represent an open-end operation which involves the co-operation of all other relevant United Nations bodies (e.g. regional economic commissions and UNESCO, specialized agencies) and organizations and institutions outside the United Nations such as intergovernmental organizations and the industrial and financial communities at large.

76. Regarding its responsibilities for co-ordination of activities in industry under its terms of reference, UNIDO interprets its function not only in the sense of avoiding duplication of efforts and conflicts of competence, but also of promoting collaboration and concerted action of all the United Nations bodies concerned so as to provide most effective assistance to governments. Thus, it is expected that a large part of the future activities of UNIDO will be in the form of co-operative arrangements with other members of the United Nations family. This should lead, in the long-run, to joint programming of activities in industry although the difficulties arising from constitutional and timing factors should not be underrated. In the establishment of their programmes, the specialized agencies and the regional economic commissions are responsible to their respective governing bodies; in addition, there are differences in the periods and cycles of programming that would have to be overcome.

77. It can be seen that if UNIDO is to fulfil effectively its responsibilities vis-à-vis the governments of developing countries, its programme of action should display a great deal of flexibility, initiative, inventiveness and a capacity for adapting itself continuously to new requirements and new challenges.

78. Subject to availability of resources and possible relaxation of procedures, particularly in the field of technical co-operation, further new approaches are envisaged in such areas as: improvement and development of mechanisms of continuing consultation with governments of developing countries by increasing the country missions to that effect; provision of immediately available ad hoc high-level advice on important policy issues; and the development of an

institutional approach to co-operative arrangements with industrial, technical and research establishments in the developed countries so as to obtain an active involvement of the latter in the action of assistance. In this connexion it is the considered view of the UNIDO secretariat that the co-operative arrangements with the developed countries for training of nationals in advanced managerial and technological skills, some of which have already been initiated, would gain greatly in effectiveness by locating such projects in the advanced countries where a more favourable climate exists for the assimilation and absorption of industrial know-how. For the same reasons, UNIDO should be in a position to expand its contacts with the centres of technology, industrial research and finance in the advanced countries with a view to multiplying the points of dialogue, discussions and consultations.

79. Another element of the programme to be further developed is in the field of information. The present activities in collection and dissemination of information on the various aspects of industrialization, through the Industrial Information Centre at headquarters, should be expanded further so as to enable the Centre to discharge fully its functions of providing the required services to industry in developing countries and to UNIDO experts in the field. Reference to this aspect of the information function was made earlier in connexion with the expected developments in the field of industrial technology. Another aspect is the development of an internal information system to provide for greater effectiveness of the field activities, namely, as regards the preparation, implementation and evaluation of projects. Such an information system would be harmonized and co-ordinated with a similar system envisaged for UNDP headquarters following a recommendation of the Capacity Study.

#### IX. Structure of the organization

80. As was mentioned in chapter IV, the problems arising in the field of industrialization fall into one or a combination of the following three areas: (a) problems relating to specific branches of industry; (b) across-the-board economic and financial problems; and (c) improvement and establishment of services and institutions to support the industrial operations.

81. It was also mentioned that this tridimensional pattern is followed in the structure of the three substantive divisions of the UNIDO secretariat, which also includes the Technical Co-operation Division and the Division of Administration. Respectively, these Divisions are in charge of field operations and general administration and management of the organization.

82. The anticipated expansion of UNIDO operations in the future should not require any substantial changes in this basic organization. Additional tasks in the substantive fields would be absorbed within the existing structure. However, the increased volume of activities may require, at some point, the subdivision of some of the present sections into smaller units to provide for greater efficiency of operation. As to the handling of problems that require action among more than one "dimension" of work, the present practice of setting up task forces composed of staff from the appropriate functional units has proved to be adequate for that purpose.

83. The central functions of co-ordination, relations with governments, various public and private agencies, and institutions including the inter-governmental agencies and national committees that are being handled by the office of the Executive Director, would need considerable strengthening. This applies in particular to the relations of UNIDO with the industrialized countries in such areas as harmonization of bilateral and multilateral programmes of assistance, contacts with industry, research, and professional and academic institutions. Up to the present, all exploratory, liaison and contact activities of this kind have been carried out by means of isolated visits on an ad hoc basis and with limited follow-up possibilities for lack of resources.

84. A few observations should be made concerning headquarters staffing. The complexity of industry makes it impossible for the headquarters establishment to dispose of staff fully specialized in the many areas that modern industry involves. Thus, the appropriate profile of most of UNIDO staff should be one of a professional sufficiently qualified in the main fields of its activities (e.g. engineering, economics, management) capable of meeting on their own grounds, and providing general guidance to industry specialists. The specialists are recruited on an ad hoc short-term basis when problems arise requiring

highly specialized knowledge or skills. As a corollary of the same situation, the "pyramid" personnel structure characteristic to public administration is not entirely appropriate to the conditions of UNIDO, and the staffing structure will have to be skewed in favour of higher grade professionals capable of managing an operation more or less independently. This should result in considerable decentralization of decision making leading to greater efficiency in the management of operations. Furthermore, owing to the rapid pace of change in the technological and industrial fields, there is need for systematic in-house training of staff (e.g. through refresher courses), in addition to the normal practice of briefing on United Nations procedures.

29. The problem of improving administrative efficiency of headquarters operations, which has been a subject of preoccupation for the Industrial Development Board, is being given considerable attention. An Administrative Management Section has been established recently within the headquarters operation with the task of assessing the methods of work at headquarters and suggesting improvements. This Section works in close collaboration with an interdivisional committee of senior officials set up for that purpose. Other interdivisional committees are working in the areas of preparation and implementation of technical assistance programmes, particularly regarding improvement of the procedures of recruitment of field experts; interdivisional co-ordination of substantive support of field operations; and improvement of the standards and methods of dissemination of UNIDO publications. The Board is also aware of the work of the Board of External Auditors who will be finalizing this year a management audit report on UNIDO for submission to the General Assembly and of the Secretary-General's desk-to-desk personnel survey which will take place later this year.

30. As regards field personnel directly involved in technical assistance operations, it was mentioned earlier that a streamlining of the present procedures would help greatly in overcoming the difficulties in recruitment, which are a major obstacle in the way of speedy implementation of projects. Some action has been taken already in this area; further measures will have to be developed in the future. Thus, in certain areas in which there is a continuing demand for expertise, long-term contracts or even a career service

might be envisaged. Conversely, in cases where short-term missions are required from time to time, use might be made of personnel on a retainer basis or of experts who are given a status of UNIDO correspondent. In addition, an effort will be made to integrate into the recruitment pool the expertise that is already available in some of the more advanced developing countries (e.g. Brazil, India, Mexico, the United Arab Republic), which would open up a new and important source of personnel. Increasing use will also be made of the services of engineering consultancy firms, particularly in cases where multi-disciplinary assistance is involved.

87. Finally, it may be recalled that UNIDO intends to strengthen assistance to governments in high-level advice on policy and business matters. To secure the services of this type of experts, a considerable degree of flexibility is required in procedures of recruitment and levels of remuneration.

88. An important aspect of the field structure of UNIDO is the development of strong links with the countries and the regions that are the recipients of the assistance provided by UNIDO. This leads first to the problem of regionalization of UNIDO activities. It will be recalled that such regionalization was strongly recommended by a certain number of countries that favoured the establishment of UNIDO regional offices. For various reasons, but mainly in order to avoid duplication of the existing facilities in the regional economic commissions, it was considered that a more expedient alternative was to establish a network of field advisers attached to the local offices of the UNDP Resident Representatives in the various regions. Some of these advisers were located at the seats of the secretariats of the regional economic commissions and UNESOB and were given an additional function of strengthening the liaison and co-operation with these regional bodies, particularly as regards co-ordination and, to the greatest possible extent, joint planning of programmes in industry and collaboration in field activities.

89. It is intended to expand, in co-operation with the UNDP, the network of field advisers from the present number of ten to twenty in 1970 and to approximately thirty in 1971. A still larger number is anticipated in the succeeding years.

90. It is likely that the further development of the relations of UNIDO with the intergovernmental regional development organizations, in particular the regional development banks, may require additional strengthening of the regional machinery (for instance, through appointment of UNIDO regional co-ordinators). Such a system of regional co-ordinators would be particularly indicated if and when the UNDP regional machinery, recommended in the Capacity Study, materializes.

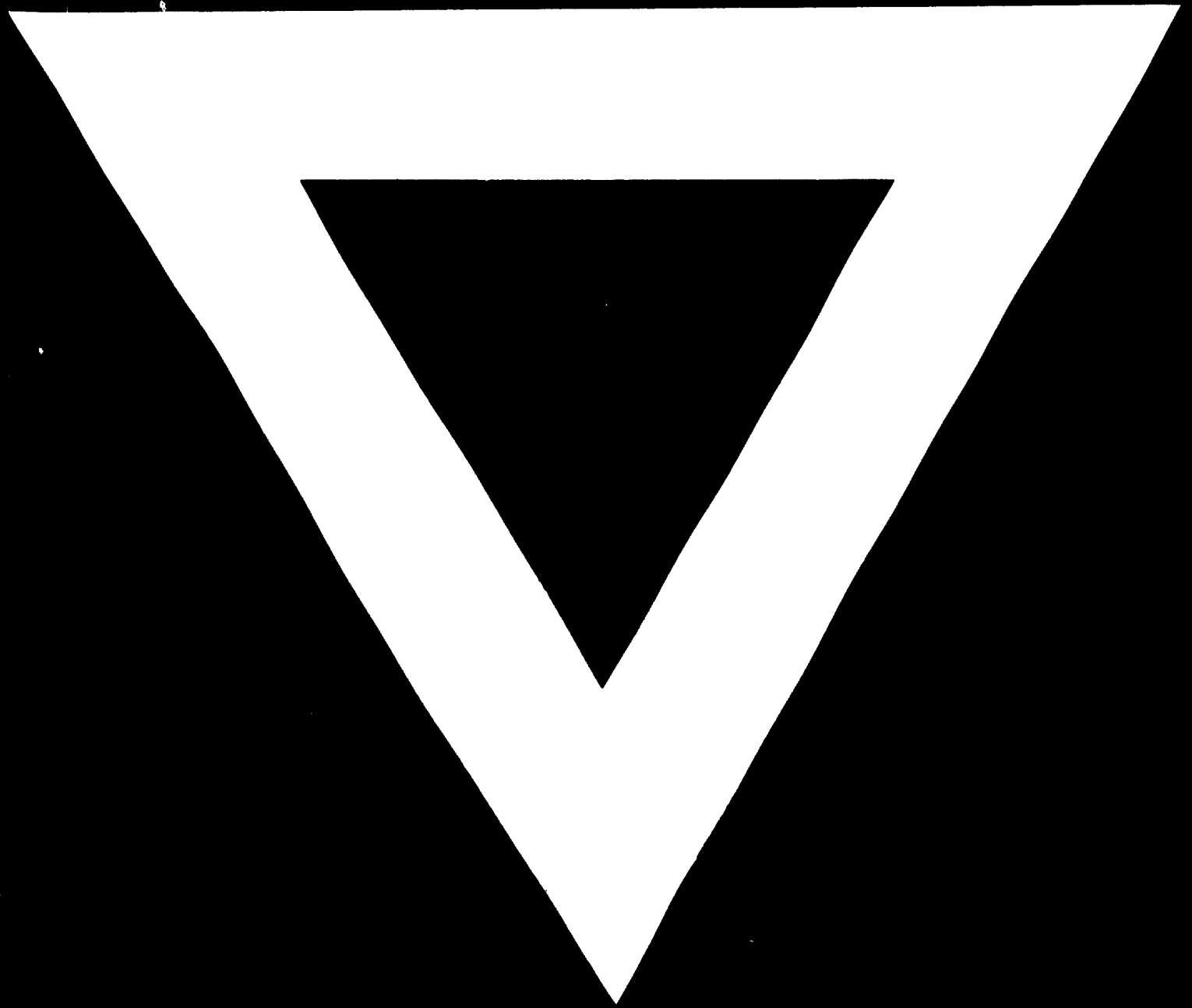
91. As regards the development of closer links with countries, the proposed extensive use of country long-term technical assistance programming missions and of survey and advisory missions under the Second Development Decade has been referred to earlier. It might be noted that the latter action might be linked to the programme of interdisciplinary teams which is being set up by the United Nations, in co-operation with the regional economic commissions and UNESOB, to advise governments on planning, policies and implementation of the targets under the Development Decade, following General Assembly resolution 2563(XXIV).

### CONCLUSIONS

92. As mentioned in the Introduction, this document was prepared in order to put forward a number of ideas to assist the Board in its discussions; certain observations contained in the document as regards the contents and orientation of the future work should not necessarily be considered as final opinions or proposals for action.

93. The preliminary examination made in this document of the prospects of UNIDO indicates that the organization has considerable potentialities as an effective instrument in promoting industrialization of the developing countries. It also appears that at this stage of its evolution a careful examination of the expected long-term trends of UNIDO is most appropriate, particularly since discussions are currently proceeding within the United Nations system of organizations and in some member countries as regards policies and measures for the strengthening of international co-operation and aid for development which should have an important bearing upon the activities of UNIDO in the future years. In some cases it may be expected that specific action would emerge as a result of these deliberations within the next few months, in others this may take more time. This situation should be taken into account by the Board in its debates on this matter.





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