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Expert Group Meeting on Industrialisation in
Relation to Integrated Rural Development

Vienna, Austria, 12-15 December 1977

CONCLUSIONS AND PROPOSALS FOR FURTHER ACTION ^a

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*A full report on the meeting, including case studies, will be published during the first half of 1978.

I. INTRODUCTION

Organisation and attendance

1. The Expert Group Meeting on Industrialization in Relation to Integrated Rural Development organized by UNIDO was held in Vienna from 12 to 15 December 1977
2. The meeting was attended by 23 experts. The participants came from developed and developing countries and from international organizations. UNIDO staff also participated. All those attending the expert group meeting did so in their individual capacity and not as representatives of governments, organizations or institutions. A list of participants is given in document No. ID/WG.257/17.Rev.1.
3. Mr. Farlan Carré, Director (ad interim) of the International Centre for Industrial Studies, speaking on behalf of the Executive Director of UNIDO, welcomed the participants. Mr. Cyril Bright (Liberia) and Mr. Prasanta K. Das (India) were elected Chairman and Vice-Chairman respectively. Mr. Martin Hogg (United Kingdom) was elected Rapporteur.
4. The provisional agenda and work programme (document No. ID/WG.257/16) were adopted. A list of documents presented to the meeting is provided as document No. ID/WG.257/21.

Opening addresses

5. Opening addresses were given by Mr. Farlan Carré, Director (ad interim), UNIDO International Centre for Industrial Studies, Mr. S. Nanjundan, Head, Regional and Country Studies Section, International Centre for Industrial Studies, and Mr. Cyril Bright (Chairman). The main points of these addresses are summarized below. Mr. J.E. Cabrera of the Regional and Country Studies Section made a brief statement on the organization of the meeting.
6. It is widely recognized that industrialization can be a dynamic force capable of initiating a process of self-generating development in the developing countries. Industrialization on a significant scale has indeed taken place in a number of developing countries and a wide range of manufactured goods has become available from local production. However,

while efforts to industrialize in some developing countries have led to encouraging results, large segments of their rural populations have benefited little if at all from the progress achieved.

7. The pattern of industrial growth in developing countries has tended to benefit only a small part of the population, often those living in urban rather than rural areas. This has resulted in a product mix largely oriented towards urban consumption needs and has distorted the distribution of income and employment opportunities. Thus a re-orientation in the nature and pattern of industrial development is required so as to fulfill the aspirations and needs of the majority of the population of developing countries, and in particular those of the poorer sections of the population. This calls for increased efforts to develop industry in rural areas on a greater scale than heretofore.

8. There is a growing recognition that rural development is a multi-sectoral process which must, in time, encompass all sectors of social and economic activity. Nevertheless, while it is readily recognized that industrialization can make a significant contribution towards rural development, in fact industrialisation programmes have so far been given little emphasis in development plans for rural areas in developing countries.

9. The United Nations system, through the ACC Inter-Agency Task Force on Rural Development of which UNIDO is a member, has been endeavouring to assist developing countries in promoting integrated rural development programmes. It is felt that industrialization should indeed be an important component of such programmes. However, it is recognized that for industrialization to play an effective role in these programmes, a clearer understanding is needed of its specific contribution in terms of the increase of production and productivity, the utilization of raw materials and skills, the provision of employment opportunities and raising of rural incomes, the production of basic needs and the strengthening of linkages with other sectors of the economy. Moreover, clear guidelines are needed on how this contribution can be organized most effectively at the national and operational levels of decision making, specifically in

terms of planning, design, co-ordination and execution of programmes of rural industrialisation.

10. This expert group meeting, the first of its kind to discuss problems of industrialization in relation to integrated rural development, was organized to provide guidelines on the above questions. These were intended not only for UNIDO, but for national authorities as well as other agencies of the United Nations system, so that they might help formulate and implement effective integrated programmes to accelerate the development of rural areas.

II. CONCLUSIONS

11. The conclusions of the expert group meeting were finalized and adopted at the last session on 15 December 1977. They are given in the following paragraphs.

THE ROLE OF INDUSTRIALIZATION IN INTEGRATED RURAL DEVELOPMENT

12. The group of experts agreed that there was a need for rural industrialization in developing countries, both to provide additional employment opportunities and to help provide basic needs for the rural population. Because of the nature of rural development problems, the meeting accepted that new approaches and new mechanisms to facilitate industrial development in rural areas would be required. Some of the established techniques of industrial promotion would need to be re-examined and perhaps adapted to meet the requirements of rural industrialization.

13. The group of experts agreed that the nature and pattern of industrial development must become more relevant to the aspirations, needs and capabilities of the majority of the populations of developing countries. However, there could be no single, global solution to the problem of how to bring about the development of industries in rural areas, because of different political, social, cultural and economic backgrounds. Whereas it was felt that a more direct approach to rural development was essential wherever poverty was endemic, policy measures and instruments designed to encourage rural industrialization would have to be specific to individual countries. They would also need to be sufficiently flexible to adjust to the diversity of rural areas and of communities within those countries.

14. In view of the scale and complexity of the task of developing rural areas, the group of experts agreed that a strong and continuing national and political commitment to rural development policies is essential prior to proceeding with specific programmes or projects. A flow of resources (both in terms of finance and manpower) in support of these policies in adequate volume and sufficient quality was thought to

be the most reliable indicator of such a commitment. The entire process should be one of total mobilisation of the available resources.

15. Since agricultural activities are predominant in the rural economy and provide a means of livelihood for a majority of the population, it was accepted that agriculture would often be the starting point for rural development; in such circumstances rural industrialization would then have a mainly supportive role. An early step towards rural industrialisation would be to strengthen the linkages between the two sectors at the policy, planning, programme and project levels. As agricultural development advanced however, the industrial sector would become increasingly important and would need to be dealt with separately.

16. It was recognized that though rural development is a multi-sectoral concept, rural development programmes so far have given attention largely to the agricultural sector and to the provision of certain elements of social services, e.g. education and health. This has in most cases resulted in some general improvements. However, further development of the agricultural sector is already constrained in some countries by the lack of additional acreage for cultivation. Moreover, the objective of raising production and incomes from this sector requires increased acreage yields and increased labour productivity. Thus the labour-absorptive capacity of agriculture seems to be limited in many developing countries.

17. Under these circumstances the expert group felt that it was important to consider the promotion of a larger variety of productive activities in rural areas, if development is to be carried to where people are, rather than encourage further massive rural-urban migratory movements with their concomitant social problems. The greatest opportunities for this multi-sectoral effort seem to lie mostly in the non-farm group of activities consisting of manufacturing (both "traditional" and "modern"), repair and maintenance, construction, and the tertiary sector.

18. If rural industrial development is pursued in the above context, the expert group felt that it would generate substantial opportunities for productive employment and augmentation of rural incomes and there would be greater prospects of success as most of the activities would be mutually

supportive. Moreover, most or all of these activities would also contribute to further development and strengthening of the agricultural sector.

19. The expert group agreed that rural industrialization should be taken to include both attempts at a dispersal of industries from major cities, through relocation and redeployment of established capacity into more rural areas, and industrial activity based on rural resources and meeting rural needs.

20. The group of experts recognized that the formulation of policies and programmes for rural industrialization had to incorporate a much greater degree of involvement and participation of the people, in order to be effective. What is required of development agencies and "change agents"* is to liberate and not constrain the initiatives, energies, knowledge and skills of the rural people in order to develop the resources of the rural areas and widen the horizons of the rural people. At the same time it was recognized that the limited absorptive capacity of external inputs by many rural groups and their difficulties in providing the necessary local inputs and multipliers for industrial development would require special assistance to enable them to participate effectively.

21. The group of experts took note of a number of instances where sectoral programmes had been successful in contributing to rural industrialization, especially where these were vertically integrated and utilized local raw materials, knowledge and skills. This evidence tended to suggest that not only had rural industrialization an important contribution to make, but in certain circumstances it might well serve as an "entry point" to initiate rural development on a broader front.

22. Rural industrial development programmes need to be integrated at the horizontal level with national rural development programmes, and at the vertical level with national industrial development programmes. In terms of planning, regional and/or area planning techniques are thought likely to help achieve integration, as most rural industrialization programmes were likely to be organized on the basis of geographic areas

*Change agents within the context of industrial activity are many and varied, and are as yet imperfectly understood. They may be institutions or individuals, ideas or techniques and be either internal or external to a particular industrial situation. Some are more amenable to control than others, while some may have negative effects.

or localities. At the project level whatever effective means of participation was adopted would have similar results. Spatial planning related to integrated rural development programmes can play a significant role in ensuring the provision of rural infrastructure and facilitating rural industrialization programmes.

23. The group of experts agreed that the starting point for rural industrialization in any particular country would have to be the level of common knowledge and understanding of industrial organization and technology of the rural areas in that country. This would require a much greater awareness than was common now among agencies and "change agents" of local resources and skills as well as their potential contribution. In some countries there was been increasing emphasis on self-sufficiency even at the village level. It was considered however that there were limits to a strategy of industrial self-sufficiency at the village level and that some specialization was desirable.

24. The group of experts agreed that the rural poor should be the main beneficiaries of rural industrialization. It was suggested however that only a relatively small proportion would benefit directly through additional employment and higher incomes; a larger proportion would benefit indirectly. For the purpose of fulfilling key roles, such as those of the entrepreneurs in specific rural industrial projects, target groups of rural industrialization programmes might well differ from those normally now associated with rural development projects, i.e. the underemployed and the unemployed. It would be particularly important however to create sufficient opportunities for all those with an entrepreneurial inclination to put their abilities to the test and to provide continuing support for those proven successful.

25. Because of differences in local factor endowments, it was recognized that while a more widespread distribution of industry was possible, an even pattern of development as between rural and urban areas or between rural areas may not be feasible. Industrial activities were sensitive to centering tendencies within developing economies and to infrastructural constraints. Concentrations of industrial activity were to be expected and encouraged within growth centres, such as market towns and administrative

centres, and these would contribute to the development of surrounding rural areas. For this reason the expert group agreed that for the purposes of rural industrialization, a functional concept of the rural milieu (to include rural towns) should be adopted.

26. Considering the fact that programmes of rural industrialization within the context of rural development were fairly new, the expert group felt that there was considerable need for experimentation and research on alternative approaches, methodology and concepts. Case studies of successful experiences of industry being employed as an "entry point"* into integrated rural development programmes were felt to be particularly relevant in this connexion.

STRATEGY AND POLICY OPTIONS

27. It was noted that there was widespread interest in rural development within developing countries and within democracies the pressure of the rural vote on governments to better their interests is such as to precipitate further moves towards greater equality. Given a strong commitment to rural development by national governments, detailed involvement in the processes of rural development by those governments was thought by the group of experts to be inevitable; the question remained as to what form it would take. The greater the bureaucratic intervention, the greater the risk of delay, duplication and dissipation of effort that might follow.

28. The group of experts agreed that no single series of policies could be drawn up to meet the needs of all rural areas. Each country must design and construct its own strategy, preferably with plenty of opportunities for the trial of new approaches, according to its own objectives and the means at its disposal. It was felt that the established conventional approach should be modified where necessary and supplemented by a "grass roots" process of rural development. In other words it was felt that there was room within rural industrialization strategies for both top-down and bottom-up approaches, and that these should be complementary.

*Entry points may best be thought of as opportunities for investment in productive activities which themselves both contribute directly to development and serve as catalysts for further development in related sectors.

29. Some of the conflicts and discontinuities within developing societies, such as those between urban and rural cultures and those between elite groups and the masses, had to be faced and overcome in designing strategies for rural industrialization. Flexibility and adaptability will be essential characteristics of any such policy mix. The attitudes of the bureaucracy and the elites often prevent great depth of understanding of the rural situation by the decision-takers, a situation which is compounded by the scarcity of practical experience which is directly relevant to rural problems.

30. The expert group agreed that considerable effort would be required to identify and unravel the complexities of rural economies and that close attention should be paid to the rural people's depth of understanding of their own needs. Target groups themselves will often have important insight into the nature of local difficulties and constraints, although they may need assistance in their solution.

31. The group of experts recognized that strategies for rural development need to take into account the existence of various sub-groups and different categories within the rural poor, who not only possess dormant knowledge, resources and skills, but also have different types of dependency relationships within the rural communities. These would require different programmes and different approaches. It was suggested that within policies for rural industrialization, not only the need for full-time jobs should be considered but also the need for part-time and seasonal employment. It was also suggested that given the relatively long pay-off periods for such investments and training, attention should be primarily focused on the needs of the young entering the labour force.

32. The group of experts felt that for the design of rural industrialization programmes, consideration should be given to administrative boundaries to facilitate relationships with existing local government structures and the use of existing development statistics. The group of experts also felt that the operation of such programmes would often be most appropriately carried out at a superdistrict level.

33. The expert group agreed that there were two distinct components of rural industrialization programmes for which somewhat different strategies

are required within an overall national strategy for industrial development. These two components comprise:

- a) the distinctly "village" type of activity related to local resources and initiatives and consisting largely of small enterprises in the craft, service-type and "pre-industrial" activities;
- b) the more organized enterprises, often of the factory type, serving wider markets and perhaps requiring resources external to the local community.

The former type are most likely to be influenced by "bottom-up" strategies. The expert group strongly felt however that both components are necessary ingredients of rural industrialization, and that smaller enterprises and handicrafts alone would rarely be sufficient to catalyse rural development.

34. The group of experts felt that one beginning to the processes of rural industrialization may be found in policies for dispersing further industrial development and growth away from existing large concentrations of industry in major metropolitan centres.

35. The expert group felt that within simpler types of industrial activity, greater emphasis should be placed on self-reliance and freedom to find appropriate answers to local problems than on standard schemes or projects. The meeting agreed that even in the case of more organized enterprises, care should be taken to ensure that experts should be practically oriented and should integrate with the local people so as to bring out their skills and capabilities.

36. The expert group agreed that early attention in an industrial strategy should be given to removing physical infrastructural constraints for rural enterprises as well as providing critical inputs and training. Since the effective priority to be given to structural development, both physical and institutional, is often determined by the volume of funds available, increased resources should be made available for this purpose.

37. The expert group concluded that the choice of production technology for rural enterprises was neither simple nor rarely at present a genuine choice. All too often no more labour-intensive alternatives were available in the rural areas. Governments could increase the range of choice by promoting an examination of existing technologies used in other sectors

of the economy and in other developing countries and by encouraging processes of adaptation and dissemination. The group of experts suggested that the level of technology to be used should be determined by a country's real or potential machine-building capability, as well as the ability of rural enterprises to absorb fresh technology.

38. The issue of protection is often important to the survival of traditional craft or "artisan-type" industries which frequently suffer from a lack of ability to adjust to competition and changes in demand. There was a strong commitment among some members of the expert group to the view that the progress of many traditional industries had been held back by various external and internal constraints and that their potential contribution to rural development was considerable. Concern was expressed at their resistance to changes in production techniques and methods of business organization. However it was recognized that many traditional enterprises did have a significant role to play at least in the shorter term.

39. The expert group was agreed that new rural industrial enterprises whether smaller or larger scale would have both direct and indirect benefits to contribute to rural development. Some more sophisticated activities however were recognized as being much more difficult to plan and launch than others; they required much greater insight into the workings of the rural economy and local markets. Such projects required the most thorough feasibility studies. The value of feasibility studies as a whole was questioned by some because of their arbitrariness and complexity. The challenge of marrying local with imported know-how was put forward as a major target for evolving more appropriate planning and evaluation techniques for rural projects.

RURAL INDUSTRIALIZATION PROGRAMMES

40. Two factors give rise to the determination of product priorities within rural industrialization programmes: selective promotion and constraints on the available resources. The chief criterion for fixing priorities is known demand. It was recognized that demand can be influenced in many ways. In poverty-oriented programmes governments can play a major role in influencing demand in favour of target groups, especially in order

to provide for basic needs and to bring about a gradual improvement in the quality of rural life. The first priority category for rural industrialization is likely in most countries to be the production of agricultural inputs, i.e. industrial enterprises with forward linkages with agriculture. Second is the provision of consumer products and services to rural communities. These are particularly important because they are highly labour absorptive, offering ease of entry and with a relatively low entrepreneurial requirement. A third category is the processing of agricultural produce both for local and regional markets; while the last, consisting of building materials, minerals processing, artistic crafts and non-rural resource-based industries, tends to be governed by competitive conditions in regional/national/international markets.

41. The establishment and growth of industrial enterprises in rural areas is primarily conditioned by the availability of entrepreneurial skills, the availability of credit and the removal of infrastructural constraints. The nature of rural enterprises in terms of scale of production activity and the production technology employed is largely influenced by these primary factors, these being closely interlinked. Government assistance to rural enterprises therefore has to be tailored to take these relationships into account as well as the form of social organization of production. In many rural areas standard packages of assistance are likely to fail because of their being inappropriate to local needs. Most forms of industrial activity require managerial qualities of flexibility and sensitivity to changes in demand, which have to be developed through experience. Such qualities can often be identified in rural areas in emergent entrepreneurship in commercial and service-type activities.

42. The group of experts felt that in respect of a rural industrialization programme, options should be kept open for all sizes and all technological levels of industrial enterprises. In some situations even fairly sophisticated plants and technologies have helped to influence the outlook and horizons of rural people. Some examples of technological change being a catalyst for rural development, both in terms of creating employment opportunities and precipitating social change, were given to

the group. It was also recognized that size and technology of enterprises have relationships with different sizes of settlements within the rural-urban continuum and with the linkages which arise from national and regional industrial planning.

43. In so far as governments can influence the choices of technology made by industrial enterprises, the group of experts felt that preference should be given to those technologies where adaptability to local skills and use of local resources are taken into account. Mere imitation of imported schemes and standard projects were not thought to be desirable and were considered likely to be counterproductive to rural development.

44. Recognition should be given by governments and agencies to existing industrial or pre-industrial structures and organizations in rural areas and the positive and/or negative roles which they play in development. In some cases, where such organizations have been found to be exploitative in nature, major changes may have to be brought about to enable rural people to benefit more directly from the product of their effort. The criteria for selection of a preferred form of productive organization for a particular activity should be that of facilitating the most effective participation by key members or groups of members of rural communities.

45. The expert group concluded that there had been a tendency in many countries not to recognize the merits of more co-operative forms of organizing production. Their reliance on self-help and the privileges of scale which they confer especially in the production of items for the satisfaction of basic needs and in service industries commonly required by rural communities were thought to be particularly important. It was recognized that such co-operative forms of production were most effective when the initiative and drive for their establishment came from below. Pre-cooperative forms of organization could be considered appropriate for some rural situations.

46. The group of experts noted that larger and more sophisticated production units, whether private, public or collective, tended to become more autonomous and sometimes predominant within a local rural economy. It was felt important that steps should be taken to ensure that they remain

a force for effective employment for as large a proportion of the local community as possible, provided they do not overwhelm all other forms of entrepreneurial activity.

47. Because of the limited experience available so far in regard to appropriate forms of industrial organizations and a wide variety of options which are available, it was felt by the group of experts that a flexible and operational approach to experimenting with different types of industrial organization should be adopted. In this connexion, the development of self-help forms of organization based on the role of people, knowledge and resources of the area was felt to be relevant.

48. The expert group agreed that rural industrialization programmes should be organized to ensure the supply of key inputs to rural industries and to attempt to make good the major deficiencies of the rural resource base. It was recognized that the effective dispersal of industrial development within rural areas could only come about through a combination of the establishment and growth of new industrial capacity within rural areas and to the extent possible the relocation or redeployment of existing capacity from major urban centres of production.

49. The expert group agreed that appropriate measures would have to be taken to promote and catalyze additional investment in rural industrial activities. Many new or expanding rural enterprises would require a comprehensive package of measures of assistance designed to improve their business conditions and environment, as well as ensure the supply of essential inputs. The role of an extension service would be particularly important in this regard and the group of experts stressed the value of a single point of contact with the range of official bodies concerned for an entrepreneur. The problems of inadequate market intelligence and of marketing for all categories of rural enterprises were identified by the expert group as deserving of special assistance from development agencies and international organizations.

50. The group of experts recognized that different sizes and types of industrial enterprises required different kinds of assistance. While larger, more sophisticated enterprises respond to fiscal measures, simpler

smaller enterprises tend to be responsive to more direct forms of assistance. For example, a special approach will be required to promote and assist the development of the handicraft sector to improve access to markets - especially export markets - and to facilitate the supply of raw materials and credit.

51. The expert group agreed that because most rural enterprises were imitators - not innovators - appropriate measures were required to develop new products and production technologies in order to contribute to their viability over the long term.

52. The expert group emphasized the importance of effective and appropriate development and training for entrepreneurs, managers, supervisors and workers in rural industries and for those officials whose task it is to assist them. The need for craft apprenticeships, on-the job training and the acquisition of practical experience was strongly urged.

53. In respect of opportunities which lend themselves to industrial or pre-industrial forms of activity, the catalytic role of "change agents" stimulating and facilitating the development of rural industries was accepted by the meeting as a critical aspect of government influence. While the selection, motivation and training of such "change agents" were thought to be crucial to their success, further studies on their role in processes of rural industrialization are necessary. The decentralization of decision-taking on the disbursement of assistance and the ready availability of specialist skills were seen to be the most important aspects of the support to be given to such "change agents".

54. The expert group agreed on the need for the effective vertical and horizontal co-ordination at all levels of sectoral institutions affecting the nature and pattern of industrial development in rural areas in terms of the setting of objectives, planning and implementation of rural industrialization strategies and programmes.

55. The expert group agreed that as a starting point more effective use could be made of existing institutions to develop rural industries. This would involve major changes in attitudes and methods of operation as well as the extension of their activities into rural areas. Supporting institutions

must be able to respond efficiently to initiatives and opportunities identified by "change agents" and their operations must be decentralized accordingly.

56. The group of experts agreed on the need for a continuing evaluation of the progress of rural industrialization for a more effective implementation of the programme. There should be built-in evaluation schemes within the larger products.

57. The group of experts concluded that the most rapid development of industrial activities in rural areas could only come about if enterprising groups and individuals were encouraged and genuinely assisted by the institutional machinery to help themselves to achieve more efficient and more appropriate forms of production. The wider the opportunities for such groups and individuals to test and refine their skills, and the greater the means at their disposal, the more significant would be the contribution of rural industries to economic development as a whole.

III. PROPOSALS FOR FOLLOW-UP AND FURTHER ACTION

58. During the course of the meeting a number of suggestions were made as to how UNIDO and other agencies might assist the process of rural industrialization in developing countries. These suggestions for follow-up and further action, given below, are not framed as specific recommendations. Rather priority has been given to specifying the role to be played or the task to be fulfilled; some indications have been given as to which bodies might assume responsibility for these tasks, but the initiative for undertaking such tasks should properly rest with concerned agencies themselves.

1.1 Further insight is urgently required on the strategies and techniques of entrepreneurial development programmes for rural areas. Many developing countries find that their industrial development policies are constrained by a lack of individuals with organizational and risk-taking abilities, especially in rural areas. Further research is required in this area and guidelines should be issued to agencies and organizations concerned.

1.2 There is a need for case studies of successful rural enterprises, especially those utilizing technologies more appropriate to the rural situation. Such case studies might be collated into relevant product categories and published by UNIDO as part of its information service. Such "success" case studies should also be disseminated to groups, organizations and individuals engaged in rural development and used for seminars and discussion groups.

1.3 Very little is known about the process of change and the initial cause or stimulus of change within industrial enterprises, either at more sophisticated, more organized levels or else at the "pre-industrial" level which commonly emerges in more rural areas. Even less is known about the process of growth and transition from small production units to much larger, more specialized factories or from traditional artisan-type units into small, more modern factories. The expert group identified several areas, such as simple building contracting, commercial/trading activities, services and transport, where rural enterprises tend to emerge

in the earliest stages in more prosperous and progressive agricultural areas. Much more needs to be known about the emergence and encouragement of such pre-industrial rural activities. Several suggestions were made for experimentation and alternative approaches to the motivation and stimulation of such activities within rural communities. These are as follows:

- a) assistance to national institutions or local organization with ongoing projects or developing new projects with a view to investigating the role of
 - i) industry as "entry point" to participatory and more self-reliant rural development;
 - ii) industry as intermediate stage or end;
 - iii) mass technology/labour-intensive features, learning-by-doing features.
- b) surveys by local organizations or rural development agencies to identify and redefine rural resources, rural skills and rural technology with a view to designing appropriate rural industrialization programmes.

Such investigations should facilitate the devising of new techniques of assisting the development of rural industries which are more appropriate to the rural situation.

1.4 Further assistance is required from international agencies in the following:

- (i) the development of methodology and expertise in the formulation, implementation and evaluation of industrial plans, policies and programmes consistent with overall rural development objectives;
- (ii) the mobilization and organization of decentralized industrial services and institutions to support rural industries;
- (iii) the establishment of rural industrial programmes and projects on a pilot-demonstration basis;
- (iv) the development and application of more appropriate training techniques for both officials concerned with rural industrialization programmes and for entrepreneurs and employees of rural enterprises;
- (v) the exchange of information, experience and expertise through seminars, study tours, workshops, training

courses, and other forms of consultation as an element of technical co-operation among developing countries and other interested parties.

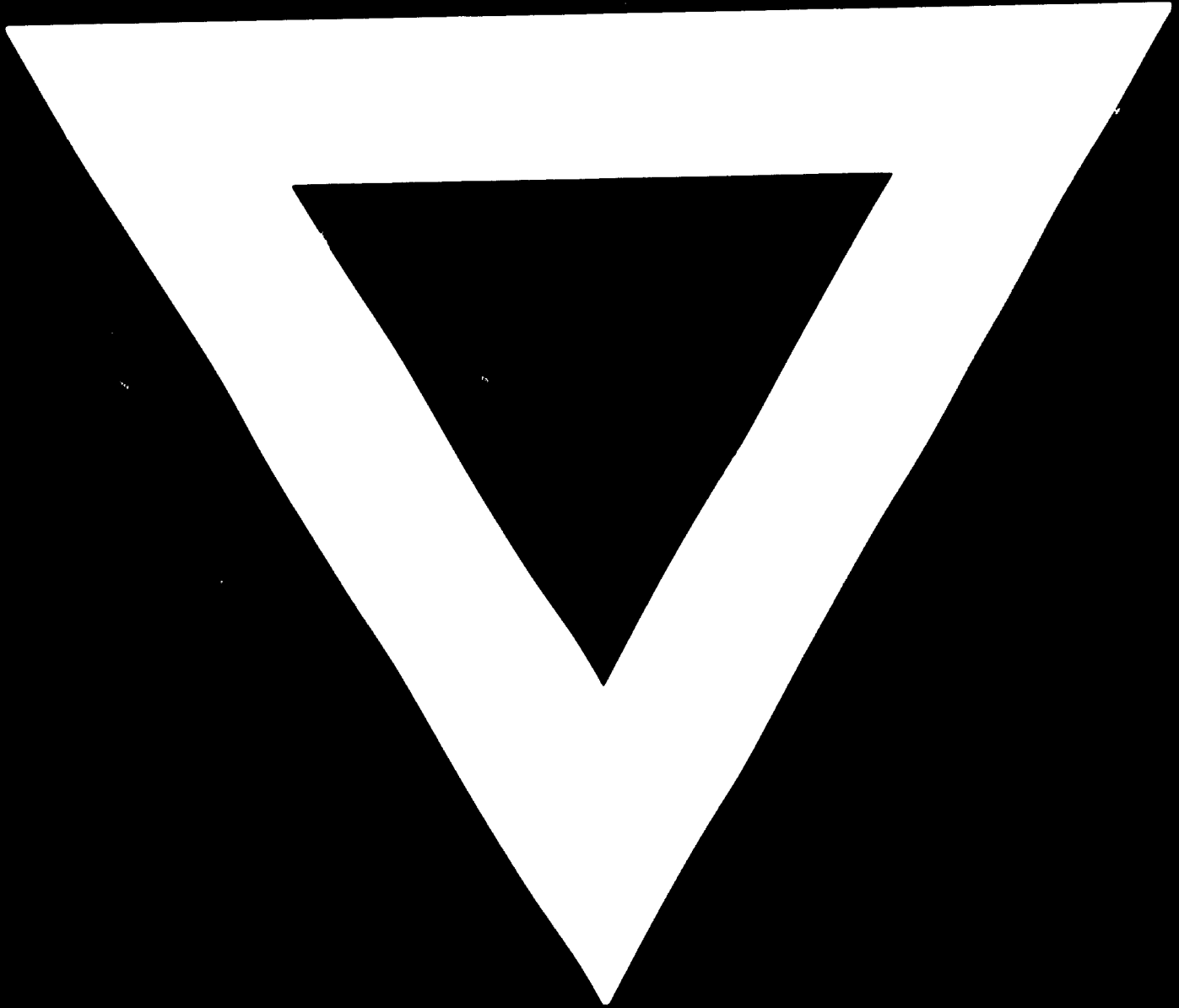
UNIDO's ongoing and prospective programmes and projects could usefully be evaluated against the new criteria emerging from the deliberations of the expert group and reoriented, restructured or refashioned in consultation with national governments and linked to programme development under UNDP, UNIDF and other such sources of funding technical assistance.

1.5 The difficulties of assessing existing or potential demand were thought to be a most important part of the marketing problems experienced by many developing countries. The situation was complicated by changes in demand either spontaneous or imposed within rural and urban markets. Further work needs to be done to increase understanding of such changes, especially for basic needs within rural economies which are themselves developing under the stimulus of agricultural progress. In addition substantial assistance is required to develop much greater marketing capabilities within the industrial sectors of developing countries.

1.6 It was felt that action research should be encouraged to help build self-management institutions and techniques for rural industrialization programmes. Areas for further investigation would include: pre-cooperative or cooperative organizations, youth groups, women's groups, collectives, village dialogues and village forums, village fund, and "change agents".



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