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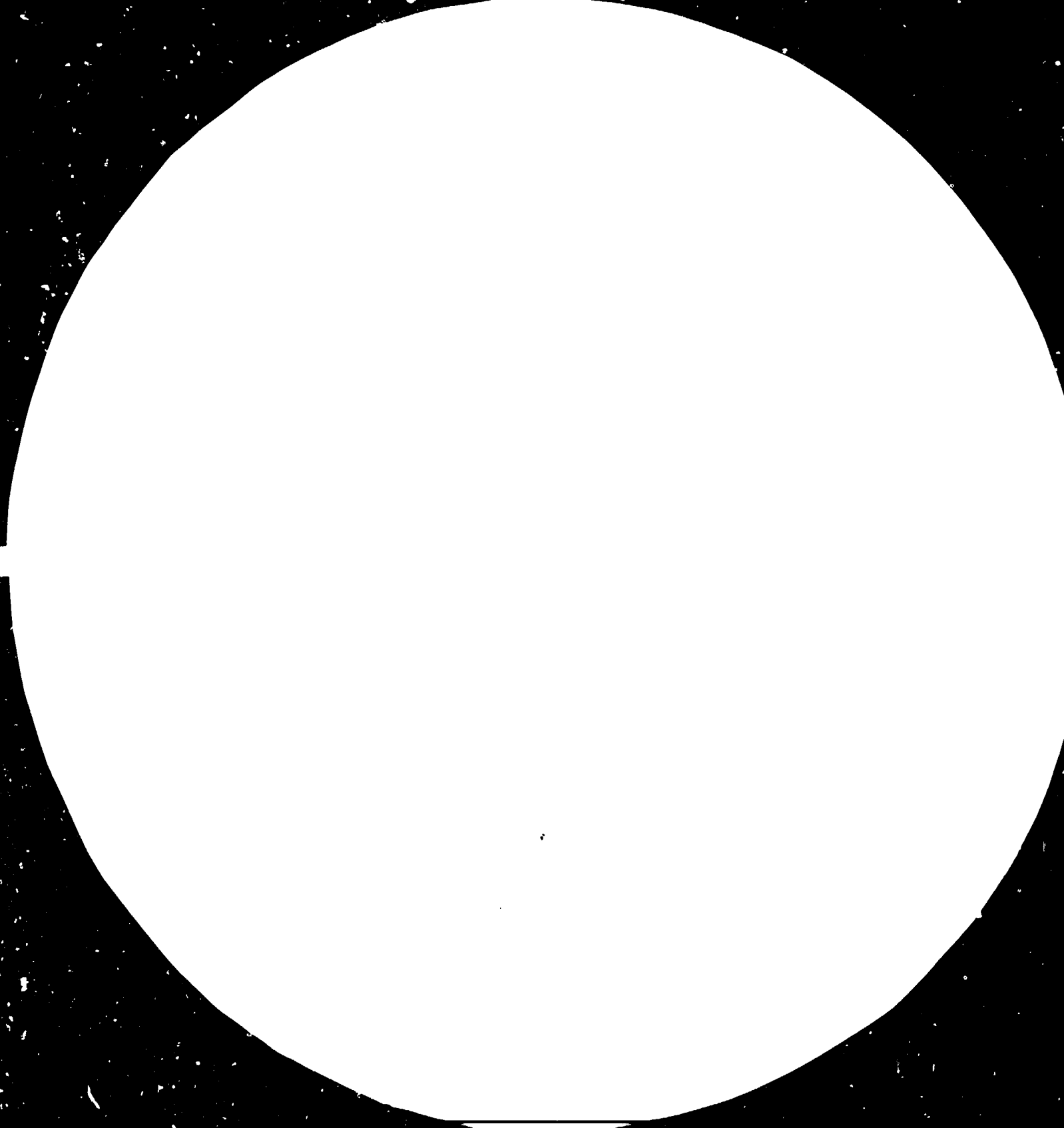
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OF UNIDO**

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***SPECIAL REPORT  
OF THE EXECUTIVE DIRECTOR***



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## *Introduction*

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1. Each conference seeks its own historic context. For the Fourth General Conference of UNIDO, the context is that in the uncertain climate which the present economic crisis entails, industrialization of the developing countries undoubtedly offers hope for global recovery and prosperity. That that hope will be seized and acted upon is the real agenda of the Fourth General Conference of UNIDO. Such a hope must not be allowed to fall a victim of apprehensions arising from the growing uncertainties and complexities of the present state of the international economy. It is the task of this Conference to develop and agree upon a global effort to reduce the uncertainties and resolve at least some of the complexities. It has to do so with a sense of urgency and with the full recognition that such an effort is possible and imperative and is in the interest of all. It is not UNIDO or even industrialization that is at stake. The future economic growth and through it the well-being of humanity and peace in the world are at stake. It is against this background that the Conference is called to focus its attention on identifying with a long-term vision the short- and long-term measures that should be taken and started now. These measures should be evolved together by all countries since, given the growing interdependence of the world, no country can at this stage act in utter disregard of the global situation.

2. The long-term potential for global economic and industrial growth is brighter than it seems at present. The vast potential of the South in terms of natural and human resources has scarcely been tapped. A global industrial design implemented by all countries for their just and mutual benefit will release and augment this potential. It is in this forward-looking perspective and without dismay at the present crisis that this Conference should, in my view, consider the issues before it. Industrialization of the developing world offers a sensible route for solving at least some of the current world problems. What is needed is a concerted global effort in which further industrial development can be accelerated, so as to build for a future of global prosperity for both developing and developed countries.

3. It is to such considerations that this report is addressed. The documentation prepared by the UNIDO secretariat for the Conference has covered broadly all the aspects of industrialization, according to a provisional agenda carefully drawn up by the Industrial Development Board and approved by the General Assembly. The preparation of the documentation has been considerably facilitated by an exchange of views between a large number of countries through high-level preparatory meetings on five important subjects. This report tries to make an additional contribution aimed at underlining once again the crucial role of industrialization of the developing countries and the essential steps to be taken to enhance that role.

4. This report is in three parts. The first part is essentially a review of experience, important trends and the positive and negative factors involved. The second part attempts to highlight a set of interrelated actions that could be taken by countries individually and collectively to move forward. The third part addresses the contribution of UNIDO in this context.



## *I. Past trends and the current industrial crisis*

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### **Basic handicaps and a mixed performance**

5. In terms of the potential for industrialization and development in general, the developing world offers a vista of immense possibilities. It has some two thirds of the human resources of the world and substantial renewable and non-renewable natural resources, but it is encumbered by a historical legacy of centre-periphery relationship that it is painstakingly seeking to correct. It is handicapped by a fundamental asymmetry, being to a large extent dependent on the developed world for capital resources and for commercially applicable technologies.<sup>1</sup> It is also almost wholly dependent on the latter's economic policies and markets for its exports. These external constraints have added to its internal problems.

6. In these circumstances, industrial growth has been slow. The developing world increased its share of world manufacturing value added from about 8 per cent in 1963 to 10 per cent in 1975 and to 11.9 per cent in 1983.<sup>2</sup> The progress since the Lima Conference<sup>3</sup> is hardly encouraging. However, it is clear that the process of structural transformation through industry has been initiated in the developing world. Its manufacturing sector raised its proportion in gross domestic product (GDP) from 15.0 per cent in 1963 to 18.1 per cent in 1975 and to 19.2 per cent in 1983.<sup>4</sup> The share of manufactures in the total non-oil exports of the developing countries increased from about 13 per cent in 1960 to no less than 48 per cent in 1980.<sup>5</sup> The number of developing countries that export manufactures also increased. Several developing countries started the manufacture of capital goods and a few of them also started exporting capital equipment, technology and technical services. Nevertheless, if the historical trends of the period 1960-1980 were projected, the developing world would have a share of some 15 per cent of the world manufacturing value added in the year 2000,<sup>6</sup> when it would also account for more than 70 per cent of the world's population.

7. In addition, and contrary to the aspirations and objectives embodied in the Lima Declaration,<sup>7</sup> the spread of industrialization has been uneven. In 1980, 30 developing countries accounted for 87 per cent of the total manufacturing value added of the developing countries; 10 developing countries accounted for 70 per cent; and 5 countries for 56 per cent.<sup>8</sup> Similarly, 4 countries accounted for over 40 per cent of the developing countries' exports of manufactures.<sup>9</sup> While it is true that the manufacturing sector expanded most rapidly at intermediate levels of per capita income, it is a disturbing trend that the developing countries in the lowest income range experienced a gradual fall in their share of total developing country manufacturing value added from the early 1960s to the early 1980s. In 1980, they accounted for only about 11 per cent of the total manufacturing value added of the developing countries, while accounting for 51 per cent of the population of the group.<sup>10</sup> Agriculture too has remained stagnant in many of the low income countries, thus adding to problems of food supply. Its stagnation has been both a cause and an effect of the deceleration of industrial growth.

8. The depth of industrialization has also been uneven. As of 1981 the developing world had higher shares in world production in traditional industries—such as food products (15.4 per cent), beverages (18.6 per cent), tobacco (32.3 per cent) and textiles (19.4 per cent), except for a very high share of 43.7 per cent in petroleum refining—than in technologically more advanced sectors such as metal products (6.9 per cent), non-electrical machinery (4.6 per cent), electrical machinery (6.0 per cent) and transport equipment (7.1 per cent).<sup>11</sup> In spite of the continuous technology flows both in the 1960s and 1970s, the building of an endogenous technological capability has been relatively limited. Notwithstanding this general situation it is to be noted that in a few developing countries clearer indications of strengthened capabilities are available in terms of local production of capital goods, an increase in the indigenous content of manufactures, and exports of manufactures, capital goods and technology. There has been also some expansion of trained manpower, though several developing countries have had to rely significantly on the influx of manpower from other countries to run their industrial plants.

#### **Internal constraints**

9. A variety of internal factors are relevant to industrialization, such as availability and quality of resources; cultural, social and political environment and its orientation; geographical location of the country; physical and institutional infrastructures; development strategies and policies; and size of the domestic markets. Of these, the strategies and policies deserve particular attention since they determine the manner in which other factors can be utilized or controlled. In general, in the past

uni-dimensional strategies were adopted without recognition of the implications of the interplay of various explicit and "implicit" policy instruments. Also, these strategies were not adequately integrated with other strategies in fields such as human resources and technology, which play an important role in industrialization. In some cases the strategies have not been sufficiently flexible nor have they been subject to continuous monitoring and appraisal.

10. The results of a uni-dimensional strategy are illustrated by the way import substitution policies have worked in several developing countries. Those policies were aimed at the establishment of industrial units to cover existing markets served by imports. These markets were generally in the field of consumer goods and often for elite or urban consumption. The technologies and equipment imported from abroad meant higher scales of production than necessary. The policies often encouraged the import of capital goods and intermediates, thus discouraging adaptation of the scale of production or the use of indigenous raw materials and components. The degree of protection provided, sometimes influenced by budgetary considerations, did not encourage cost-effectiveness, so that the units could never reach a stage where they could develop their production towards export markets. In a number of cases, import substitution proceeded from consumer goods to consumer durables. The net result was that often the import of finished goods only gave way to the import of components, raw materials and intermediates. It was thus not a net import substitution, but an import substitution only in the sense that import of one type was substituted by another, giving rise to new forms of dependence and vulnerability.

11. A smaller number of developing countries chose the path of export promotion, some of them after an initial period of import substitution. There are some instances of a remarkably successful export-oriented strategy. It is a strategy that may be necessary in countries with a small local demand, but it needs flexibility for diversification and a changing pattern of exports. Experience has shown that the dichotomy between an outward-looking strategy and an inward-looking one is often a false dichotomy, for both strategies require a sound, inter-linked and efficient domestic industrial and technological base.

12. The lack of integration of and complementarity between industrial policies and policies in related sectors has been a major weakness in several countries. For example, emphasis has been placed on hardware rather than on creating the human capabilities necessary for industrial development. The value of innovation in management and technological development has not been given its rightful place. The range of human capabilities required encompasses activities right from project identification and preparation to the choice of technology and equipment, commissioning, erection and operation of the plant and adaptation and further development of technology. It also includes capabilities at

decision-making levels in regard to industrial planning, project appraisal, and all other steps leading to the actual plant operation. In general, the import of technology has not been monitored nor has any special attention been paid to the absorption of imported technology. Another case of lack of integration is the failure to build and exploit the forward and backward linkages of industrial production not only within industry but also between industry and other sectors. Due largely to inadequate attention to human resources and plant management, productivity has been at a low level in several countries. Greater efficiency in energy utilization is needed. Within the manufacturing sector, the energy consumption per unit of product is appreciably higher in several, if not all, developing countries than it is in the developed ones.

### External constraints

13. The dominant weight of external constraints has been such that even developing countries that have had a considerable rate of growth in the past have been subject to the problems of shrinking export markets, growing debt burdens and internal budgetary problems. In the 1960s and the early part of the 1970s, the general assumptions were that what was required to help the developing countries was the transfer of financial resources and technology. The point of contention was often the volume and conditions of such transfers rather than the real implications for the recipients. In regard to financial resources, official development assistance (ODA) largely went to non-industrial sectors. Private foreign investment was considered to be a direct means of financing industrial growth. Increased lending by commercial banks of developed countries at relatively high rates of interest to both Governments and enterprises in some developing countries became a new feature. Transfer of technology was often considered to be the transfer of capital equipment and rarely considered in terms of helping to create an endogenous technology capability. Redeployment of industry to developing countries was accepted in principle, but in practice no real adjustment took place, to a considerable extent because of interest groups in support of mature industries.<sup>12</sup> Although the Organisation for Economic Co-operation and Development (OECD) called on member countries to develop policies of positive adjustment to facilitate the shifting of resources to sectors of increasing demand and efficiency,<sup>13</sup> the process of redeployment as envisaged by the Lima Conference did not materialize.

14. In this context it may be useful to briefly take note of the policies of the developed countries in recent years. The economic uncertainties from the middle of the 1970s have resulted in protectionist policies that have led to a more constrictive international economic environment that has severely affected developing countries. The present situation is

marked by competitive deflation; despite increasing unemployment, combating inflation has been given precedence. Increasing introduction of information technology and robotics has added to fears of unemployment. As a result, the pressure groups for mature industries have gained strength. The possible allocative flexibility for anticipatory adjustment measures in the developed market economies has given place to increasing rigidity.

15. Protectionist trends and practices have unfortunately grown although it is generally accepted that an increase in trade barriers retards structural adjustment in both developed and developing countries. Improvements in the long-term prospects, and even more so in the short-term, for industrialization are intimately linked with adequate trade liberalization in developed countries.

#### Impact of the crisis

16. The slow-down in economic activity in developed countries has been transmitted to the developing world through (a) a reduction in demand for its products, particularly commodity and mineral exports; (b) a fall in commodity prices; (c) an increase in the prices of imported manufactures and sometimes food which, combined with the fall in commodity prices, aggravated the adverse movements in the terms of trade; (d) an increase in the real burden of interest rates and debt service payments; and (e) a reduction in the amount of aid and other capital flows. Commodity prices dropped between 1980 and 1982 under the impact of the recession with all non-fuel primary products falling by 18 per cent and some individual commodities by as much as 70 per cent.<sup>14</sup> Export revenues received by developing countries from commodities and manufactures fell in two years by some \$40 billion.\* Debt service payments rose by about the same amount.<sup>15</sup> The ratio of debt service payments to exports has, in general, risen substantially and in several cases alarmingly.

17. Complying with the requirements laid down by the International Monetary Fund and lending institutions, the debtor developing countries have undertaken measures to severely restrict their import of essential consumer goods as well as intermediates and capital goods needed for their industrialization. Shortages and devaluations have accelerated inflation in many developing countries. In the circumstances they could hardly be expected to tighten their belts any more and if they did, the social consequences would be severe. In human and social terms, the weight of the adjustment borne by the developing countries is

\*All references to dollars in this report are to United States dollars.

“out of proportion both to their share of the world economy and to their responsibilities in the circumstances which necessitate the adjustment”.<sup>16</sup>

18. The economic crisis has affected the industrialization of developing countries in several ways. The present high—it could even be said usurious—interest rates affect the profitability of existing firms, the viability of new project proposals and the balance-of-payments position. Arising from the latter, there has been a widespread under-utilization of capacity; delays in completion of industrial projects; postponement of several major projects in dynamic and core sectors, such as iron and steel, petrochemicals and engineering industries. The crisis has also affected other sectors of the economies of the developing countries including agricultural production, and such adverse effects in turn have had negative implications for industrial growth. As a result, industry as the driving force of modernization is in danger of losing its thrust and momentum. Transfer of technology is also bound to be affected if no new industrial projects are implemented.

#### **Industrialization: an engine of growth**

19. It is from such adverse circumstances that industry in the developing world has to be revitalized so that it can play its dynamic role in the overall process of global development. Indeed, that role extends beyond the mere production of goods and supply of services. Ten years ago the Lima Declaration solemnly declared the “firm conviction [of the international community] of the role of industry as a dynamic instrument of growth essential to the rapid economic and social development of the developing countries”.<sup>17</sup> Similarly, at about the same time, the Committee for Development Planning of the United Nations emphasized “industrialization as a centre-piece of the development process” and regarded “tendencies to underplay its importance as erroneous”.<sup>18</sup> These pronouncements continue to hold true. For an economy advancing beyond subsistence agriculture, industrialization is a necessity, for only through it can both agriculture and the service sectors be galvanized. Its impact on technology capability and its modernizing influence can provide a qualitative change in economies. The satisfaction of basic needs and the provision of employment can in the main be secured only by a combination of industrial growth and its dynamic impact on other sectors. In the light of the lessons of recent experience internal strategies may need reviewing while the external environment would require change. It is the responsibility of this Conference to discuss and agree upon ways and means of investing industrialization with a renewed and dynamic role so that, in the words of the Committee for Development Planning, “industrial co-operation will become a central theme of a more sensible world economic order”.<sup>19</sup>

## *II. National action and international co-operation for industrial development*

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### **Short- and long-term perspectives**

20. The dimensions and implications of the world economic crisis have been discussed extensively in the past few years. What is urgent now is to move to action. A number of short-term measures are needed, but the long-term objectives have to be delineated at the same time so as to avoid slipping back into a series of *ad hoc* and uncoordinated actions. The major aim of short-term actions should be urgent economic reactivation. The initiative and ability to undertake measures for recovery primarily lie with the developed countries, but it is only through the activation of the growth of the developing countries that long-term growth can be sustained. If a rational system of international co-operation in finance, industry and trade were to be evolved and implemented, it should be possible to rekindle industrial growth in the developing countries with better prospects for achieving or at least coming closer to the targets agreed in Lima and in the International Development Strategy for the Third United Nations Development Decade (General Assembly resolution 35/56). Such progress would set off dynamic impulses in the international economy that would benefit all. An essential component of such efforts would be to facilitate the gradual global restructuring of industry.

21. The overall considerations in a long-term perspective will include the resolve to at least lessen present world tensions so that a durable growth-oriented world economic environment can be secured. If short-term actions were initiated, the rekindling of the world economy would also produce its positive impact on prevailing political tensions. For peace is necessary for development, but there cannot be peace without development. Furthermore, the long-term perspective should take into account the fact that the technological advances that have emerged will considerably alter the nature and structure of industrial growth in future. These factors combined with long-term parameters, such as population growth and energy availability, should provide the frame of

the strategy for industrialization and should govern its nature and speed in the future.

22. The paragraphs that follow highlight some key issues for national and international action in the short and long term.

#### **Action at the national level**

##### ***Developing countries***

23. Actions on the part of individual developing countries will have to be selective and differentiated according to the conditions and levels of development of each, but some common elements can be identified.

24. Among the immediate objectives is the control and reversal of the adverse balance-of-payments position. This requires the co-operation of developed countries and international financial institutions. Measures should be taken in a way that would help to keep existing industry not only running, but also improving. The next objective should be to ensure the completion of industrial projects that are unfinished and to proceed with the planning for future industrial renewal and expansion. Governments of developing countries may have to initiate additional policies that would help and promote industrial revival and further growth as discussed at the High-Level Expert Group Meeting on Industrial Strategies and Policies held at Lima in 1983.<sup>20</sup>

25. In the medium and long term, the first line of action would be for a developing country to learn from the lessons of the past and reduce its vulnerability to external shocks by enhancing its self-reliance. This implies a more adequate planning of the investments for a coherent integration of the development process. Industrial planning should aim at creating an interrelated and mutually supportive set of industries based on the natural endowments of the country including human resources. Indeed domestic processing will call for extensive development of human skills and technological capabilities. In general, each developing country has to assess and take steps to minimize the vulnerability of its economy within a given set of policies.

26. It is important for each developing country to recognize and remove the internal constraints examined in paragraphs 9-12 above. The larger impetus to industrial growth, however, can only come from the stimulation of internal demand. The stimulation of local demand has not been systematically attempted in many developing countries and could be a source of dynamic growth in the future. This requires integrated policies and strategies of a multi-dimensional nature that will



exploit dynamic interlinkages within industry and between industry and other important sectors, such as agriculture, construction and housing, and transportation. It is only through such interlinkages that the benefits of industrialization can also be distributed more widely and secondary sources of employment created. Demand stimulation is no doubt difficult in small countries with a low level of local demand. Such countries have to find, with reference to their specific conditions, the appropriate points of entry that could break the vicious circle that a low and stagnant demand creates. In these circumstances, industrial and trade co-operation between developing countries assumes a special relevance by its potentialities for enlarging the market of the co-operating countries.

27. The problem of rural industrialization should receive renewed attention. There is scope for all developing countries to build up a vigorous and inter-linked sector of small and medium-sized industries to meet the relatively limited demand in a wide variety of products. Such industries could be located in the rural areas, and need not be technologically inefficient. Technologically sound options exist in a number of industries. The range of such options is widening and covers, for example, mini-steel plants, mini-hydro power plants, small low-density polyethylene plants, small non-wood pulp mills and small-scale cement, sugar and breadmaking plants.<sup>21</sup>

28. Advances in biotechnology now make it possible to generate substantial industrial impulses in the rural areas. Alternative technologies exist for this purpose and have to be explored for implementation in particular socio-economic contexts. For example, it is possible for many developing countries to develop and implement a rural industrialization strategy on the basis of the renewable resource of biomass. All types of developing countries could benefit, particularly the smaller developing countries and those at an earlier stage of development. Such actions would also meet in some measure the social and environmental concerns related to industrialization and provide for a more balanced relationship between the urban and rural sectors.

29. A large number of developing countries are "small" in size having a population of less than 5 million. The small industry option is generally relevant in their case. As already mentioned above, another important means of overcoming "smallness" is by the systematic pursuit of industrial and trade co-operation between developing countries. It is necessary for all developing countries to incorporate co-operation between themselves as an essential element of their industrial, economic and commercial policies and also to allocate resources to support such policies.

30. Economic and industrial policies have to be integrated and should not be allowed to work at cross purposes. Several policies, particularly

in the commercial and fiscal fields, have implications for the speed and pattern of industrial growth and these have to be carefully assessed. Industrial policy and planning have to be based on long-term sectoral perspectives and implemented with a measure of stability. They must be fully complemented by consistent policies and programmes in the fields of human-skill development, technology, energy and finance. Mechanisms have to be set up for monitoring industrial and technological trends, both within the country and abroad.

31. To strengthen their capabilities in the management of industrialization, the developing countries need to improve project planning and implementation, encourage innovation, provide incentives to entrepreneurship, and take all other measures necessary to improve labour and capital productivity. Though a number of developing countries have stepped up the rate of domestic saving, arrangements for industrial financing also need to be strengthened. In general, industries should be cost-efficient and competitive and should be able to produce quickly and flexibly to meet the demands of both internal and external markets. Maintenance and plant engineering can no longer be neglected. Energy conservation and management is another area that will help developing countries to cut their costs and save foreign exchange. These are some of the illustrative fields where domestic streamlining will be necessary.

32. Much of what has been said above in regard to small developing countries applies with greater force to the least developed countries whose economic and industrial problems have been greatly aggravated by the continuing world economic crisis. Alleviating the problems of these countries is a major priority. As pointed out at the High-Level Expert Group Meeting on Industrialization Strategies and Policies,<sup>20</sup> the emphasis has to be on endogenous resource-based industrialization using small-scale processes and building up integrated agro-industrial production in tandem with accelerated resource flows and enlarged international co-operation.

#### *Developed countries*

33. Actions by developing countries will not be enough to ensure long-lasting revival and growth. The improvement of the external economic environment is essential for developing countries and this can only be effected through a series of measures to be taken by the developed countries. First, those countries have to halt and reverse the trend of protectionism, which is widely acknowledged as retarding structural adjustment in the developed and developing countries and the industrialization of the latter. Secondly, they have to review their macro-economic and financial policies in the light of the international repercussions those policies may have, particularly on developing countries. Thirdly, they must allow and encourage the normal process of

the restructuring of industry to take place. Fourthly, they need to take steps to reach the target aid level of 0.7 per cent of their gross national product (GNP) and adopt a multi-lateral approach in their external economic operations. Steps such as these should lead to a reflation of the world economy with the spectre of unemployment gradually fading away.

#### **International co-operation**

34. The lack of international initiative at the required global scale will undoubtedly lead to social and political unrest in both developing and developed countries. Already as far as the developing world is concerned, as the Managing Director of the International Monetary Fund has warned, the "adjustment . . . under way . . . involves considerable hardship in the short run and is being realized at high social and political cost. Some countries are already approaching the limits of social and political tolerance of their adjustment efforts. This underlines the crucial need for adequate financial flows to facilitate and underpin the adjustment process."<sup>22</sup> Therefore, a major step to be taken by the developed countries is to work together with developing countries to formulate and establish a new set of international rules in the trade and monetary fields.

#### ***Industrialization and finance***

35. The present international financial and monetary system is not geared to assist economic and industrial development in the third world. Its influence and impact are far greater than the relative shares of production or trade of individual developed countries and exert an overwhelming effect on the economic situation and balance of payments of developing countries. In recent years, this system has been marked by volatility in exchange rates, which makes it difficult for everyone and particularly for developing countries to plan industrial projects. This has been combined with the growth of interest rates to unprecedentedly high levels. These high levels of interest rates have discouraged industrial investment and also affected the operation of the existing enterprises. They have had a crushing effect on the debt burden of developing countries accentuating balance-of-payments disequilibria. Several developing countries have had to devalue their currencies with adverse results on the pace of industrial growth. The present situation has left the development of a major part of the world to become a hostage to the vagaries of international finance.

36. It is in such a context that the proposals for an international conference, with universal participation, on the reform of the inter-

national monetary and financial system deserve support.<sup>23</sup> Such a conference could take into account the need to stimulate industrial production as an engine of growth and also the special characteristics and requirements of industry in the developing countries. In future financial flows from developed to developing countries, whether through balance-of-payments support, official development assistance or specialized institutions, the requirements of industry need specific attention. These requirements are both of existing enterprises and of new projects, and need to be met with a measure of stability and certainty so as to improve capacity utilization and the implementation of new projects. Industrialization is characterized by its special need for long-term financing including, for the developing countries, large investments in basic infrastructures. It cannot be over-emphasized that any reform of the international financial and monetary system should be development-oriented and designed to stimulate an increase in production in the world. To meet such a requirement, proposals specifically designed for the industrial financing needs of developing countries have necessarily to remain the order of the day.

37. Pending substantive reforms, which should be initiated with a sense of urgency, a few steps can already be taken by the international community. Two specific areas of action are of particular importance and need to be pursued. The first is that of programme lending as against resources for individual projects. Lending must be related to a whole package of measures for rationalization, improved capacity utilization and development of the industrial sector as a whole. The second area of action arises from the way in which a country's overall vulnerability affects the prospects and terms of industrial financing. In short, new mechanisms are called for that allow worthwhile industrial projects to transcend the perceived "country risk". Lenders may themselves realize that the financing of sound projects lessens the country risk.

#### *Locming technological change*

38. The emergence and convergence of several technological advances means that the pattern of industry will change in the future. These advances, of which genetic engineering and biotechnology and micro-electronics are outstanding examples, are not only creating new industries, but affecting to a greater or lesser degree the established ones. They are also modifying existing patterns of comparative advantage. Moreover, new ways of designing products and processes and of organizing manufacture and new methods of communications are emerging. As a result, a new concept of technological capabilities may emerge and the dividing line in future between an industrialized and a developing country may be that between those that possess such

capabilities and those that do not. In the short term, developing countries have to pursue a set of policies by which the unfavourable side-effects of such technologies may be avoided. They have also to monitor the technological advances and their impact and the shifting patterns of comparative advantage. In the longer term, the technological advances certainly pose a challenge to the developing countries, but at the same time they offer an opportunity. They possess several features that render them suitable to developing country conditions, in terms of skill requirements for applications, utilization of local resources and amenability to decentralized and small-scale production. Since the technologies are in their initial stages of development, an alternative path to technological development could be attempted. Instead of the technologies being first developed into products and equipment suitable to developed country conditions and afterwards being transferred to developing countries in less or more appropriate forms, the technologies could be developed, through intervention and participation at an early stage, in a form that would suit developing country conditions and requirements. The developing countries have to make substantial efforts to develop their capabilities in these new fields.

39. The beneficial application of the new technologies should be declared as a major goal of international co-operation in the 1980s and beyond. New forms of co-operation should be devised. To give a concrete shape to such co-operation a specific proposal on "technologies for humanity" has been made in the Conference documentation following the recommendation of the International Forum on Technological Advances and Development held at Tbilisi, Union of Soviet Socialist Republics,<sup>24</sup> preparatory to this Conference. There is a range of needs of developing countries in fields such as food and nutrition, water and sanitation, basic health protection, pollution control and rural energy, where the application of appropriate and advanced technologies could help alleviate human suffering and enhance the quality of life for the poorest in the developing countries at different levels of development. In the present set-up where most technologies are generated in the developed world, these areas are unlikely to receive attention. There have been a few unrelated attempts in the past to develop technologies for these purposes. It is now time for a movement to be launched, with clearly defined goals. Under the rubric of "technologies for humanity" a limited number of technologies could be developed to meet, at a low cost, the needs of a basic and urgent character of humanity, particularly the poorest. The projects of technology development would be undertaken with the participation, financial and technical, of all interested countries. The results would be available to all countries and should be for the particular benefit of the poorest segments of the population. All countries and organizations are invited to join in such a movement, which addresses itself to a humanitarian goal that can no longer be neglected.

40. Developing countries have also to integrate the technological advances in a suitable manner in the mainstream of their productive activities. An important point in this connection is that future industrialization strategies will have to incorporate specific policies to respond to technological change. In this sense industrial and technological policies will become two sides of the same coin. The research and development efforts have also to be accelerated in both conventional and new fields. As proposed in the documentation, developing countries should consider increasing the share of their research and development expenditure to 1.5 per cent of GNP by 1990 and to 2 per cent by 2000.<sup>25</sup>

### *Human dimension*

41. A corresponding effort has to be made in the development of human resources in general. Strategies for human-resource development should not be limited to training but should be an integral part of the industrialization process. The basic problem that needs to be tackled in this connection is the mismatch between the requirements of industry at the macro- and micro-levels and the output of skills through the existing educational and training systems. Today, industry plays in general a passive role in the sense that it relies mainly on the market to meet its requirements without actively participating in the orientation of skills to suit its needs. It is therefore urged that with the greater involvement of industry the educational and technical curricula be critically reviewed and modified in the light of the technological revolution currently taking place, since the kind of technological capabilities needed in the near future will be different from what the countries have at present.<sup>26</sup> The attention of the Conference is drawn to these important aspects that are critical in the development and upgrading of skills for the planning and management of industrial development. Human-resource development should also increasingly encompass opportunities for women as producers, entrepreneurs, planners, scientists and technologists.

42. The future growth of population in developing countries has, however, several other implications in relation to industry. On the one hand are factors such as an increase in the labour force and consequently the need to generate employment in industry and the services sectors; acceleration of urbanization; and the social effects arising from both unemployment and urbanization. On the other hand, there will be a need to produce industrial goods, building materials, clothing items, processed foods, pharmaceuticals etc. to meet the needs of the growing population in both the urban and rural sectors, and to adopt policies for rural industrialization with a view to slowing down urban migration and effecting a balanced spatial allocation of national resources.

## *Energy*

43. Energy-importing developing countries will continue to find energy a critical constraint in their industrialization. Hence, continuous attempts at energy conservation and management, development of energy sources and development and application of suitable energy technologies should receive attention from developing countries. Energy strategies should have as an integral part the production of capital goods at national or subregional levels for the generation of energy. Specific funding possibilities have to be explored at the international level for meeting the energy requirements; for promoting development and utilization of renewable sources of energy in developing countries; and for providing training and information in conservation of energy in all sectors.

### **Industrial co-operation among developing countries: a motive force**

44. Industrial co-operation among developing countries (ICDC) would accelerate the industrialization of those countries. The need for such co-operation has now been fully realized on economic grounds, but concepts of co-operation have yet to be adequately translated into practice. ICDC must extend beyond the exchange of information and experience and must manifest itself in concrete forms of co-operation in trade, finance, industrial investment, production, technology transfer and energy. Co-operation has to be planned and not left to chance, and backed by the creation of necessary institutional and financial means. Innovative co-operative arrangements are also possible in regard to marketing institutions, technical services, infrastructure investments and science and technology. New initiatives are necessary in monitoring and assessing technological advances, developing capabilities jointly through massive programmes of training and human-resource development and acquiring a collective capital goods capability. All this may call for attitudinal changes in some respects and necessitates the harmonization of aims, policies and strategies in the common interest of all developing countries. One of the scenarios worked out by the UNIDO secretariat also shows clearly the difference that increased South-South trade can make to industrialization of the South.<sup>27</sup>

### **Industrial Development Decade for Africa**

45. Co-operation between developing countries, both within Africa and between African and other countries, assumes particular relevance in the context of the Industrial Development Decade for Africa as

proclaimed in General Assembly resolution 35/66 B. A clear statement of the aims of the Decade and of its priorities is already available. The political will and enthusiasm of the African countries is abundantly clear. What is needed is an infusion of resources to realize the goals that on all accounts are relatively modest. The financial and technical contribution of all countries to the Industrial Development Decade for Africa is urgently required.

#### **Least developed countries**

46. Africa contains the largest number of the least developed countries which are among the worst sufferers in the world today. Greater contribution, particularly by the developed countries, to the Substantial New Programme of Action for the 1980s for the Least Developed Countries<sup>28</sup> will go a long way in helping all the least developed countries to lift themselves out of the vicious circle of stagnation that plagues the very early stages of industrial development. Several of the least developed countries need also to be supported by emergency programmes.

#### **Future prospects**

47. Assuming that the necessary international economic environment is created, the long-term prospects for industrialization are bright. "The South offers a growth frontier to the global economy. It offers enormous scope for absorption of technology and employment. It contains a wealth of natural resources and investment opportunities, extensive potential consumer markets, and an abundance of initiative, incentive and enterprise."<sup>29</sup> How far this expectation is fulfilled depends, however, on the important parameters we have just reviewed in the preceding paragraphs.

48. The quest for restructuring world industry through international co-operation must be intensified. Resistance to restructuring and continued adoption of protectionist policies by developed countries have been among the reasons for the present state of the international economy. Restructuring would release the potential of the South and speed its overall development and in the process provide a new source of growth for the world economy. International co-operation must therefore devise a just and efficient system of global restructuring of industry on a long-term basis. The documentation on item 5(e) of the provisional agenda of the Conference<sup>30</sup> spells out the considerations that are relevant to long-term global restructuring.



49. Conversely, if actions such as those proposed above are not taken by developed and developing countries and current trends are permitted to continue and past attitudes to prevail, the horizon of optimal industrial and economic development will undoubtedly recede. This Conference should therefore be seen not as a passing event at a low point in the state of the international economy but more as an opportunity to give a fresh impetus and a new meaning to international co-operation through a collective effort. In the words of the report of the Brandt Commission, the search for solutions is not an act of benevolence but a condition of mutual survival.<sup>31</sup>

### *III. The role of UNIDO: programme of action*

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50. The developments discussed above and the problems that are emerging have clearly a bearing on the role of UNIDO. Before discussing the future role of UNIDO in a changing world, it is necessary to reflect briefly on the manner in which UNIDO has been able to adapt itself to evolving requirements. After all, the test of an organization's relevance and effectiveness is the extent to which it is able to anticipate changing conditions and respond to changing needs.

#### **The evolving role of UNIDO**

51. The period from the inception of UNIDO up to the Lima Conference was one of consolidation of the young organization, particularly by building up its field presence and a line of technical assistance for industrialization till then almost unavailable to developing countries. The Lima Conference not only highlighted industrialization as an engine of growth but also, through the Lima target, placed it in the context of a global restructuring of industry and gave a role to UNIDO as a forum for negotiation for such restructuring. This provided the rationale for the System of Consultations. Also, after the mid-1970s, the oil-price adjustments, the economic recession in the industrialized countries and the dynamic trends in technology have necessitated that UNIDO monitor and assess the elements of ongoing change and transmit the results to its member Governments, in particular those of the developing countries. This monitoring and assessment function has taken several interrelated forms. The exercise of monitoring the efforts of developing countries to achieve the Lima target and the publication periodically of the *Industrial Development Survey* are examples of this role. Studies carried out on the patterns of global restructuring of industry have provided an essential background to the industrialization efforts of the developing countries in an interdependent world. The UNIDO programme in the field of technological advances has served to monitor and assess the implications of leading

frontier technologies and sensitize the policy-makers in developing countries to the need for a meaningful and orderly response to such advances. The Consultations have provided opportunities for a joint review by representatives of Governments as well as industry including trade-unions, from both developed and developing countries, of the changing industrial and technological status in specific sectors of industry. In this respect, UNIDO has acted as an important mechanism for transmitting to developing countries objective perceptions of the changing industrial and technological scene.

52. A more basic question could be raised as to how far UNIDO has been, or will be, instrumental in positively changing the patterns of industrial and technological development. For any organization it would be out of place to claim a causative role in this respect. Global industrial and technological conditions are influenced by a variety of factors, many of which belong neither to industry nor to technology. The basic decisions for a change lie with the Governments and to a large extent with their scientific and industrial communities. In such a context, the role of UNIDO is certainly modest. Its role is essentially to inform, assist, promote, advise, mobilize and catalyse. However, the value of such functions from a neutral agency can indeed be critical to developing countries. It is particularly so in the changing economic, industrial and technological context.

53. The variety of aspects bearing on industrial development, the numerous branches of industry, existing and emerging, and the needs of the developing countries themselves have called for a diversified programme of activities on the part of UNIDO. Such activities have included provision of information; advisory services; assessments by studies and expert groups; mobilization of effort by promotional programmes such as in technology, investment promotion and co-operation among developing countries; capability building through training and human resource development; and not least more traditional forms of technical assistance. In addition, a major effort has been launched through the System of Consultations. Such a diversified programme is not a creation of the UNIDO secretariat itself, but the result of the mandates given to it particularly after the Lima Conference and its attempts to respond in accordance with those mandates to the demands made on it by member countries. These activities have helped to diversify the contacts of UNIDO and enhance its catalytic role and have enabled it to reach and be of assistance to a large number of agents of industrial and technological development.

54. The range and diversity of activities have not been at the expense of concentration of effort. Technical assistance has, for example, expanded rapidly since the mid-1970s reaching a peak of nearly \$92 million in 1982, which could have been sustained and improved upon but for the unfortunate decline in funds available to the United

Nations Development Programme. Technical assistance continues to be a major activity of UNIDO and over the years there has been an enhancement of this activity not only in magnitude but also in terms of the number of countries assisted and the nature of industrial branches served. A significant result has been that a number of developing countries have deemed it necessary to devote a larger percentage of their UNDP indicative planning figure to industrial activities, a testimony of the growing perceptions both of the role of industry and of the assistance that UNIDO can provide.

55. Similarly, the studies carried out by UNIDO have served to help developing countries better understand the problems and focus attention on critical areas. The promotional programmes have played an important catalytic role. For example, the solidarity meetings of Ministers of Industry in specific least developed countries have helped to mobilize the co-operation of many developing countries with those least developed countries. The steps taken to establish the International Centre for Genetic Engineering and Biotechnology<sup>32</sup> have not only helped to promote a signal act of international co-operation in a frontier technology, but also in the process stimulated national actions on the part of a number of developing countries to strengthen their technological capabilities in this field. The investment promotion activities, involving market and centrally planned economies, are instrumental in channelling investable funds to developing countries in both the public and private sectors and in promoting new bonds of international co-operation in the field of industry.

56. The broad range of activities of UNIDO and its efforts to keep in step with the changing industrial and technological scene undoubtedly provide a valuable reservoir of experience for developing countries, which needs to be sustained and utilized in an optimal manner. However, the changing facets of the problem of industrialization require that the role of UNIDO as an instrument for promoting industrialization should be enhanced. This calls for greater emphasis on some elements of UNIDO activities, which in turn calls for additional resources.

#### **New dimensions of the contribution of UNIDO**

57. The first element that needs emphasizing is the need for UNIDO to be of greater assistance in policy orientation at the national level. The documentation particularly on items 4, 5(b) and 5(e) of the provisional agenda of the Conference<sup>33</sup> clearly bears this out. It cannot be denied that the world is undergoing, in some respects subtly and in others manifestly, a process of economic, industrial and technological change. In such a context, assistance to policy orientation may have the greatest pay-off. Already, UNIDO has been assisting both in the industrial and

technological fields in the sensitization of policy-makers and in helping them to formulate industrial and technological policies and plans. In the changing circumstances, such activities must extend beyond sensitization or provision of expertise at the working level through technical assistance.

58. Thus, at the present juncture, one of the first priorities of developing countries is to review and where necessary redesign their policies and strategies since the assumptions under which the policies were formulated do not to a large extent hold good any more. While the ultimate decision will be clearly for the Governments to take, UNIDO should be ready to fund and organize high-level policy review and advisory missions that could interact with high-level policy-makers in the developing countries. Since there is no single uniform strategy for industrial development, such missions would facilitate the adoption by countries at different levels of development and with different resource endowments of policies and strategies most suited to their conditions. Similarly, missions to developed countries to interact with the policy-makers would be useful for interlinking policies and strategies and for arriving at meaningful action, particularly directed at global industrial restructuring. UNIDO has to build a roster of high-level policy experts whose services could be drawn upon for short-term missions of a policy-oriented nature.

59. To facilitate its contribution to greater policy orientation, UNIDO has also to give greater attention to policy-oriented studies, particularly at the national level. The studies programme should provide an in-depth and high-quality analysis of global and regional trends in macro- and micro-problems of industrial and technological development. Timely monitoring and forecasting of major developments relevant to policy-makers need to be given more emphasis. In general the research and studies programme of UNIDO should develop into a "think-tank" for the industrialization of the third world and for enhancing international co-operation in this field.

60. Another element of reorientation of the work of UNIDO is the intensified mobilization of international co-operation for the industrialization of the developing countries. As stated earlier, interaction with policy-makers of developed and developing countries is essential. Equally essential is the need to present to eminent scientists and technologists and the top managers of industrial enterprises in the public and private sectors the nature and requirements of the industrialization process in the developing countries and to solicit and mobilize their co-operation. Through more intensive mobilization of such economic agents, UNIDO can put industry in the mainstream of international economic co-operation. The role of industry has also to be emphasized in important international meetings. In the discussions on international

financial reforms the role of industrial finance is of particular importance and UNIDO must have the opportunity to present the viewpoint of industrialization in such meetings.

61. The System of Consultations is yet another major instrument for mobilizing international co-operation. Greater involvement of the industrial community and representatives of trade-union organizations in Consultations would make them have a greater impact; a more positive attitude by Governments would help to move from consultations to negotiations. One way of initiating this move could be to discuss indicative sectoral perspectives between industry representatives, while the results of the Consultations could be reviewed by the Industrial Development Board, and those finally agreed upon submitted for endorsement to the United Nations General Assembly or to the UNIDO General Conference, once UNIDO is established as a specialized agency.

62. Apart from these new dimensions of the contributions of UNIDO to the industrialization of developing countries, it is necessary to stress two points of focus within the variety of activities that UNIDO is required to undertake. The first is emphasis on certain critical areas of vital concern to industrial development and the second is the need to effectively address UNIDO programmes to developing countries at different stages of development.

#### **Critical areas for action by UNIDO**

63. Apart from the formulation of strategies and policies, the critical areas of importance to industrial development are human-resource development, technology, energy, finance, and industrial co-operation among developing countries. These subjects, except for finance, have been examined extensively in the preparations for the Conference through high-level expert group meetings.

64. In the area of human-resource development the important task is an intensification of training in industrial skills. This would necessarily call for a wider range of activities in helping developing countries in creating and utilizing their manpower in an optimal manner. The documentation contains several proposals in this regard that require the careful attention of the Conference. In addition, to make its contribution meaningful, UNIDO should be requested to deliver up to 100,000 man-months a year of technical training within its sphere of competence, i.e. approximately 10 times its present capacity. Moreover, a programme of \$20 million a year should be devoted through UNIDO to the upgrading or establishing of training facilities in the developing countries for their industrialization.

65. In the area of technology, the task of UNIDO is to help developing countries to equip themselves to deal with the problems of technology in the 1980s and beyond. While activities relating to conventional technology need to be continued and strengthened, the emergence of technological advances has clear implications for UNIDO, not only in promotional activities but also in technical assistance. In a sense, the whole of UNIDO has to be responsive to the changing technological scene and its corresponding effects on the technology markets and the industrialization patterns since a very wide range of industrial sectors will be affected through the technological advances. Innovative acts of international co-operation are necessary and some have been proposed, such as the promotion of the concept of "technologies for humanity", the compilation of an international roster of scientists and technologists, and a forecasting and assessment network for developing countries. International mechanisms have to be promoted as has been the case in genetic engineering and biotechnology,<sup>32</sup> in other frontier technologies as well. In the fields of micro-electronics, new materials, marine industrial technology and energy, the UNIDO secretariat should be requested to promote international centres with the active co-operation of developed and developing countries. It ought to be pointed out here that the time needed for realizing the benefits of such co-operative efforts is considerable, as most of the developing countries would have to start in these fields almost from the beginning. The Industrial and Technological Information Bank has to play a role in both conventional and new technologies and increased resources have to be provided for this purpose.

66. UNIDO activities in the field of energy have shown unmistakably the close nexus between energy and industry and the pre-eminent position of industry as a consumer of energy and as a means to produce it. Accordingly, in addition to the international centre for energy proposed above, UNIDO will have to increasingly concern itself with industrial energy projects. Three areas have been identified for UNIDO activities in this field, namely, energy development, manufacture of capital goods for energy, and energy management including energy conservation. The last is particularly important for some immediate relief as the facts clearly show that there is a considerable scope for energy savings in the industrial activities in the developing countries.

67. In the area of finance, UNIDO assistance to developing countries in project identification and investment promotion has to be strengthened, particularly for the least developed countries. The establishment of a Project Preparation Facility<sup>34</sup> would definitely enhance the prospects for greater mobilization and allocation of financial resources to industrial development. In addition, it is important to note that in the various discussions on international financial reform, the subject of industrial finance has not received direct and specific attention, in spite of its being a crucial factor for the industrial and hence economic development of

developing countries. More substantive efforts to ensure increased flows of industrial finance on suitable terms will still be necessary. The proposal for the creation of an international bank for industrial development was made after the Third General Conference of UNIDO. However, it should be clarified that it is not that such a new international instrument is a *sine qua non*; it would suffice, in my view, if elements of the proposed bank are introduced in the existing international financial organizations and/or those organizations are directed to allocate on suitable terms and conditions a larger share of their resources to industrial development. In all circumstances, a concrete service that UNIDO should provide, particularly at this juncture, is to help developing countries to systematically assess their industrial financial requirements and to identify sources of finance for maintenance and spares, capacity utilization and new investment in connection with their requests for programme lending. Such assistance could be given in co-operation and co-ordination with the International Monetary Fund and World Bank missions to developing countries.<sup>35</sup>

68. The theme of industrial co-operation among developing countries runs across all the subject areas before the Conference. The important point that emerges is that in the current international setting the need for such co-operation has become more urgent. Mechanisms of industrial co-operation with a significant impact have to be explored. A code of conduct for developing countries for third world joint industrial undertakings including the transfer of technology may be agreed on. UNIDO will continue to help developing countries in implementing the Caracas Programme of Action,<sup>36</sup> particularly in the critical areas of importance mentioned above. The mechanism of the solidarity meetings will continue to be a useful one as a means for ICDC for the benefit of the least developed countries. Measures for making this mechanism more effective should be undertaken.

#### Addressing different levels of development

69. An incessant concern of UNIDO has been to maximize its effectiveness in helping developing countries at different stages of development. In this respect domestic processing of raw materials and rural industrialization are particularly important. In the light of the current international situation, when the vulnerability of many developing countries has been clearly revealed, such concerns will have to be systematically integrated into the industrial strategies and policies of all countries. The potential in these areas has not been fully realized in countries at earlier stages of development. It will be for UNIDO to exert greater efforts in this respect. Special attention has to be given to the promotion of small and medium-sized industries and the identification and application of technologies appropriate to specific conditions.



70. More specifically, as far as the least developed countries are concerned, it should be noted that growth in this group of countries remained stagnant at best over the years. Not only UNIDO but also all international co-operation efforts should increasingly reorient themselves to be of greater help and more specific use to the least developed countries. The UNIDO secretariat will look for measures and welcome any recommendations by which its contribution to the Substantial New Programme of Action could be enhanced. In future activities of UNIDO, greater attention has to be given to the formulation of national policies and selective institution building. In respect of the latter, one of the first problems the least developed countries face is the need for increased capability for project identification and preparation.

71. In the context of countries at different stages of development, the needs of Africa will continue to receive urgent attention in UNIDO. The stage has been set in successive steps for implementing programmes for the African Development Decade. A variety of activities has been envisaged to promote new investments, to increase technical assistance in areas identified as priority areas in the Lagos Plan of Action,<sup>37</sup> and to provide advisory services. It is hoped that support will be available in an increasing measure since the mid-point of the Decade is near and no further time can be lost. While sharing in the resources that may be made available for other programmes that could emerge from this Conference, activities related to the Decade will significantly benefit if increased contributions are made by member Governments to the United Nations Industrial Development Fund and are earmarked for specific activities in relation to the Decade. Following a request of the African Ministers of Industry, this Conference will have before it a portfolio of projects to be implemented in the medium term within the framework of the Industrial Development Decade for Africa. The Conference is requested to give its endorsement in principle to this portfolio and commend it to funding agencies.

#### **Reinforcing the UNIDO secretariat**

72. The types of activity mentioned above would reinforce the need for speed and flexibility in the secretariat's response to changing requirements and specific requests. To a considerable measure speed and flexibility have been achieved in assisting developing countries through the regular programme of technical co-operation, the Special Industrial Services and the United Nations Industrial Development Fund. Reinforcement of these programmes will be necessary for the actions and responses of UNIDO to be both effective and timely. Also, the posting of Senior Industrial Development Field Advisers has provided a quick and efficient means of communication and interaction with the Governments of developing countries. The more such posts are available, the greater will be the effectiveness of UNIDO.

73. Furthermore, it is necessary to address squarely the problem of increased financial resources for operational activities. It is hoped that the outlook for increased UNDP funding will improve. The needs, particularly in industry, clearly show why increased financial resources for UNDP, over and above its present level of funding, should be provided. Without such additional financial resources, it will be difficult for UNIDO to respond to the various requests made to it. Besides an increased volume of financial resources there is a need for a measure of certainty that contributions could be expected regularly.

74. On the other hand, given the arrangements in UNDP for funding programmes, only the United Nations Industrial Development Fund can channel funds effectively into the various types of programme proposed above so as to ensure their timely and efficient implementation.

75. UNIDO has clearly a bigger and more difficult task now than that with which it started. The problems of co-ordination have become more important. Particularly in the context of its transformation into a specialized agency, the central co-ordinating role of UNIDO in the field of industrial development needs to be re-emphasized by Governments and practical measures identified through which such co-ordination can be effectively and harmoniously exercised in a joint endeavour by all agencies in the United Nations system to accelerate the process of industrialization of the developing countries.

76. UNIDO is due to be transformed into a specialized agency. Regardless of how soon this happens, UNIDO as an international organization would be requested to respond quickly to the programme of action adopted by the Conference. Once a programme of action is adopted, it will be necessary to restructure the secretariat as early as possible in the following year; the secretariat should also be strengthened with adequate financial and staff resources.

#### **Concluding remarks**

77. The Conference should do something more than stock-taking. Indeed it has to re-examine the explicit and implicit premises of international co-operation on which the industrialization of developing countries has proceeded in the past. But more important, it has to face up to new challenges. Industrialization must move on once again to the goal of rapid growth and greater equity. It is my earnest hope that the basic problems will be addressed and actions that UNIDO can undertake agreed, strongly supported and adequately funded for timely implementation.

**ABD-EL RAHMAN KHANE**  
Executive Director

## NOTES

<sup>1</sup>See the issue paper for item 4 of the provisional agenda of the present Conference, "Lima and New Delhi Declarations and Plans of Action: retrospective and perspective" (ID/CONF.5/17), para. 7.

<sup>2</sup>"A statistical review of the world industrial situation, 1983" (UNIDO/IS.433), figure 1.

<sup>3</sup>"Report of the Second General Conference of the United Nations Industrial Development Organization", Lima, Peru, 12-26 March 1975 (A/10112).

<sup>4</sup>See the background paper for item 4 of the provisional agenda of the present Conference, "Lima and New Delhi Declarations and Plans of Action: retrospective and perspective" (ID/CONF.5/14), para. 20.

<sup>5</sup>*Industry in a Changing World: Special Issue of the Industrial Development Survey for the Fourth General Conference of UNIDO* (United Nations publication, Sales No. E.83.II.B.6), chap. VII, table VII.15.

<sup>6</sup>*Ibid.*, chap. II, sect. "The share of manufacturing in GDP".

<sup>7</sup>A/10112, chap. IV.

<sup>8</sup>*Industry in a Changing World* . . . , chap. II, table II.9.

<sup>9</sup>*Ibid.*, chap. VII, table VII.4.

<sup>10</sup>*Ibid.*, chap. II, tables II.11 and II.12.

<sup>11</sup>"A statistical review of the world industrial situation, 1983" (UNIDO/IS.433), table 5.

<sup>12</sup>*Industry in a Changing World* . . . , chap. VI, sect. "Organizational rigidities in mature industries?".

<sup>13</sup>See General Orientations on Policies for Readjustment, adopted by the OECD Council at Ministerial Level in June 1978, quoted in *Textile and Clothing Industries: Structural Problems and Policies in OECD Countries* (OECD, Paris, 1983), p. 9.

<sup>14</sup>World Bank, *World Development Report 1983* (Washington, D.C.), pp. 10-11.

<sup>15</sup>"Overcoming economic disorder: views and recommendations of the Committee for Development Planning" (ST/ESA/133), para. 38.

<sup>16</sup>Statement by the Director-General for Development and International Economic Co-operation, Jean Ripert, at the third meeting of the Second Committee of the General Assembly at the thirty-eighth session, on 11 October 1983 (DPI/DESI NOTE/634, p. 3; see also A/C.2/38/SR.3).

<sup>17</sup>Lima Declaration and Plan of Action on Industrial Development and Co-operation (A/10112), chap. IV, para. 23.

<sup>18</sup>*Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 4* (E/5478), para. 15.

<sup>19</sup>*Ibid.*, para. 108.

<sup>20</sup>"Report of the High-Level Expert Group Meeting Preparatory to the Fourth General Conference of UNIDO: industrial development strategies and policies for developing countries, Lima, Peru, 18-22 April 1983" (ID/WG.391/12).

<sup>21</sup>"Optimum scale production in developing countries: a preliminary review of prospects and potentialities in industrial sectors" (UNIDO/IS/471).

<sup>22</sup>Address to the Board of Governors of the International Monetary Fund, September 1983, Washington, D.C.

<sup>23</sup>See e.g. "New Delhi Statement on Economic Action adopted at the Commonwealth Heads of Government Meeting", 23-29 November 1983 (A/38/707, annex, pp. 21-25); "Economic Declaration" adopted by the Seventh Conference of Heads of State or Government of Non-aligned Countries, New Delhi, 7-12 March 1983 (A/38/132, annex, chap. III).

<sup>24</sup>"Report of the High-Level Expert Group Meeting Preparatory to the Fourth General Conference of UNIDO: International Forum on Technological Advances and Development, Tbilisi, USSR, 12-16 April 1983" (ID/WG.389/6).

<sup>25</sup>See the background paper for item 5(b) of the provisional agenda of the present Conference, "Strengthening of scientific and technological capacities for industrial development in developing countries" (ID/CONF.5/6), para. 84.

<sup>26</sup>"Report of the High-Level Expert Group Meeting Preparatory to the Fourth General Conference of UNIDO: accelerated development of human resources for industrial development, Yaoundé, United Republic of Cameroon, 30 May-3 June 1983" (ID/WG.394/8), para. 29.

<sup>27</sup>See the background paper for item 4 of the provisional agenda of the present Conference, "Lima and New Delhi Declarations and Plans of Action: retrospective and perspective" (ID/CONF.5/14), para. 53.

<sup>28</sup>"Report of the United Nations Conference on the Least Developed Countries, held at Paris from 1-14 September 1981" (A/CONF.104/22), part one, sect. A.

<sup>29</sup>"World industrial development: dynamics of growth through co-operation" (ID/WG.391/9), p. 3.

<sup>30</sup>"World industrial restructuring and redeployment", background and issue papers (ID/CONF.5/3 and 16).

<sup>31</sup>*North-South: A Programme for Survival. The Report of the Independent Commission on International Development Issues under the Chairmanship of Willy Brandt* (London, Pan Books, 1980), p. 282.

<sup>32</sup>In Madrid on 14 September 1983, the International Centre for Genetic Engineering and Biotechnology was established by the signature of its statutes by 26 countries. The statutes are open for signature with the Secretary-General of the United Nations.

<sup>33</sup>"Lima and New Delhi Declarations and Plans of Action: retrospective and perspective", background and issue papers (ID/CONF.5/14 and 17); "Strengthening of scientific and technological capacities for industrial development in developing countries", background and issue papers (ID/CONF.5/6 and 5); "World industrial restructuring and redeployment", background and issue papers (ID/CONF.5/3 and 16).

<sup>34</sup>*Industry 2000—New Perspectives* (ID/237; ID/CONF.4/3), part one, chap. 3, para. 3.7.1.

<sup>35</sup>Such an approach has been proposed by the Executive Director of UNIDO to the International Monetary Fund and World Bank at the meeting of the Administrative Committee on Co-ordination held in London in April 1984.

<sup>36</sup>Caracas Programme of Action adopted by the High-Level Conference on Economic Co-operation among Developing Countries held at Caracas from 13 to 19 May 1981 (A/36/333, annex).

<sup>37</sup>Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa (A/S-11/14, annex I).



