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**REPORT ON THE EVALUATION OF THE  
SYSTEM OF CONSULTATIONS\***

Prepared by the

Evaluation Staff  
Office of the Director-General

United Nations Industrial Development Organization  
Vienna

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\* This document has not been edited.

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**TABLE OF CONTENTS**

	<u>Page</u>
Glossary . . . . .	3
SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS . . . . .	5
INTRODUCTION . . . . .	7
1. BACKGROUND AND HISTORY OF THE SYSTEM OF CONSULTATIONS AND PURPOSE OF EVALUATION . . . . .	8
1.1 Background and mandate . . . . .	8
1.2 Summary of consultations held . . . . .	9
1.3 Evolution of the consultation process and current orientation . . . . .	9
1.4 Previous reviews and analyses . . . . .	10
1.5 Context and methodology of evaluation . . . . .	11
2. DEFINITION AND DESIGN OF THE SYSTEM OF CONSULTATIONS . . . . .	17
2.1 Introduction . . . . .	17
2.2 Official design . . . . .	17
2.3 Modifications and further specifications . . . . .	21
2.4 A reconstructed definition . . . . .	24
2.5 Meetings . . . . .	27
2.6 Conclusions for the design . . . . .	30
2.7 Recommendations for the design . . . . .	30
3. PROGRAMME IMPLEMENTATION - ANALYSIS AND CONCLUSIONS . . . . .	32
3.1 General . . . . .	32
3.2 UNIDO in-house co-operation . . . . .	33
3.3 Co-operation with other UN organizations . . . . .	34
3.4 Panels of experts . . . . .	35
3.5 Selection of topics . . . . .	35
3.6 Preparations . . . . .	36
3.7 Attendance at meetings . . . . .	38
3.8 Conduct of meetings . . . . .	39
3.9 Follow-up . . . . .	40
3.10 Primary and secondary outputs produced . . . . .	41
3.11 Reporting and internal evaluation . . . . .	43
4. RECOMMENDATIONS . . . . .	44
4.1 Overall concept . . . . .	44
4.2 UNIDO in-house co-operation . . . . .	45
4.3 Panels of experts . . . . .	46
4.4 Selection of topics . . . . .	47
4.5 Preparations . . . . .	48
4.6 Attendance at meetings . . . . .	49
4.7 The consultation meeting . . . . .	49
4.8 Follow-up . . . . .	51
4.9 Outputs . . . . .	52
4.10 Reporting and internal evaluation . . . . .	52

Annexes

I. EVALUATION STUDY DESIGN (TERMS-OF-REFERENCE) . . . . .	53
II. CASE STUDY 1 - CONSULTATIONS ON THE LEATHER AND LEATHER PRODUCTS INDUSTRY . . . . .	63
III. CASE STUDY 2 - CONSULTATIONS ON THE TRAINING OF INDUSTRIAL MANPOWER . . . . .	73

Glossary

- CONSULTATION MEETING** Meeting where all governments are invited to participate in the identification and consideration of selected development issues relevant to a particular industrial subsector or a common topic. Meetings can be held at the global, regional, interregional and sectoral levels.
- DEVELOPMENT OBJECTIVE** Global development targets that the programme should contribute to.
- EFFECTIVENESS** Measure of the degree to which a project or programme achieves its immediate objectives. It differs from "impact" in that the latter addresses the degree to which the higher level development objective is achieved.
- EVALUATION** Process which attempts to determine as systematically and objectively as possible the relevance, effectiveness and impact of programme activities in light of their objectives.
- EXPERT GROUP MEETING** Meeting to which the UNIDO Secretariat selects and invites a limited number of experts in their personal and professional capacity to advise UNIDO on the preparation for or follow-up to consultation meetings.
- IMMEDIATE OBJECTIVE** Changes that are expected as a direct result of the System of Consultations' activities and outputs (also known as programme objective).
- IN-DEPTH EVALUATION** An objective analysis of a programme undertaken by staff not related to the design or implementation of the programme. The focus of the in-depth evaluation is on the achievement of the objective(s) of the programme. In-depth evaluations are usually done for specific reasons on request of senior management or the governing bodies of the organization.
- ISSUES** Different aspects of a topic which are discussed or addressed during a consultation meeting.
- OUTPUTS** Tangible products or results produced by the programme in order to achieve its immediate objectives (see primary and secondary outputs of the System of Consultations).
- PANELS (expert panels)** A group of independent experts drawn from outside UNIDO and selected on the basis of their professional experience to advise UNIDO and to monitor the various stages of the consultation process.
- PREPARATORY MEETING** Pre-consultation meeting held to identify and select issues for consideration at a consultation meeting. A number of selected developing and developed countries are invited to participate. Meetings can be held at the global, regional, interregional and sectoral levels.

<b>PRIMARY OUTPUTS</b>	System of Consultations' outputs produced during the preparatory phases or during consultation meetings (e.g., surveys, reports, problems identified, policy formulations, etc.).
<b>PROGRAMME APPROACH</b>	Term used in the UNIDO Medium-Term Plan 1990-1995, referring to an integrated approach to the development of a subsector selected on the basis of its importance for a group of countries.
<b>PROGRAMME OBJECTIVE</b>	(see immediate objective)
<b>SECONDARY OUTPUTS</b>	System of Consultations' outputs produced as follow-up to consultation meetings (e.g., programmes, projects, follow-up surveys, manuals, guidelines, etc.).
<b>SECTOR</b>	Sector of economy corresponding to a major division of the International Standard Industrial Classification, ISIC (agriculture, industry, etc.).
<b>SELF-EVALUATION</b>	Regular periodic analysis of the results of a programme by the staff responsible for it. It mainly focusses on the production of outputs. Self-evaluation uses the programme design and targets as a basis and analyzes in a predefined way the progress being made.
<b>STEERING COMMITTEE (Consultation)</b>	A UNIDO in-house multi-disciplinary group of staff members charged with guiding and monitoring of a particular subsectoral or common-topic consultation process.
<b>SUBSECTOR</b>	Breakdown of a sector, corresponding to a division of the ISIC (textiles, chemicals, etc.).
<b>TOPIC</b>	Subject area addressed by a particular consultation process. Topics can be subsectoral (e.g., leather industry) or related to a common topic relevant to several or all industry subsectors (e.g., training).

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Since its inception, the System of Consultations has undergone an evolution from a forum of political negotiations dealing with the redistribution of manufacturing activities to a mechanism which provides developed and developing countries with the opportunity to study industrial development problems in selected subsectors or common topics and to initiate co-operative action to solve them.

This evolution, already recognized and endorsed in 1985 by the IDB, is considered by the evaluation as a positive response to member country needs. In order to reflect the new orientation, a modified programme definition and updated rules of procedure, as recommended in the report, should be prepared and adopted.

Some consultations analyzed in this evaluation study provide evidence that within the framework of the System of Consultations important contributions can be made to the orientation and implementation of the different UNIDO programmes/activities. Therefore, the System of Consultations is a potentially important mechanism for the identification and integration of UNIDO's activities in industrial studies, technical co-operation, investment promotion, transfer of technology and industrial information. However, this potential has not yet been appropriately realized. The fact that the System has operated somewhat in isolation from other UNIDO's programmes can, to a large extent, be explained by the perceived lack of benefits which the different organizational units of UNIDO would obtain from the System.

In-house co-operation could be substantially improved with the formalization of a small in-house steering committee for each topic (maximum 5-6 members) reporting at two different levels, i.e. to the Director of the System of Consultations Division (for operational questions) and to the Executive Management Committee (EMC) (for policy matters). Such committees would plan, guide and monitor the consultation process from the identification of the topic to, and including, the follow-up.

Each steering committee should be supported by a panel of outside experts (maximum 10-12 members) with recognized knowledge and experience in the subsector or common topic under review.

Both bodies would together identify issues, prepare consultation meetings and plan and ensure follow-up. In addition to increasing in-house co-operation, this approach should simplify and shorten the preparatory phase, which is considered too lengthy and insufficiently productive, with its usual three regional and one global preparatory meetings. Preparatory activities would be shouldered more by the steering committee and the panel of experts rather than by formal preparatory meetings.

The System of Consultations is perceived by outsiders (and confirmed by this evaluation) as a series of studies and preparatory meetings culminating in a consultation meeting. The consultation meeting should not be seen as an end in itself but as part of a process, a tool for discussing and agreeing on a programme of action.

The actual organization and conduct of meetings need improvement. At present, UNIDO uses consultation meetings to obtain guidance from participants while the latter, particularly from developing countries, expect to obtain guidance during the meetings, which often they do not. The UNIDO Secretariat

should have a more active approach in inviting and selecting participants and in directing the meetings. Consultation meetings should also provide an opportunity for different organizational units of UNIDO such as those dealing with technical co-operation, investment, technology, information and studies for informing the participants of and promoting their services.

The mix of participants (government/industry) at full consultation or preparatory meetings does not constitute an issue at present. However, care should continue to be exercised to have the correct mix of participants and to ensure that they come from the targeted quarters.

The System has mainly produced primary outputs (studies, surveys, manuals and guidelines) rather than secondary ones (technical co-operation programmes and projects, technology alternatives, investment opportunities and human resource development programmes) where the accent should be in the future.

The consultation process has frequently ended with the full consultation meeting. Insufficient attention has been given to the implementation of the recommendations, either at UNIDO or developing country levels. Notable follow-up has taken place only in the consultations on leather and leather products and, to a lesser extent, pharmaceuticals. The follow-up effort to the recent second consultation on industrial training (dealing with maintenance) is also encouraging. In the future, a follow-up plan for each consultation should be drawn up and implemented. The proposed steering committee and panel of experts should initiate, monitor and guide the implementation of such a follow-up plan. The drawing up of policies and strategies for (sub)sectoral development by the System of Consultations and its utilization by the different organizational units of UNIDO concerned would constitute in itself an important follow-up.

Overall, the emphasis of the System of Consultations, as well as some of the resources, should shift from formal preparatory meetings to more effective follow-up activities, both at UNIDO and country levels.

The selection of topics for consultations should be done by the Industrial Development Board in the context of the Programme and Budget document and medium-term plan and not by separate submissions. This procedure would facilitate a better integration of the consultation process into the different programmes of UNIDO.

This in-depth evaluation provides a basis for the initiation of structured self-evaluation reporting on UNIDO headquarters programmes, starting with the System of Consultations.

## INTRODUCTION

In line with interest expressed by member States in the Industrial Development Board and with efforts taking place in the UN system, UNIDO is now committed to establish a system for evaluation of its headquarters programmes. The system is to consist of two levels, similar to the approach used in technical co-operation: (a) self-evaluation, and (b) in-depth evaluation. The self-evaluation component will be oriented toward monitoring programme implementation. In-depth evaluations will be oriented toward increasing programme effectiveness and impact through an independent analysis and suggestions for modifications or corrective measures (operational, organizational, policy or other).

The Executive Management Committee, at a meeting held on 16 December 1987, decided that the first in-depth programme evaluation in UNIDO should study the System of Consultations. The EMC suggested that the consultations on leather and leather products industry and on training of industrial manpower be analyzed thoroughly as representative of subsectoral and common-topic consultations, but that the evaluation should extract, to the extent possible, lessons learned of a general nature, which are applicable to the System as a whole.

The in-depth evaluation took place from October 1988 to May 1989. Its findings and recommendations are presented in this report prepared by the Evaluation Staff. The evaluation team consisted of:

- Mr. Oscar Gonzalez-Hernandez, Chief, Evaluation Staff
  - Mr. Nikola Catipovic, Industrial Development Officer, Evaluation Staff
  - Mr. Adrie de Groot, Industrial Development Officer, Evaluation Staff
  - Mr. Hans Heep, Industrial Development Officer, Evaluation Staff
- and
- Mr. Roger Teszler, Consultant
  - Mr. Charles Manton, Consultant in industrial training

The cost of the evaluation, in addition to considerable UNIDO staff time (about 9 m/m), amounted to US\$80,000. Of this, US\$51,282 (or DF1 100,000) was financed by a special purpose contribution of the Government of the Netherlands to IDP (project US/GLO/88/282 - "In-depth evaluation of the System of Consultations") while the remainder came from UNIDO's regular budget.



## 1. BACKGROUND AND HISTORY OF THE SYSTEM OF CONSULTATIONS AND PURPOSE OF EVALUATION

### 1.1 Background and mandate

UNIDO's System of Consultations received its initial definition at the Second General Conference of UNIDO, convened in Lima, Peru, 12-26 March 1975. This Conference adopted the 'Lima Declaration and Plan of Action on Industrial Development and Co-operation' which provided a special focus and industrial dimension to resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 adopted at the Sixth Special Session of the General Assembly on the Declaration and Programme of Action on the Establishment of a New International Economic Order. Moreover, the Lima Declaration adopted a number of policy guidelines and quantitative recommendations, including a target whereby the share of developing countries of total world industrial production should be increased from the 1974 figure of less than 7 per cent to at least 25 per cent by the year 2000.

The Lima Declaration specifically recommended that a System of Consultations between developed and developing countries be established in the United Nations Industrial Development Organization and other appropriate international bodies. The aims of the consultations were to facilitate the redeployment of certain productive capacities in developed countries to developing countries, as well as to facilitate the creation of new industrial production facilities in developing countries. It was on the basis of this mandate that the UNIDO Secretariat was requested to include among its activities a "system of continuing consultations at global, regional and sectoral levels". Moreover, UNIDO was to be prepared to serve as a forum for negotiation of agreements in the field of industry between developed and developing countries and among developing countries themselves at the request of the countries concerned. Consultations were to result in concrete proposals for inclusion in the development programmes of participating developing countries.

Following the Lima Conference, the Industrial Development Board instituted the System of Consultations managed by a secretariat unit called 'Negotiations Branch' on an experimental basis. In May 1980, the Industrial Development Board decided to establish the System of Consultations on a permanent basis. As far as a clear legislative mandate is concerned, it must be mentioned that up to 1982 consultation meetings were organized through ad hoc arrangements and were characterized by "block positions" of various groups of countries. In May 1982, after negotiations over a period of more than two years, the IDB finally adopted formal guidelines which govern the operation of the System of Consultation. These guidelines<sup>1/</sup> form the legislative basis on which the System of Consultations operates. They consist of Part I: Principles, objectives and characteristics, and Part II: Rules of Procedure, and are discussed in detail in Chapter 2.

In June 1986, as part of the restructuring of the Secretariat of UNIDO as a specialized agency, the Negotiations Branch - responsible for planning, preparing, organizing and convening consultation meetings - was renamed the System of Consultations Division in the then newly-created Department for Industrial Promotion, Consultation and Technology.

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1/ System of Consultations, PI/84, UNIDO, Vienna, 1982.

## **1.2 Summary of consultations held**

Table 1a on page 14 gives a summary of 35 Consultations held in the period 1977-1988. Only the full global, interregional (one) and regional (two) consultations are indicated here; meetings held in preparation of or as follow-up to consultations are not listed. Table 1b on page 15 summarizes the number of participants for the consultations shown, as well as their affiliation (industry, government or other). The System has brought together over 5800 participants, which is an indication of the extent to which it has fulfilled its role of serving as a forum for facilitating contacts between developed and developing countries. Table 1c on page 16 gives the expenditures for the System of Consultations Division (and earlier the Negotiations Branch) for the period 1980-1989. These have decreased considerably in the period 1980-1987 with the evolvement of the activity and the experience gained but also as a result of financial constraints faced by UNIDO in recent years. For 1988-89 there is an upswing in resources for consultants and meetings of approx. 30% with respect to the previous biennium. However, the number of headquarters professional staff working months has decreased considerably over previous biennia.

## **1.3 Evolution of the consultation process and current orientation**

The consultation process on a specific topic can be considered to pass through three stages. At the first stage of the process, a world-wide study is provided as a basis for discussion, so as to ensure that all parties have as clear an understanding as possible of the current situation in the subsector under review, of the problems and constraints which exist and of its possible future development. A second stage involves the determination of ways and means through which industrialization could be accelerated, including the formulation of solutions to problems and the identification of ways to overcome constraints, in a context which takes due account of the experience in industrial development of countries with different social and economic systems. A third stage is the elaboration of recommendations for action and implementation of follow-up measures at national, regional, interregional and world-wide levels.

Up to 1982, consultations dealt mostly with the first two stages, but those with a longer history (see Table 1a) have gradually passed through all three stages. Both as a result of this continuity of the consultation process and the expressed wishes of member States, in recent years there has been a growing awareness of the need for the System of Consultations to shift its focus toward more practical and better defined issues, as well as more action-oriented measures.

The current programme orientation and strategy can be summarized as follows:<sup>2/</sup>

- (a) Increased attention to regional and interregional consultations in order to use the System of Consultations as an instrument to promote industrial co-operation among developing countries;

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<sup>2/</sup> Summarized from UNIDO Draft Medium-Term Plan 1990-1995 (PBC.4/3, 25 May 1988).

- (b) Focus on the UNIDO "programme approach" in terms of priority issues to be tackled in specific regions (and countries) as well as subsectors of industry;<sup>3/</sup>
- (c) Better use of the System of Consultations for the identification and development of technical co-operation programmes and projects in subsectors or common topics selected by the System;
- (d) Stimulation of local technological capabilities in developing countries;
- (e) Strengthened co-operation and co-ordination with other parts of UNIDO in the activities of the System of Consultations.

#### 1.4 Previous reviews and analyses

Soon after the System of Consultations was established on a permanent basis following its experimental phase, the IDB requested the UNIDO Secretariat to present an analysis of costs, results and achievements of the consultations held up to 1981. In fulfilling this request for what amounted to an initial combined analysis of effectiveness and cost-efficiency of the first five years of the System of Consultations, the Negotiations Branch went through its first self-evaluation exercise. In 'System of Consultations: an analysis - 1976-1981' (ID/B/284, 1 April 1982), the authors attempted to define the objectives of the System of Consultations and problems addressed through the consultation process as well as to analyze the results obtained.

In preparation for the eighteenth session of the IDB (May 1984), the Negotiations Branch prepared a series of internal secretariat papers under the title 'Material for the appraisal of the System of Consultations' which analyzed the consultations held up to 1984. For each subsector or topic, the material included an overview of the subsector/topic, summary of preparatory activities to and issues dealt with at each consultation, listing of participants (by categories) and an analysis of recommendations made directly to UNIDO for possible follow-up action or implementation. The papers also presented a survey of follow-up actions undertaken, organized or planned by UNIDO for the above recommendations. The 'Material for appraisal' represented the first detailed attempt at a systematic analysis of follow-up actions to consultations meetings, considered and/or acted upon by UNIDO.

The IDB requested its President to organize informal open-ended meetings with representatives of member States in order to exchange views on suggestions made by member States on reviewing and appraising the System of Consultations. Consequently, a report by an Informal Working Group, composed of representatives of member States, was issued on 10 May 1985 entitled

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<sup>3/</sup> The "programme approach" involves an integral analysis of a subsector - selected on the basis of its development potential for a group of countries - followed by the identification, promotion and implementation of an integrated package of policy measures, investments and technical assistance. The approach should enhance the capacity of UNIDO to diagnose problems in various developing countries, entering into a deeper analysis of the root causes, rather than merely responding to superficial symptoms.

'Outcome of informal open-ended meetings to exchange views on reviewing and appraising the System of Consultations' (ID/B/349). This report is interesting because it attempts to give an assessment of the System of Consultations and comes forward with suggestions for improvements in the operational aspects of the System.

The various progress reports on the System of Consultations to the IDB or other bodies have usually outlined the details of completed and proposed activities, with an indication of specific outputs when possible, in each sector or topic. These progress reports (for example, 'The benefits of the System of Consultations', ID/B/341, 2 April 1985; 'Progress report on the System of Consultations, July 1986 - April 1987', IDB.3/11, 14 May 1987; 'The System of Consultations: basic premises and a review of two-year activities', GC.2/11, 1 September 1987; 'Progress report on the System of Consultations, May 1987 - June 1988', IDB.4/14, 27 July 1988) contain some useful information on the operations of the System.

These reviews and analyses of the System of Consultations have partially dealt with and listed outputs/results of consultation meetings and secretariat follow-up to various recommendations made by those meetings. However, there is hardly any information obtained from various participants and end-users or any assessment on how effective the System of Consultations has been as an instrument for UNIDO in-house strategy-making and co-ordination. The reviews were not oriented toward an in-depth analysis and assessment of the programme and did not provide suggestions to UNIDO programme management on how lessons learned could be utilized for operational improvements or changes. Most of these tasks therefore remained for the current in-depth evaluation study.

#### 1.5 Context and methodology of evaluation

This evaluation introduces a new, relatively rigorous methodological approach based on the general programme evaluation approach currently being tried out in the UN system, but adapted to the specific characteristics and complexities of UNIDO and in particular of the System of Consultations. It concentrates on assessing and increasing the effectiveness of the programme. In order to do this, the study analyzes the actual outputs/results and their use by the beneficiaries of the programme, reactions of participants and other users of the System, implementation of the more significant proposals and recommendations of the consultation meetings, interaction and feedback between participants and UNIDO headquarters, as well as the role and significance of the System of Consultations programme in the UNIDO headquarters structure and future plans.

This programme evaluation is of an in-depth rather than a self-evaluation type, i.e. it was done by staff not directly involved in the programme and concentrates on effectiveness and impact. It is the first analysis of this nature applied to headquarters programmes. The evaluation findings are intended for UNIDO management and are oriented as much as possible toward operational and organizational "lessons learned" for further improvement of the relevance and effectiveness of the programme and its components.

The evaluation comes at an appropriate time for several reasons: (a) the process of consultations has progressed significantly from the late 1970's and early 1980's, the period covered by most previous analyses; (b) UNIDO has undergone a change in status since 1986 which has had an influence on both the organizational location and the operational orientation of the System of Consultations; (c) the System of Consultations could have a specific programming role to play vis-à-vis the major challenges facing UNIDO in the

1990's. The evaluation is therefore forward looking, analyzing issues which connect the System of Consultations with major UNIDO activities planned for the next five-year period.

The evaluation started with a preparatory survey of the System of Consultations and a proposal for the evaluation study design, which was completed by the Evaluation Staff in July 1988 and endorsed by UNIDO management. An abstract of the proposal for the evaluation study design, in the form of the terms of reference for the evaluation, is included as Annex I. It gives the purpose and scope of the evaluation as well as major issues to be covered and the methodology involved.

The focus of the evaluation was to be on two subprogrammes of the System of Consultations: (a) consultations on the leather and leather products industry; and (b) consultations on the training of industrial manpower. These two were selected as representative of subsectoral (vertical) and common-topic (horizontal) consultations. A detailed analysis of these two subprogrammes is given in Annexes II and III. The case studies elaborated there also include reasons for the selection of the two subprogrammes. The evaluation also looked (although with somewhat less depth) at activities and achievements in all other consultations which were held or are being prepared in order to ensure that findings, conclusions and recommendations apply to the System of Consultations as a whole.

The evaluation methodology used for the leather and leather products industry consultations included:

- Files and document review at headquarters;
- Interviews with headquarters staff directly or indirectly involved in the consultations;
- Direct observation of and participation in the Ninth Session of the Leather and Leather Products Industry Panel (Pecs, Hungary, 25-27 October 1988);
- In conjunction with the Leather Panel session, interviews with participants of consultation meetings and beneficiaries: a total of 15 participants (4 dating back to the first consultation, but still involved in various activities) and over 20 beneficiaries of the results of consultations (most of the beneficiaries also being former participants); 8 developing and 6 developed countries were represented; 5 UN and non-governmental organizations were also present;
- A limited number of questionnaires (15) sent to and received from beneficiaries in Africa (related to the current follow-up taking place in the region).

The evaluation methodology used for the training of industrial manpower consultations included:

- File and document review at headquarters;
- Interviews with UNIDO and ILO headquarters staff;

- Missions to selected developed countries to interview participants and organizers. Countries visited: United Kingdom, France, Belgium, Democratic Republic of Germany, Federal Republic of Germany, and Switzerland; number of people interviewed: 53;
- Missions to selected developing countries to interview participants. Countries visited: The United Arab Republic of Egypt, Ethiopia, Kenya, Bangladesh, and Thailand; number of people interviewed: 34 developing country participants or end-users and 15 representatives of UN organizations;
- Questionnaires sent to (32) and received from (14) UNIDO field representatives (SIDFAs and JPOs) in countries not visited by the evaluators where participants in the consultations on training of industrial manpower reside;
- Review of follow-up questionnaires (approx. 100), which were sent to all participants of the second consultation by the System of Consultations Division.

The evaluation methodology for other consultations covered the following:

- File and document review at headquarters;
- Interviews with headquarters staff involved in the consultations;
- Direct observation of the following meetings (and related interviews with participants):
  - . Global Preparatory Meeting for the First Consultation on the Electronics Industry, Grenoble (France), 28 November - 2 December 1988 (22 participants from 21 developing countries, a number of participants from 3 developed countries, 1 representative of ITC);
  - . Regional Consultation on the Phosphatic Fertilizers and Pesticides Industries in Africa, Yamoussoukro (Côte d'Ivoire), 12-16 December 1988 (34 participants from 20 developing countries, 8 participants from 4 developed countries and 6 representatives of UN and non-governmental organizations);
  - . Global Preparatory Meeting on Small- and Medium-Scale Enterprises, including Co-operatives, Tallinn (USSR), 14-16 March 1989 (19 participants from 15 developing countries, 13 participants from 7 developed countries, 3 representatives of UN and non-governmental organizations);
  - . Global Preparatory Meeting in Preparation of the Consultation on the Food-Processing Industry with Emphasis on Fruit and Vegetable Processing, Vienna (Austria), 2-5 May 1989 (14 participants from 14 developing countries, 11 participants from 9 developed countries).

All in all, the in-depth evaluation included interaction with over 250 individuals from 60 countries (45 developing and 15 developed), 8 UN organizations (excluding UNIDO) and 6 non-governmental organizations. These individuals participated or were involved in various ways in the activities of the System of Consultations. In addition, 50 UNIDO staff members, directly or indirectly involved with the System (currently and in the past), were consulted.

Table 1a

SYSTEM OF CONSULTATIONS - CONSULTATIONS HELD 1977-1988

SECTOR/TOPIC	1977	1978	1979	1980	1981	YEAR 1982	1983	1984	1985	1986	1987	1988
<b>CHEMICAL INDUSTRIES</b> 11												
. Fertilizers	I (AUS)	II (AUS)		III(BRA)				IV (IND)				REG(IVC)
. Petrochemicals			I (MEX)		II (TUN)				III(AUS)			
. Pharmaceuticals				I (POR)			II (HUN)				III(SPA)	
<b>BASIC INDUSTRIES</b> 12												
. Iron & steel	I (AUS)		II (IND)			III(YUG)				IV (AUS)		
. Agricultural machinery			I (ITA)			REG(ETH)	II (AUS)			III(YUG)		
. Non-ferrous metals											I (HUN)	
. Capital goods					I (BEL)				II (SWE)			
. Building materials									I (GRE)			
<b>AGRO-BASED INDUSTRIES</b> 9												
. Food-processing					I (NET)			II (DEN)				
. Vegetable oils & fats	I (SPA)											
. Leather & leather products	I (AUS)			II (GFR)				III(AUS)				
. Wood & wood products							I (FIN)					
. Fisheries											I (POL)	
. Sugar-cane processing												INT(CUB)
<b>COMMON TOPIC</b> 3												
. Industrial financing						I (SPA)						
. Industrial training						I (GFR)					II (FRA)	
<b>TOTAL</b> 35	4	1	3	3	3	4	3	3	3	2	4	2

Source: System of Consultations Division

**Table 1b**  
**SYSTEM OF CONSULTATIONS**  
**SUMMARY OF PARTICIPATION 1977-1988**

Sector	Countries	Participants													TOTAL PARTICIPANTS	
		Countries									International Organizations					
		Industry				Government		Other			United Nations	Inter-governmental	Non-governmental	TOTAL		
		Enterprises	Ind. ass'ns	IRSI+Training	Consult. firms	Ministries	Diplomatic missions	Labour	Finance	Commerce						
<b>Chemical Industries</b>																
Fertilizers I	65	49	10	4	4	58	60	2	2	-	189	10	11	24	45	234
Fertilizers II	66	74	9	4	5	47	29	1	2	4	175	8	8	17	33	208
Fertilizers III	51	60	7	9	4	31	21	-	3	9	144	7	2	2	11	155
Fertilizers IV	51	61	3	1	1	39	24	2	-	-	131	12	3	4	19	150
Fertilizers Regional Afr.	24	17	4	-	1	21	-	-	-	-	43	2	2	2	6	49
Petrochemicals I	52	50	4	6	-	41	27	3	-	-	131	5	9	4	18	149
Petrochemicals II	49	48	3	1	3	36	14	5	-	1	111	13	8	2	23	134
Petrochemicals III	53	57	2	-	-	35	20	2	-	-	111	4	6	12	22	133
Pharmaceuticals I	67	64	19	22	2	70	7	5	2	4	195	7	1	13	21	216
Pharmaceuticals II	66	68	21	21	-	64	12	4	1	4	195	7	3	8	18	213
Pharmaceuticals III	61	139	27	7	-	66	24	4	-	-	267	7	6	6	19	286
<b>Basic industries</b>																
Iron and Steel I	65	46	7	6	3	40	60	11	2	3	178	7	7	21	35	213
Iron and Steel II	52	34	5	11	8	58	28	5	-	2	151	9	1	13	23	174
Iron and Steel III	45	48	16	-	14	59	15	11	3	-	166	3	7	9	19	185
Iron and Steel IV	52	48	13	7	1	38	27	3	-	-	137	3	7	6	16	153
Agricult. Machinery I	56	51	13	13	3	59	12	4	1	-	156	8	5	3	16	172
Agricult. Mach. Regional	49	21	2	9	3	33	28	-	-	-	96	7	7	5	19	115
Agricult. Machinery II	58	25	5	7	2	31	50	2	-	2	124	3	3	3	9	133
Agricult. Machinery III	45	15	8	11	1	41	20	4	-	2	102	3	3	2	8	110
Capital Goods I	57	26	11	4	-	51	38	5	4	9	148	9	6	5	20	168
Capital Goods II	43	37	5	2	2	53	9	1	1	-	110	3	10	5	18	128
Building Materials I	77	38	3	30	2	70	20	-	2	-	165	5	3	12	20	185
Non-Ferrous Metals I	52	45	5	47	-	38	8	8	-	-	151	6	3	1	10	161
<b>Agro-based industries</b>																
Food-processing I	67	32	14	13	1	64	26	4	1	4	159	10	11	13	34	193
Food-processing II	51	41	18	7	5	46	15	1	1	-	134	3	4	3	10	144
Leather I	52	25	20	10	1	35	26	9	1	9	136	8	4	9	21	157
Leather II	53	28	27	7	2	35	23	5	1	22	150	9	5	6	2	170
Leather III	45	32	25	11	-	21	11	6	-	1	107	5	3	3	11	118
Wood I	54	27	12	9	5	50	17	11	3	9	143	6	5	12	23	166
Vegetable Oils + Fats I	50	30	28	3	-	36	27	6	4	-	142	5	5	8	18	160
Fisheries I	38	26	10	15	6	41	7	6	-	-	111	2	4	3	9	120
Sugar cane I	45	35	5	10	-	33	21	2	1	-	107	3	7	1	11	118
<b>Common topics</b>																
Financing I	65	5	4	-	1	56	36	3	54	6	165	4	9	4	17	187
Training I	68	34	4	28	4	72	25	10	5	2	184	11	7	9	27	211
Training II	59	59	21	75	11	59	11	7	3	-	246	9	7	27	43	289
<b>TOTAL</b>		1490	390	410	95	1627	798	152	97	101	5160	223	192	277	692	5852

Source: System of Consultations Division



Table 1c

**EXPENDITURES FOR THE SYSTEM OF CONSULTATIONS 1980-1989**  
(Thousands of United States dollars)

Year/ biennium	No. of actual working months for head- quarters prof. staff	Consultants			Meetings			Staff Travel			Biennium grand total
		Regular budget	Other source	Total	Regular budget	Other source	Total	Regular budget	Other source	Total	
1980		336.4	41.1	377.4	163.6	300.4	464.0	72.5	90.0	162.5	
1981		456.5	208.2	664.7	216.9	177.6	394.5	54.4	16.2	70.6	
1980/81	480	792.8	249.3	1,042.1	380.5	478.0	858.5	126.9	106.2	233.1	2,133.7
1982		290.1	254.1	544.2	152.3	288.3	440.6	66.5	17.7	84.2	
1983		249.1	84.7	333.8	233.6	57.1	290.7	38.1	21.1	59.3	
1982/83	450	539.2	338.8	878.0	385.9	345.4	731.3	104.6	38.9	143.5	1,752.8
1984		215.1	65.9	281.0	124.7	49.2	173.9	56.9	15.3	72.2	
1985		157.2	5.8	163.0	146.7	20.8	167.5	51.5	27.0	78.5	
1984/85	492	372.3	71.7	444.0	271.4	70.0	341.4	108.4	42.3	150.7	936.1
1986		136.9	-	136.9	41.2	88.1	129.3	57.3	15.7	73.0	
1987		109.4	119.3	228.7	134.8	123.0	257.8	45.1	14.0	59.1	
1986/87	444	246.3	119.3	365.6	176.0	211.1	387.1	102.4	29.7	132.1	884.8
1988		215.3	36.0	251.3	44.7	265.8	310.5	86.6	12.0	98.6	
1989		229.4*	35.0**	264.4	152.5*	45.0**	197.5	72.7*	4.7**	77.4	
1988/89	360	444.7	71.0	515.7	197.2	310.8	508.0	159.3	16.7	176.0	1,199.7
TOTAL (1980-89)				3,245.4			2,826.3			835.4	6,907.1

\* Figures based on allotments for 1989.

\*\* Figures based on allotments approved as of April 1989.

Source: System of Consultations Division

Note: This statement of expenditures is not audited.

## 2. DEFINITION AND DESIGN OF THE SYSTEM OF CONSULTATIONS

### 2.1 Introduction

This chapter seeks to analyze the structure of the System of Consultations in terms of mandate, objectives, outputs and activities. In doing so, it adapts the logical framework structure, used in defining technical co-operation projects, to the programme concept. It must be stated, however, that this analytical framework has in the past not been applied to UNIDO programme-type activities although it appears fully applicable.

For a complete specification of a programme, the following elements (or aspects) have to be defined:

- Mandate;
- Development objective(s);
- Immediate or programme objective(s);
- Problem(s) addressed;
- Outputs;
- Activities;
- Target groups; and
- Inputs (budget).

Section 2.2 reviews the various statements made in official documents related to the General Conferences and the Industrial Development Board establishing the System of Consultations. Section 2.3 describes subsequent modifications as reflected in official reports and UNIDO documentation. Section 2.4 develops, on the basis of this, a reconstructed definition of the System of Consultations. Section 2.5 analyzes the various meetings, as used by the System of Consultations. The chapter is completed (Sections 2.6 and 2.7) with some conclusions and recommendations concerning the design and definition of the System.

### 2.2 Official design

Mandate (legislative authority under which UNIDO has established the System)

The Mandate of the System of Consultations was defined by the Second General Conference of UNIDO in the 'Lima Declaration and Plan of Action on Industrial Development and Co-operation':

Para 26: "That in order to facilitate the establishment of a new international economic order and the achievement of the targets set forth in the Declaration on that subject, a System of Consultations be established in the United Nations Industrial Development Organization and other appropriate international bodies between developed and developing countries."

This is further specified in the Plan of Action:

Para 61(d): "Urgent consultations, taking into account appropriate information with respect to the development of demand and supply, availability of production factors and their costs,

the possibilities and conditions of investment and the availability of appropriate equipment and technologies, with a view to facilitating, within a dynamic context and in accord with authorities available to Governments, the redeployment of certain productive capacities existing in developed countries and the creation of new industrial facilities in developing countries. These consultations should in particular relate to industries processing raw materials exported by developing countries or which consume vast quantities of energy, and should result in concrete proposals for inclusion in the development programmes of participating developing countries."

Para. 66: "In order to attain the above objectives, UNIDO should not only intensify and expand its present operational activities and action-oriented studies and research programmes in the field of industrial development but should include among its activities a system of continuing consultations at global, regional and sectoral levels, for the purposes set forth in paragraph 61(d) above. UNIDO should be prepared to serve as a forum for negotiation of agreements in the field of industry between developed and developing countries and among developing countries themselves at the request of the countries concerned."

The System of Consultations was established in 1977 on an experimental basis within the mandate as given above. After the first six subsectoral (global) Consultations in 1979, UNIDO, in a document prepared for the Third General Conference (ID/CONF.4/3, pp. 100-101) concluded that "consultations are providing a global forum for the assessment of world-wide changes in various industrial sectors, for the identification of industrial sectors and programmes in which investment can be promoted, for the consideration of alternative technologies, and for providing a context in which technical assistance can subsequently be requested/provided." In its 13th session (1979), the IDB reviewed the experience and results and made various statements endorsing the way in which the System had operated during the experimental period (1977-1979). The IDB at this occasion requested the Executive Director to prepare draft rules of procedures for the System.

In May 1982, as part of the permanent establishment of the System of Consultations, guidelines for the System were approved by the Industrial Development Board in its 16th session that continue to be valid (PI/84). Part I of these guidelines was entitled 'Principles, objectives and characteristics'.

An analysis of this document reveals that the list of 24 statements given under this heading describes:

What the System is:

- An instrument through which UNIDO is to serve as a forum for developed and developing countries in their contacts and consultations directed towards the industrialization of developing countries;
- A framework for identifying problems associated with the industrialization of developing countries."

**Some characteristics and principles:**

- Shall relate to cooperation between developed and developing countries and among developing countries themselves;
- Would permit negotiations among interested parties at their request, at the same time or after consultations;
- The formulation of solutions to the problems addressed in the process of consultations shall take account of the experience in industrial development of countries with different social and economic systems;
- Shall operate at four levels: global, regional, interregional, sectoral;
- Shall be open to participants from all countries;
- Shall make full use of the resources and experience available within the Secretariat and contribute effectively to UNIDO's other activities;
- Shall be used to monitor trends in world industry;
- UNIDO shall ensure that other UN organizations participate in and contribute to the System of Consultations;
- UNIDO may co-sponsor a consultation with another UN or intergovernmental organization;
- Participants of each member country should include officials of government as well as representatives of industry, labour, consumer groups and others, as deemed appropriate by each government."

**Types of issues that the four levels of consultations may cover:**

**"- Consultations at the global level may cover in particular:**

- (a) Issues related to the promotion and acceleration of the industrialization of developing countries as well as to the development of industrial co-operation of all countries;
- (b) Topics that are common to a number of industrial sectors.

These Consultations shall, taking into account, inter alia, the positive aspects of current practices in international industrial co-operation, formulate proposals for closer collaboration in the field of industry between developed and developing countries and among developing countries themselves, due attention being paid to all interests involved and the imperative need of developing countries for the acceleration of their industrialization;

- Consultations at the regional level should be held at the request of the States concerned and may cover in particular:
  - (a) Problems primarily related to the industrial development of the region;
  - (b) Any industrial topic or industrial sector relevant to the region;

- (c) Any industrial topic or industrial sector on which world-wide consultations have been held, in order to facilitate the implementation at the regional level of any relevant recommendations.
- Consultations at the interregional level should be held at the request of the States concerned, and may cover in particular, current and future industrial co-operation between any two or more regions in relation to any industrial topic or sector;
- Consultations at the sectoral level may cover in particular:
  - (a) Changing patterns in the sector;
  - (b) The ways and means through which a substantial and effective contribution can be made to the industrialization of developing countries and to the achievement of the objectives and targets set out in the International Development Strategy for the Third United Nations Development Decade as well as in the Lima Declaration and Plan of Action;
  - (c) Elaboration of recommendations for action at national, regional, interregional and world-wide levels."

And other selected issues:

- Expenses of the System of Consultations;
- Choice of sectors and topics;
- Preparation and identification of issues to be considered;
- Date, place and duration of consultation meetings;
- Invitations of other international and intergovernmental or non-governmental organizations.

Only some of the statements could be seen as defining objectives of the System of Consultations, and these are very limited and indirect. It is stated that the System of Consultations is a framework for

- "- Identifying problems associated with the industrialization of developing countries from a policy, economic, financial, social and technical point of view;
- Considering ways and means to accelerate their industrialization; and
- Contributing to closer industrial co-operation among member countries."

and that "the System of Consultations shall

- Seek action-oriented measures towards increasing the share of developing countries in world industrial production and creating new industrial facilities in developing countries."

These statements, while indicating in general terms some of the things the System of Consultations will do, are too unspecific to be acceptable as "immediate objectives". Terms like "being a framework for identifying

problems", "considering ways and means" and "contributing to closer industrial co-operation" as well as "seek action-oriented measures" cannot be considered satisfactory statements of what is expected to change as a result of the activities of the System of Consultations (objectives).

Formally, the above continues to be the only approved definition of the System of Consultations.

### **2.3 Modifications and further specifications**

Implicitly the System of Consultations has worked out its objectives beyond the statements discussed above. In a brochure 'System of Consultations - a partnership for progress through international industrial co-operation', issued when UNIDO became a specialized agency (December 1985), the secretariat gives the following objectives:

- "- To assess world-wide changes in industrial sectors;
- To identify industrial sectors and projects in which investment can be promoted;
- To consider alternative technologies;
- To recommend desirable policy changes at national and enterprise levels;
- To promote direct negotiations among interested parties during, after and between Consultations;
- To foster a better understanding of present and future industrial trends in terms of production, raw materials, finance, training and energy requirements;
- To create a context in which UNIDO's technical assistance can subsequently be provided."

In document UNIDO/GC.2/11 'The System of Consultations - basic premises and a review of two-year activities' prepared for the General Conference in Bangkok (September 1987), the secretariat gives the following set of objectives:

- "(a) To seek action-oriented measures towards increasing the share of developing countries in world industrial production and creating new industrial facilities in developing countries, thus contributing to a sound industrial base;
- (b) To serve as a forum, bringing together the parties concerned in developed and developing countries in order, firstly, to create a better understanding on the part of the developed countries of the objectives and aspirations of developing countries and, secondly, to promote awareness on the part of the developing countries of the need for structural adjustment of their industrial sectors to cope with external pressures;
- (c) To formulate policies to overcome the constraints on the industrialization process as identified in particular developing countries and regions;

- (d) To identify opportunities for technology transfer and technical assistance programmes. As such, the System is involved in looking at concrete problems facing specific sectors or subsectors in specific regions or subregions and, in doing so, it is automatically involved in the technological aspects of industrialization. Efforts are directed towards determining possibilities for developing new technological alternatives that are more adequate for developing countries, indicating the advantages and disadvantages of the technological options open for developing countries;
- (e) To identify programmes for human resources development to increase the capabilities of developing countries in mastering the technological complexities related to their industrial structure in general and to their specific sectors in particular;
- (f) In close co-operation with Governments of developing countries, to promote dynamic inter-industry linkages and strategies of transition towards sustained industrial development through the effective planning of the market, forward and backward linkages and basic research and technologies;
- (g) To identify and promote projects for implementation in selected industrial sectors;
- (h) To monitor trends in world industry so that problems anticipated by developing countries in relation to their industrialization process may be prevented while those detected may be dealt with as they emerge."

And in document PBC.4/3 (May 1988) dealing with the medium-term plan (1990-1995), the secretariat provides the following statement for objectives:

"Objectives

58. The objectives of the System of Consultations are to contribute to (a) defining major issues and areas that represent constraints on the industrial development process in developing countries; (b) formulating and co-ordinating policies to overcome these constraints; (c) identifying opportunities for investment promotion, technology transfer and development and technical assistance programmes through effective international industrial co-operation; and (d) initiating and promoting action-oriented programmes and projects for implementation in selected industrial sectors; and (e) providing developing countries with guidelines on the development of specific sectors. The subprogramme thus constitutes an important mechanism for evolving forward-looking policies for the operation of UNIDO as well as for ensuring a convergence of interest among the major actors of industrialization - governments, industry, labour and consumers."

A development similar to the one outlined above can be seen in the statements from the member states. The Informal Working Group in 1985 (IDB/349) states that "the most important aims and objectives of the System of Consultations relate to the identification of opportunities for technical co-operation in the field of industry between member states, the promotion of policy decisions that would help to convert those opportunities into specific measures of industrialization in the developing countries, the enhancement of acceptability as well as desirability of co-operation among potential

partners, the improvement of delivery and effectiveness of UNIDO's technical assistance and the creation of new industrial enterprises and the amelioration of existing ones in developing countries."

And the African Ministers of Industry in October 1987, in preparation for the Second General Conference of UNIDO, in the African memorandum (GC.2/INF.4 Annex) state that

"UNIDO's System of Consultations needs to be more action-oriented in order to increase its capability to contribute effectively to Africa's industrialization efforts. In this regard, the consultations should inter alia:

...

- (iii) Give greater emphasis to such aspects of consultation as investment promotion and technical assistance.

...

- (vi) Adopt concrete proposals during consultation meetings, as well as follow-up actions at various levels, including concerned Governments in developed and developing countries, entrepreneurs and development institutions, particularly UNIDO."

...

The Industrial Development Board has not really made any decisions affecting details of the programme design other than the selection of topics and the approval of inputs (budgets).

#### Summary of the evolution

The original mandate for the System of Consultations as defined in 1975 by the Second General Conference of UNIDO - the 'Lima Declaration' - had a clear political focus in that it was to facilitate negotiations of agreements between Governments or redeployment of productive capacities and establishment of new ones.

Already the statements made after the experimental period and certainly the official definition approved in 1982 show a more realistic view emphasizing a more specific technical role for the System in terms of analyzing problems of industrialization, considering ways and means to accelerate industrial development, seeking action-oriented measures ... and contributing to closer industrial co-operation between member countries. The System is no longer seen as a forum to negotiate agreements between Governments.

The later statements, while largely in accordance with the 1982 definition, show some further minor shifts. Increasingly, the term "Governments" is replaced by "interested parties", thereby increasing the role given to enterprise-level contacts and activities. Increasingly also, the coverage of the System of Consultations is widened and specified to specifically include issues like relevant country policies, technology transfer, technical assistance, human resource development and investment opportunities. The System is also, in these statements, given a bigger role as a contributing mechanism to UNIDO subsectoral policy-making.



## 2.4 A reconstructed definition

It is essential that the "System of Consultations" is understood to be more than only the actual consultation meeting. It should be seen as an ongoing process including expert group meetings and seminars, studies carried out, guidelines and option papers prepared, as well as all the preparatory and follow-up work undertaken by the UNIDO System of Consultations Division (and predecessors) and other UNIDO organizational units contributing to the System. Based on the various definitions given in Sections 2.2 and 2.3 and constructing the definitions for outputs and activities, the following logical structure can be defined:

(Note: this is not a new definition proposed, but a rearrangement of the various existing Board and secretariat definitions.)

Mandate (legislative authority under which UNIDO has established the System)

This remains unchanged: "That in order to facilitate the establishment of a new international economic order and the achievement of the targets set forth in the Declaration on that subject, a System of Consultations be established in the United Nations Industrial Development Organization and other appropriate international bodies between developed and developing countries."

Development objective (global target that the System of Consultations should contribute to)

- Expansion of industrial production in developing countries.

Programme immediate objective(s) (changes that are expected as a direct result of the System of Consultations' activities and outputs)

(i) A better understanding on the part of developed countries of the objectives and aspirations of developing countries and the role they can play in achieving these objectives;

(ii) Increased awareness on the part of developing countries of the obstacles and critical issues encountered in and the need for structural adjustment of their industrial subsectors;

(iii) Introduction of policies to overcome constraints on the industrialization process in developing countries;

(iv) Action-oriented measures (technological, managerial, marketing, financial) taken by developing countries to increase industrial production based on priorities, strategies and needs, as outlined by consultation meetings;

(v) Contacts established or negotiations initiated between relevant parties (Government, companies, financing institutions, consultants, international organizations, etc.) concerning technology transfer and investment agreements or other co-operation arrangements;

(vi) Technical co-operation requirements identified and activities started.

This set of objectives can be broken down into three distinct groups:

- Policy level objectives (i, ii and iii);
- Technical/economic/social objectives (iv and v);
- Technical co-operation related objective (vi).

### Problems addressed

This issue is not specifically defined in any of the documents discussed. However, from the statements of objectives and outputs, one can conclude that the problems addressed by the System of Consultations are:

- Inadequate knowledge and understanding on the part of developing and developed countries of the industrialization problems, opportunities and objectives;
- Lack of structured and focussed opportunities for contacts between developed and developing countries on specific topics related to the industrial development of the latter.

### Outputs (tangible products or results produced by the programme)

#### Preparatory to meetings

- Reports of studies and surveys that analyse industrial subsectors (or topics), that monitor global trends in the subsector and assess world-wide changes in terms of production, markets, raw materials, finance, manpower and energy requirements;
- Problems and opportunities, obstacles and critical issues at the subsector level identified;
- Strategies and measures to accelerate industrial development in the subsector including policies and strategies identified;
- Policy changes/new policy options formulated and recommended.

#### At consultation meetings

- Contacts established/negotiations started between developing and developed countries, on investment and technical co-operation opportunities, on government-to-government level, between governments and industry, as well as industry to industry directly.
- Decisions/statements/recommendations on issues, policies.
- Programme of action (follow-up) for Governments, UNIDO and other international organizations.

#### As follow-up

- Manuals, checklists, guidelines on technical and economic aspects of industrial development in the subsectors concerned;
- Technology alternatives (e.g. mini fertilizer plant) described and analyzed in technical and/or economic aspects;
- Guidelines on subsector development;
- Model contracts or guidelines for contractual arrangements for use in technology transfer activities in the subsector;
- Seminars for dissemination of information, technology options, strategy options, etc.;
- Identified investment opportunities;

- Identified human resources development programmes (needs);
- Technical co-operation requirements identified, projects and programmes formulated.

Parallel to the above process

- (Sub)sectoral position/policy papers and statements for UNIDO.

**Activities** (all tasks to be undertaken to produce the outputs)

Preparatory to consultations

- Select subsectors or topics;
- Analyze existing information;
- Undertake subsector/topic surveys;
- Monitor world-wide trends in the subsector concerned;
- Organize expert group meetings to identify key problems in the subsector and generate issues for further study and/or discussion at consultation meetings;
- Prepare background papers on the subsector;
- Organize preparatory meetings to select issues;
- Formulate issues;
- Prepare issue papers.

At consultation meetings

- Organize consultation meeting;
- Promote interaction between parties at meeting;
- Prepare report.

As follow-up

- Organize expert group meetings;
- Carry out studies;
- Prepare and implement dissemination seminars;
- Develop guidelines/model contracts/technology information;
- Initiate training programmes/technical co-operation projects and programmes.

**Inputs** (all resources required for the activities of the programme)

As defined by budgets approved by IDB. Inputs include:

- Regular UNIDO resources (staff, logistics, etc.), also those resources provided by other units of UNIDO;
- External experts and related costs;

- Cost of meetings including cost of travel and per diem of some participants;
- Host country funds for organizing meetings.

**Target groups** ("end-users" for whose benefit the programme is operating)

Participants in the consultation meetings are given in PI/84:  
"Participants of each member country should include officials of Governments as well as representatives of industry, labour, consumer groups and others, as deemed appropriate by each Government". The brochure 'The System of Consultations - a partnership for progress through international co-operation' (December 1985) specifies the beneficiaries as follows:

- Governments;
- Industrialists from private and public sector;
- Technical experts;
- Trade and labour unions;
- Investors;
- Consumer groups;
- International, regional, governmental and non-governmental organizations.

The System, intended to contribute to industrialization in developing countries, obviously has all the actors (stakeholders) in industry as target groups.

**2.5 Meetings**

As the various meetings form an important part of the activities of the System of Consultations, a more detailed discussion is warranted here. This discussion is also important to clarify the various 'instruments' used by the System and to facilitate a discussion on findings, conclusions and recommendations.

**Official documentation**

The description of the System (PI/84) states that full consultation meetings can be held at four levels:

Global  
Regional  
Interregional  
Sectoral

and defines the types of subjects that should be covered by each of these (see Section 2.2 above). Detailed rules of procedure are given for these consultation meetings.

In addition, two other types of meetings are mentioned, but not defined in any detail as to their purpose, participation, etc.:

- Preparatory meetings;
- "Discussion among experts selected by the Executive Director".

These meetings are organized to prepare for each consultation and to help identify and select the issues to be considered.

The official documentation did not define how many and what types of meetings are required, in what sequence they should be held, what type of preparation is required, etc. However, in IDB/2, decision 13, the Board in 1987

"agreed that in the preparation of each of the global and inter-regional consultations up to three regional preparatory meetings should be held as well as a global preparatory meeting to examine problems and formulate issues to be discussed at the consultation within the financial resources available".

#### Actual use of meetings

In the System of Consultations over the years a large number of different meetings have been held under different names, in different phases of the consultation process and with different objectives. In these meetings normally three main separate groups participate:

Developing countries (official delegations or interested persons/officials from developing countries)

Developed countries (official delegations or interested persons/officials from developed countries)

The UNIDO Secretariat.

Meetings are essentially organized to exchange information and/or to have discussions between the various participants, as well as to vote or reach agreement on discussion issues.

Based on the aide-mémoires prepared for these meetings and resulting reports, as well as discussions in the course of this evaluation, a typology is proposed, using three dimensions:

- Purpose of the meeting
- Subject(s) of the meeting
- Type of meeting by participation

#### Purpose of the meeting

In the context of the System of Consultations, meetings can be organized for the following purposes:

- Contacts and negotiations between developing and developed countries, with the secretariat a rather passive organizer ("provide a forum");
- Developing and/or developed countries providing information/their positions on issues to the secretariat;
- Developing and developed countries reacting to/discussing/approving/choosing from secretariat proposals, plans, programmes, etc.;
- The secretariat presenting information/strategy and policy options to developing and developed countries.

Types of issues being discussed at the meeting

At the same time, the subject of the exchange of information at a meeting can be at different levels:

- International economics/political issues (global supply-demand, trade and trade policies, co-operation with and between regional groups, etc.);
- National policies and infrastructure issues (manpower, pricing policies, support services, financing issues, etc.);
- Technical/technological issues (different technologies/scales, specific technical problems, repair and maintenance, pollution control, etc.);
- Micro-economic/management/marketing/feasibility issues.

Type of meeting by participation

It would seem that there are essentially three types of meetings in the System of Consultations:

Consultation meetings (global, regional, interregional or sectoral)

- All Governments are invited to participate with official delegations.

Preparatory meetings (global, regional, interregional or sectoral)

- A number (20-30) of selected developing and developed countries are invited to participate with participants selected "by Governments or proposed by UNIDO in their individual capacity".

Expert group meeting

- The secretariat selects and invites a limited number of recognized experts in their private capacity.

It is evident that there should be a close relation between the purpose of the meeting and the type of issues to be discussed, on the one hand, and the type of participants (and, therefore, type of meeting) needed in order to be able to discuss these issues, on the other hand.

A few conclusions can easily be reached here:

- Full consultation meetings with their many official delegations cannot be used to develop plans and programmes, nor discuss detailed technical issues. They are best at the third purpose, i.e. reacting to/discussing/approving/choosing from proposals, plans, programmes, etc. prepared in advance;
- Technical/technological issues as well as micro-economic, management/marketing issues require related experts for discussions, formulation of issues, as well as options, strategies, guidelines, etc. in a relatively informal and small forum-type meeting;

When the System of Consultations was established it clearly was the intention that the consultation meetings would largely serve the first purpose. Preparatory meetings as well as expert group meetings would serve to prepare for the consultations. This would include collection of information and positions, selection of issues, etc. (the second purpose). In subsequent analysis - Chapters 3 and 4 - it will be argued that consultation meetings should be aiming at the third and fourth purposes.

## **2.6 Conclusions for the design**

- The mandate for the System of Consultations was defined in 1975 by the 'Lima Declaration and Plan of Action' and has since not been reviewed;
- The System of Consultations has been defined by the Board most completely in 1982. Separate reports and Board statements have added to this or clarified it. At this occasion, the Board also endorsed the way in which the System of Consultations had operated from 1977 to 1980. However, the total of these "design" elements, even after careful analysis and reconstruction, does not satisfy today's standards for programme definition. Major areas need clarification and redefinition;
- Overall, the "design" of the System of Consultations could also benefit from an update, to adapt it to changed priorities and policies. Section 2.4 provides a first proposal for such an updated and revised design;
- The System of Consultations in its work uses a number of tools, including full consultation meetings, preparatory meetings and expert group meetings. The purposes of these different meetings, subjects discussed and participation in the meetings need clarification and a more systematic application in the overall System. Relevant recommendations are made in Chapter 4;
- Different groups of "end-users" and "target audiences" for consultation results need to be identified and recognized as different and separate interests. This means that they need to be addressed in more tailor-made ways (e.g. policy/macro issues more to Governments and technology/market issues to industry);
- A number of issues identified by the evaluation as important are not adequately defined by the existing documentation and design. These issues, addressed in Chapter 3 and 4, include:
  - Extent of UNIDO "guidance" in the overall process;
  - Methods/tools to be used in the preparation phase (preparatory and expert group meeting);
  - Type of issues to be discussed;
  - Extent of and ways in which to follow up meetings and decisions.

## **2.7 Recommendations for the design**

- The IDB may wish to review the mandate for the System of Consultations to bring it up to date and in line with the UNIDO Constitution (Chapter 1, article 2f);

- The overall design and definition of the System of Consultations should be revised along the lines presented in this chapter. This may also entail a revision of the document PI/84;
- In the future, all meetings should be clearly defined with respect to the type of meeting, its purpose, subjects and required type of participants.



### 3. PROGRAMME IMPLEMENTATION - ANALYSIS AND CONCLUSIONS

#### 3.1 General

The System of Consultations is in a state of transition. Early consultations were planned and conducted to analyze developing countries' industrialization problems with a view toward increasing the developing countries' share in world industrial production through redeployment and the creation of new industrial facilities, thereby contributing to a New International Economic Order.

Confrontations were not unusual when the System was trying to identify what obligations and responsibilities developed countries have toward the developing countries, especially when the transfer and/or creation of competing production capacities were being considered.

The present economic environment, characterized by external shocks (high interest rates, instability of exchange rates, large fluctuations in commodity prices, trade restrictions and strong competition of newly industrialized countries), and the effect of past internal policies have made it more difficult for the majority of developing countries to industrialize than in the mid-1970's. Such an environment has gradually brought about a change of perception and expectation of what the System of Consultations could and should achieve. Developed and developing countries alike now tend to want the System to study and focus on industrial development problems in specific subsectors/topics and for UNIDO to provide leadership and guidance on how the developed and developing countries can work together to solve them.

From the current evaluation study, in which a large number of consultation meeting participants and end-users were contacted (see Section 1.5 for details), there appears to be a consensus of opinion that this could be best accomplished through subsectoral and common-topic industrial development programmes. UNIDO is seen as a potential "lead agency" uniquely in a position to identify, negotiate, co-ordinate, partially implement and generally act as an international focal point for such programmes. It should be noted that, according to the Lima Declaration and Plan of Action, a System of Consultations was to be established "in UNIDO and other appropriate international bodies" (see Section 2.2). However, only UNIDO has undertaken appropriate action.

The Informal Working Group of representatives of member States, formed in 1984 for reviewing and appraising the System of Consultations, concluded in 1985 that the System - as a new modality to promote international co-operation - needs to develop through a process of gradual evolution. The current study confirms a number of findings of the Informal Working Group with respect to the importance and relevance of the System of Consultations. The System is seen as a valuable tool for:

- (a) Association of the world of industry with the aims and objectives of UNIDO;
- (b) Contacts and consultations among potential partners concerning industrial co-operation;
- (c) Identification of problems and possibilities for industrialization;

- (d) Better assessment of the international context enabling developing countries to take more informed decisions about industrialization in the sectors considered;
- (e) Creation, when appropriate, of new tools, concepts and policies related to industrialization;
- (f) Identification of opportunities for technical co-operation among member states; and
- (g) Generation, collection and dissemination of assessed information on problems of industrialization, as well as on the options through which these problems might be resolved."

The System of Consultations is also considered a potentially important mechanism for facilitating the identification and integration of UNIDO's activities in industrial studies, technical co-operation, investment promotion, transfer of technology and industrial information. This potential has not yet been appropriately utilized.

The consultations on leather and leather products industry (which are examined in detail in Annex II) provide concrete evidence that significant progress can be made in the framework of the System of Consultations, particularly in the area of technical co-operation, and that a number of programme objectives can be or are being achieved. A review of some other subsectoral consultations (pharmaceuticals, for example) also indicates that notable results can be produced (see Section 3.10). The System of Consultations Division has devoted considerable effort to follow-up the recent second consultation on industrial training with some encouraging results (see Annex III). However, observed from the outside, the System of Consultations generally appears to be too meeting-oriented, i.e. constituted by a series of meetings (global or regional consultations) spaced by the preparation of background papers and the holding of preparatory meetings. For the System to be more effective in terms of developing implementable programmes and measures - as foreseen in the medium-term orientation and strategy - considerable improvements in preparation and organization of consultation meetings, as well as in the follow-up phase, are required.

This chapter highlights the weaknesses in programme implementation in order to set the stage for recommendations aimed at enabling the System of Consultations to fully realize its potential. In the opinion of the evaluators, the shortcomings elaborated in the following sections are not insurmountable and could be overcome with measures suggested in Chapter 4 - Recommendations. The first three sections deal with subjects which span the whole consultation process (UNIDO in-house co-operation, UN agency co-operation, technical panels of experts), while the other sections deal with phases of the consultation process in chronological order (selection of topics, preparations, attendance at meetings, conduct of meetings, follow-up, results produced). The last section discusses reporting and internal evaluation.

### 3.2 UNIDO in-house co-operation

In-house co-operation in UNIDO has varied but, by and large, cannot be considered satisfactory and needs considerable improvements and new mechanisms. In a number of cases (leather, pharmaceuticals, wood, second consultation on training, iron and steel), involvement of organizational units

outside the System of Consultations Division - primarily Department of Industrial Operations (DIO) - has been considerable; however, in most cases, an effective mobilization of other parts of UNIDO with potential contributions to in the consultation process has not taken place.

Task forces in support of the System of Consultations, which were set up in 1976 for early consultations and restructured in 1980 and 1983, are currently not operative or have withered away. In many cases, their membership was too numerous and their operation ineffective. Not all of the participants had specialized knowledge to offer on the relevant subject. In recent years, in-house co-operation has been organized on an ad hoc basis and is dependent on personal relationships rather than structured arrangements. The involvement of organizational units outside the System of Consultations Division has usually been limited to attendance at a consultation meeting or limited activities in the follow-up related to technical assistance.

The far from optimal in-house co-operation in the consultation process cannot be attributed exclusively to the System of Consultations Division working on its own; there have been a number of examples of lack of co-operation from other organizational parts of UNIDO, even when such co-operation was requested and urged by the System of Consultations Division. In these cases, the lack of co-operation can be explained by the inability of other units to identify direct short-term benefits for themselves from the consultation process and the perception that other duties deserved priority. Overall, the influence of the System of Consultations activities on the formulation of a UNIDO-wide strategy or approach in a given subsector or common topic has been low. In some consultations in the past two years, the willingness of the System of Consultations Division to mobilize more co-operation from other parts of UNIDO is noticeable.

The System of Consultations as a whole has also not been able to make full use of existing in-house knowledge, expertise and experience, in particular where the preparation of the various meetings is concerned. Most of the contributions from outside the System of Consultations Division came from the Department of Industrial Operations (and partly from the former Division of Industrial Studies - Sectoral Studies Branch). A necessary condition for success in in-house co-operation is the capacity of the relevant officer in the System of Consultations Division to conceptualize subsectoral issues and his ability to mobilize teamwork and co-operation. In those cases where organizational units from DIO were mobilized to take an active role in the preparatory phases for a consultation, i.e. when DIO activities related to the consultation were integrated with their other activities, consultation meetings were better prepared and could result in more action-oriented recommendations and follow-up (consultations on leather being an example).

### 3.3 Co-operation with other UN organizations

In subjects where co-operation of other UN agencies was called for, UNIDO has made efforts to invite and involve such agencies to the extent possible. In some cases (leather, training II, pharmaceuticals), the co-operation was satisfactory and sometimes included co-sponsorship of meetings and joint follow-up action. Significant joint achievements have been made with FAO in leather consultations; a list of essential drugs to be produced in developing countries was drawn up jointly with WHO (First Consultation on Pharmaceuticals). However, in most cases (even when co-sponsorship took place), the attitude of the co-operating agency tended to be rather passive, with limited participation at the consultation meeting and no contribution in the preparation of follow-up. This may partly be caused by other organizations seeing few potential benefits from co-operation.

For effective co-operation with other agencies, agreement on main issues to be discussed at meetings is essential. In one case, there was a controversy and divergence between UNIDO and the other agency (WHO in the third consultation on pharmaceuticals), which took up an excessive amount of time at the consultation meeting.

The potential for greater co-operation with other agencies, for example with UNCHS (Habitat) in the consultation on building materials or ILO in the follow-up to training consultations, is significant. Contacts and discussions with UN organizations have recently been intensified.

### **3.4 Panels of experts**

Use has been made of outside experts for the purpose of advising or providing guidance to the Secretariat in implementing the consultation process in a number of sectoral consultations in different ways, e.g. a standing or permanent panel in leather, ad hoc or one-time panels in pharmaceuticals. The positive experience with the Leather and Leather Products Industry Panel (see Annex II), which has operated as an advisory or steering body, meeting at regular intervals over a long period, gradually changing its membership over time, indicates that such bodies can have an important role in selecting the most relevant issues for consideration at meetings, involving different regions in a balanced way, mobilizing industry participation, increasing inter-agency co-operation, positively influencing the conduct of meetings and organizing effective follow-up. The panel has over time developed into an advisory body for all UNIDO activities in the leather sector.

In most consultations, however, there has been no such systematic or extensive use of outside expertise. In most cases, outside experts were used only for the preparation of issue papers and the conduct of studies.

### **3.5 Selection of topics**

The criteria originally adopted by the IDB for the selection of subjects or topics for consultations were very broad (for example, "keep to sectors that were likely to provide the greatest benefit to the greatest number of developing countries and to the greatest number of people in those countries" or "very broad topics could hardly achieve the necessary results, for the subsectors were too diversified" (ID/B/329, 15 March 1984)). Up to 1988, the practice was that the IDB would approve a biennium programme based on a proposal submitted by the System of Consultations Division (or its predecessor, the Negotiations Branch). In 1983, the 17th Session of the IDB limited the number of consultations in any biennium to six.

In line with recommendations of the Information Working Group in 1985, the biennium programme for the System of Consultations is submitted to and approved by the IDB more than two years in advance (e.g., in 1989 for the biennium 1992-93). However, a degree of flexibility exists, as demonstrated by the recent substitution of the consultation on human resources development with the more urgent regional consultation on rehabilitation/restructuring in Africa only one year ahead of the 1990-91 biennium. In 1989, the System of Consultations Division for the first time held advance discussions with representatives of member States on possible topics for the 1992-1993 biennium before preparing the proposal to the IDB.

The current selection of topics seems to be more closely tied to the UNIDO medium-term plan and the recent orientation of the System of Consultations toward more regional meetings and consultations. However, in the selection process as well there is insufficient in-house co-operation.

The experience with past consultations, as well as reactions of most participants contacted in this study, tends to favour vertical (subsectoral) consultations over horizontal (common-topic) ones. While the importance of considering common topics such as industrial training or rehabilitation is recognized, it appears that subsectoral consultations lend themselves to more specific and action-oriented discussions and follow-up.

### **3.6 Preparations**

The consultation process has generally followed the sequence of activities described below (although not all steps have been carried out to the same extent in all consultations):

- (1) A series of general, survey-type studies is undertaken, including
  - A general description of the subsector/topic;
  - Global data collection and analysis on supply and demand, trade patterns, raw material situation, markets, etc.;
  - A survey of technologies used and related problems, as well as any other relevant subjects in the subsector;
  - A study of typical country situations in various regions.
- (2) An inventory of global, regional and country-level opportunities, problems, industry needs, bottlenecks, etc. is made, based both on the above studies, as well as on inputs from experts on the subject from various regions concerned;
- (3) A few "issues" are selected based on their relative importance and relevance to industrial development. A group of experts has normally assisted UNIDO in this selection;
- (4) Several regional and a global preparatory meeting with selected participants (Government-nominated and/or UNIDO-invited) are used to identify and refine the issues to be discussed at a consultation meeting and/or endorse the selected issues;
- (5) The selected issues are studied in detail, papers are prepared describing each issue and its background, as well as, where applicable, alternative choices on solutions of problems, strategies, etc. For finalizing the issue papers, again the group of experts may be used;
- (6) The issues are discussed in a full consultation meeting and conclusions and recommendations are formulated and approved by the meeting;
- (7) Recommendations aimed at UNIDO are acted upon. These may include recommendations dealing with a continuation of the consultation process, studies required, programmes and projects to be developed and implemented, etc.;
- (8) Recommendations aimed at Governments, other international organizations and industry are recorded and distributed through the report of the Consultation with no further UNIDO action undertaken;
- (9) Where the recommendations to UNIDO included the organization of a subsequent Consultation, an indication of issues to be discussed there may have been included. The above process will then restart.

Activities 1-5 comprise the preparation phase and are discussed in this section. Activities 6-9 are treated in sections 5.8 and 5.9.

Within the preparatory phase, attention must be drawn to certain elements which appear to reduce the efficiency and effectiveness of the consultation process. These have been identified by a significant number of participants contacted during the evaluation study, and include:

(a) The length of the preparation process

In most cases several regional and one global preparatory meeting have preceded the global or interregional consultation, although there are cases in which the first consultation was prepared (issues selected) based on regional studies and surveys and one global preparatory meeting (food I, electronics) or even without a global preparatory meeting (sugar cane). The IDB sanctioned this extensive preparation approach in 1987 (IDB/2, decision 13) when it "agreed that in the preparation of each of the global and interregional consultations up to three regional preparatory meetings should be held as well as a global preparatory meeting to examine problems and formulate issues ..." In general, the process of developing issues appears too lengthy and elaborate without being correspondingly productive.

Very often the menu of issues proposed to and discussed at the first preparatory meeting does not really get narrowed down but is carried over from one meeting to another, right through the consultation itself. In such a sequence, each preparatory meeting is likely to be a repeat of the previous one, with the issues becoming over-generalized and all-encompassing in the process. This is a natural result of asking different groups of people to review a set of issues, which may be affecting a subsector or common topic.

In many cases, the secretariat could have arrived at an equally or even more valid set of issues for a Consultation without one or more of the preparatory meetings, relying on expert group meetings or technical panel sessions (see Section 3.4) and on secretariat staff.

(a) The nature of the issues discussed at consultation meetings

Issues are usually too broad, and, as a consequence, most issue papers tend to be far too general and attempt to include everything that might be considered relevant. The papers are short on action-oriented analysis and often fail to meet the more urgent needs of the participants. On the other hand, focussed, well-prepared and well-presented issue papers are essential for guiding the discussion of issues at meetings and the formulation of recommendations (see Annex II for example of third consultation on leather and leather products and subsequent regional meeting in Africa which illustrate that specific issues can lead to specific follow-up action).

(c) The amount of documentation made available

The amount of documentation made available to meetings is often excessive and much of it can be of low relevance because of its generality (this is related to the very general issues). More often

than not, the issue papers themselves are backed up by a series of global studies and other documents, which, while of undoubted significance in their own right, are of no direct use to the discussions in the meetings. The tendency is toward comprehensive and descriptive material rather than analytical. Much of the material remains unread by participants.

### 3.7 Attendance at meetings

What constitutes "proper participation" or "the right mix of participants" at any meeting in the consultation process (full, preparatory, expert group) depends on the purpose and subject of the meeting. At a meeting with more policy-level issues, more participants from government agencies are desired. At a meeting dealing with more technical questions, more direct industry (enterprise level) participation would be appropriate.

In consultations with a longer history, going back to the late 1970's, participation tended to be dominated by government representatives (both ministry/diplomatic missions) at the first consultation, with industry participation increasing in subsequent meetings. UNIDO has taken sufficient measures in recent years to increase industry end-user participation. Complaints voiced by some developed countries that industry is not sufficiently represented in consultations is not an issue now (refer to Table 1b in Chapter 1). However, the problem is not in how many people have come from industry or government, but whether they come from the right quarters.

It should be stated here that UNIDO has very little influence on the selection of participants at full consultation meetings as, in accordance with PI/84, it relies on the governments of member States to compose their delegations. UNIDO can only indirectly influence the selection by careful formulation of the aide-mémoires and invitations. It is the member States that select participants. For formal preparatory meetings the situation is similar, except that UNIDO selects a number of countries for participation. These may then designate their participants, or UNIDO may propose selected participants based on their qualifications. For expert group meetings UNIDO has full control over choosing participants and exercises this influence.

Adequate developing country participation in consultation meetings remains a problem. This may be a question of availability of foreign exchange in these countries or a perceived lack of benefits resulting from the meetings. As far as representation from LDCs is concerned, UNIDO has made considerable effort to promote and finance it within the existing financial constraints. Such finance is, however, limited to one participant per country. Many developing country delegations consist of single participants who do not have the knowledge and experience required to contribute actively during such a global gathering. Many of the issues, conclusions and recommendations have such a scope that an individual participant may not wish to comment without a sanction or instruction from his or her government.

The main problem, however, seems to be the mixed nature of the participation, where every participant will have his own expectation. As only some of these expectations are being met by the consultation meetings themselves, this is frequently a cause of some dissatisfaction among those attending a meeting. In a number of cases, particularly in meetings prior to 1987, this could be attributed to the vague way in which the purpose of the meeting was defined. Once again, the question of more specific issues and more specific aide-mémoires with clearly defined meeting purpose and subject,

as well as a description of desirable participants' profiles, becomes important. Offering a range of activities at the occasion of the meeting could also raise the interest of some participants (see Section 4.7).

### 3.8 Conduct of meetings

The UNIDO Secretariat takes the approach to let the participants give advice to UNIDO, as explicitly stated during opening remarks at many meetings. This appears to originate from the early years of the System of Consultations. However, the expectations from participants contacted in this study are in most cases the opposite. Participants, especially from developing countries, look to UNIDO for guidance and expect the secretariat to take a stand on issues discussed and to offer alternatives.

The chairmen and discussion leaders at many meetings have not been involved in the preparatory phase, which means that they are not fully familiar with the issues to be discussed. With the exception of some expert group meetings, the practice appears to be that the UNIDO Secretariat largely leaves the guidance of the meeting to the chairman. This, combined with too much time often spent on protocol and/or procedural matters, tends to take the meeting away from focussing on specifics.

The Bureau of the meeting then has the difficult and ungrateful task of analyzing the wide-ranging statements and attempting to establish the right balance in synthesizing conclusions and recommendations. It is in this work that UNIDO does exercise leadership, but frequently it is too late, as specific issues that were not discussed in depth cannot, at this stage, be introduced. The overall result is conclusions and recommendations that are too general.

For the presentation of issues and background information, with which most consultation meetings start, various approaches have been tried but there has often been a lack of a uniform professional approach by various speakers (be it secretariat or consultants), which would utilize more visual aids and adopt standard techniques by various staff involved in presenting or discussing the separate issues. The style of presentation, usually lengthy exposés, has often failed to focus the attention of participants.

Participants are not directed to consider possibilities for subsequent action; most would welcome a plan of action as the principal outcome of a full consultation meeting (second and third consultations on leather can be considered positive examples - see Annex II). A more active role of the secretariat, supported by the technical panel, in guiding the discussions can be instrumental in arriving at more specific recommendations at the end of the meeting, particularly those directed to UNIDO (i.e. enabling more effective follow-up).

In drawing up the meeting report, including the recommendations, there is often too much pressure for consensus, which may take considerable time away from the substantive exchange of views. This also causes recommendations to be too broad and general. Most participants would welcome more practical, action-oriented conclusions, even if they do not represent consensus. In certain cases, it is useful to record diverging points of view which often represent different options of resolving a particular problem. The Rules of Procedure for the System of Consultations (PI/84) indicate under para.46 that "each consultation meeting shall formulate a report, which shall include conclusions and recommendations agreed upon by consensus and also other significant views expressed during the discussions". The existing pressure for a consensus therefore appears unnecessary.



A limited role has been given to consultation meetings as opportunities for presentation or promotion of other UNIDO programmes (technical co-operation, transfer of technology, investment promotion, information services). This is partly a result of insufficient in-house co-operation in the preparation process for the consultations and partly related to the original concept of the System of Consultations.

A lot of praise coming from consultation participants is for the interesting and useful contacts which develop during the meetings. This in itself is an important result of the meetings. In recent consultations (most notably the second consultation on the training of industrial manpower), the System of Consultations Division has attempted to stimulate these contacts by advance circulation of questionnaires on demand and offer of technical co-operation and investment opportunities.

### 3.9 Follow-up

Although there is considerable evidence that the System of Consultations has been instrumental in initiating follow-up activity, including actions which have led to the development of technical co-operation projects, co-operation agreements, model contracts, studies and other useful outputs, there is a general view, shared by UNIDO staff and past consultation participants from developed and developing countries alike, that a lot of the potential of the System of Consultations, in terms of producing a (substantial) body of results leading to a significant development impact, has not yet been realized.

The types of recommendations resulting from consultation meetings are: (a) to UNIDO, (b) to Governments and industry, and (c) to other UN organizations. The recommendations to UNIDO have sometimes been specific and could be followed up; however, in a significant number of consultations, recommendations addressed to UNIDO have been too general and all-embracing (sometimes even unrealistic) to be considered implementable. Characteristic follow-up problems within UNIDO are:

- In general, consultations do not produce a comprehensive follow-up action plan nor is such a plan of action for follow-up by UNIDO subsequently developed. At any rate, recommendations are frequently not sufficiently realistic or specific in defining what follow-up would be required.
- "Promotion" of follow-up in UNIDO has in many cases been limited to requests from the System of Consultations Division to other parts of UNIDO to take action in accordance with recommendations of meetings.
- The System of Consultations Division has increasingly tried to generate follow-up activity yet co-operation with other parts of UNIDO is frequently constrained by the unwillingness of others to become fully involved. Too much is left to personal initiatives and willingness. It has been claimed that follow-up in terms of projects and programmes is constrained by lack of financial resources. However, better UNIDO in-house co-operation and co-ordination could have overcome this problem in many cases. Existing sources of funds, such as UNDP IPF, UNIDF or regular budget, could have been addressed to a much greater extent. The positive example of the follow-up to the leather and leather products industry consultations (see Annex II) provides important lessons to be learned in this respect.

The overall conclusion is that UNIDO does not have adequate mechanisms through which the recommendations of consultations, that merit implementation, are translated into a programme of action which is sanctioned and monitored by top UNIDO management and whose implementation is managed by an interdepartmental steering committee with clear terms of reference.

The recommendations to Governments and industry and to other UN organizations have not been systematically followed up by UNIDO, and it is difficult to establish what has been implemented in individual cases. Follow-up problems faced by participants in their home countries are:

- Follow-up rests at present totally upon the initiative and ability of the participant(s) who attended a consultation meeting to influence such action. This is the major reason why some countries may have accomplished discernible follow-up and others none at all. Whether non-participating countries pursue consultation recommendations is unknown and appears to be unlikely.
- When participants are queried about the lack of substantial follow-up, they mention difficulties in translating recommendations into specific action programmes which could be adopted by individual countries, on the one hand, and the need for more promotional activity by UNIDO to interest enough people (including UNDP field offices and SIDFAs) to initiate co-ordinated programmes or change policies, on the other hand. Most follow-up consists, therefore, of individual requests to UNIDO for various kinds of technical co-operation assistance. Most of these, however, do not lead to actual projects or programmes.

The conclusion is that there is a need for UNIDO to actively promote consultation follow-up to be undertaken by other parties, including a more active and integrated response to requests for assistance.

### 3.10 Primary and secondary outputs produced

In the System of Consultations there has been a strong emphasis on meetings. As a result, primary outputs - which include outputs preparatory to meetings and outputs produced at meetings (e.g. surveys, reports, problems identified) - have dominated over results produced in the follow-up to meetings (secondary outputs).

The outputs actually produced can be grouped by the following categories (refer also to Section 2.4). In each category, more significant outputs produced in a number of consultations are listed for illustrative purposes:

- Studies and surveys, policy and issue papers (these are the most numerous outputs of the System of Consultations; world-wide or global studies and subsectoral development analyses were made and up-dated in practically every consultation topic);
- Manuals, guidelines on technical and economic aspects of industrial development in specific subsectors (leather - several practically oriented technical manuals, see Annex II; petrochemicals - industrial uses of associated gases; fertilizers - assessment of reducing capital and operating costs of fertilizer plants; iron and steel - integration of iron and steel and capital goods, manual on training for mastering mini-plant technology; agro-machinery - guidelines for multi-product

manufacturing; capital goods - electric power equipment production in developing countries; pharmaceuticals - technical profiles for establishment of pharmaceutical formulation units);

- Statistical compendia, lists of raw materials and products (leather - raw hides and skins, leather and leather footwear compendia; pharmaceuticals - directory of essential drugs for developing countries);
- Technology alternatives (fertilizer - mini fertilizer plant concepts and proposals, comparative analysis with production cost structure of world scale units; pharmaceuticals - design/layout of multi-purpose plants);
- Guidelines on subsectoral development (leather, building materials, pharmaceuticals, food-processing);
- Guidelines for contractual arrangements, model contracts (leather - checklists for contractual arrangements in footwear and tanning; petrochemicals - model forms of agreement for licensing of patents and know-how; fertilizers - four model contracts with technical guidelines; agro-machinery - guidelines/model contracts for import, assembly and manufacture of agro-machinery; pharmaceuticals - three model contractual arrangements for transfer of technology in the pharmaceutical industry);
- Seminars for dissemination of information, presentation of technology options, use of contractual arrangements, etc. (leather, petrochemicals, fertilizers, iron and steel);
- Technical co-operation programmes (the integrated technical assistance programme for the African leather industry under the title 'Regional Hides and Skins, Leather and Leather Products Improvement Scheme', described in detail in Annex II, is undoubtedly the most significant secondary output produced by the System of Consultations; nothing comparable exists in other topics);
- Technical co-operation projects (individual UNIDO-executed technical co-operation projects have resulted from the System, for example: leather - four projects dealing with regional technological centres and technical training institutions; training - ten projects dealing with industrial training in maintenance; pharmaceuticals - two major pilot-plant projects for the production of biologicals (vaccines, antibiotics), a pharmaceutical centre project; food-processing - three integrated agro-industry/food-processing projects);
- Identification of investment opportunities (investment opportunities have been identified in a number of subsectors; however, only in leather is there a considerable investment/rehabilitation action under way under the regional Africa programme in the form of tannery rehabilitation);
- Human resource development programme (training - human resource development plan of action in industrial maintenance, with focus on African countries).

From the above survey, the following can be concluded:

- More results are produced in a less controversial sector where co-operation between groups of countries (developed vs. developing) is more likely - example of leather;
- Narrower topics and more specific issues (focus on regional problems when applicable) increase the chances for significant follow-up results;
- In the light of the above, topics chosen under the System of Consultations programme for 1990-91 appear promising.

### **3.11 Reporting and internal evaluation**

In line with recommendations of the Informal Working Group in 1985, the secretariat has periodically reported to the IDB on completed and proposed activities in the different subsectors or topics being covered by the System of Consultations. These reports have contained self-evaluative elements but have not been structured in accordance with the programme design elements, as discussed in Chapter 2.

This in-depth evaluation study provides the opportunity for the initiation of a structured internal (self-)evaluation reporting on UNIDO headquarters programmes, starting with the System of Consultations.

#### 4. RECOMMENDATIONS

##### 4.1 Overall concept

The System of Consultations should become better integrated in UNIDO's main activities thereby facilitating co-operation with other departments and divisions. This chapter suggests how to establish direct connections between the System of Consultations and other UNIDO activities as well as mechanisms for co-operation to ensure the effectiveness of these connections. It is expected that the changes proposed will, over time, lead to a more positive attitude in UNIDO toward the System of Consultations, when the contributions of the System to the organization become clearer.

The System of Consultations is extremely suitable to provide a major contribution to the development and formulation of UNIDO's policies in specific subsectors and common topics. For this contribution to materialize changes should take place starting with the selection of topics for consultations on a UNIDO-wide basis, possibly at the EMC level. Preparatory work on a topic should be possible before the full consultation is authorized by the IDB. This will enable the preparation of a better justified and more specific and meaningful proposal for the topic to the IDB as well as facilitate a faster implementation after approval. After the selection of topics, the EMC should appoint small in-house operational steering committees (max. 5-6 member teams) which will be responsible for overall management and monitoring of the consultation process in the respective topics.

Each steering committee will establish an expert panel composed of up to 10-12 internationally recognized experts on the subject from different regions. In addition to serving the System of Consultations, this panel may - together with the in-house committee - advise UNIDO on subsectoral policy as well as on all other matters related to the subsector.

Consultation meetings should be transformed from general discussions into a more specifically directed activity in which UNIDO is consulting representatives of its constituent member countries. The consultation meeting should discuss more specific issues, preferably formulated to facilitate choice between alternative solutions, programmes or sets of recommendations which should be outlined in the issue papers. The meeting should include well prepared and presented issue introductions and a strong chair capable of ensuring a focussed discussion on the issues.

The full consultations should in the future consist not only of the meeting but incorporate other activities on the same topic, such as:

- Presentations of other UNIDO activities with relevance to the topic (technical co-operation, technology, etc.);
- A number of experts being available to participants to discuss problems, options, etc. and assist in discussions with other participants;
- An opportunity for potential partners in investment (technology suppliers/international producers/potential developing country producers) to meet and discuss possible co-operation.

This would ensure that the various types of participants obtain more benefits from attending the consultations, increase participation by the various target groups, lead to more results in terms of follow-up, as well as enable better integration of UNIDO activities.

In order to ensure use of information/materials produced and facilitate and support implementation of recommendations at UNIDO headquarters and at government level, the System of Consultations should extend its activities to include follow-up to Consultation meetings. This follow-up would include regional/subregional seminars/workshops to disseminate information and recommendations, studies and documents required for this, more intensive and active, targetted dissemination of reports and studies, etc.

Follow-up activities to be carried out by UNIDO should be identified, initiated and monitored by the steering committee but be fully integrated in the regular operations of the organization. The technical panel should also play an important role in follow-up activities as an advisory body, as well as in dissemination workshops, etc.

The emphasis of the System of Consultations, as well as some of the resources, should shift from formal preparatory meetings to follow-up activities.

A detailed programme design for the System of Consultations should be prepared along the lines of Section 2.4, incorporating the recommendations made in this chapter, and submitted to the IDB for approval.

#### **4.2 UNIDO in-house co-operation**

The issue of in-house co-operation has to be addressed in two different ways:

- Firstly, there has to be a better general understanding and acceptance within UNIDO of the System of Consultations as an integrated part of the organization, as well as the ways in which other organizational units can and should contribute to the System of Consultations and what they can get out of the System as a result of co-operation. Only if organizational units and individual staff can see that the benefits obtained from the consultation process exceed the cost in terms of time and efforts contributed, will co-operation become effective. An important contribution to such mutually supportive co-operation can be made by ensuring that other units can have some influence on decisions made in the consultation process;
- Secondly, organizational mechanisms should be established to formally structure and organize the co-operation. The following are proposed:
  - . The EMC pre-selects the topics based on the UNIDO Medium-Term Plan and their potential contribution to UNIDO's overall activities (see also Section 4.4), or as an integral part of the programme approach.
  - . Steering committees for each topic, consisting of a maximum of 5-6 staff members from different divisions of UNIDO are selected by the EMC on the basis of their background and experience.

These committees will be responsible for planning, guiding and monitoring the complete consultation process, including the selection of technical panel members, the definition of preparatory studies needed, a first selection of issues, preparation of issue papers, planning the types of meetings necessary, organizing the consultation meeting itself, as well as other activities taking place around the consultation and follow-up activities.

Normally, the steering committee should include as a minimum the responsible System of Consultations staff member, the most interested and relevant DIO officer and the involved staff member from the Industrial Policies and Perspectives Division. Frequently it will have one or two additional members from Area Programmes, the industrial technology divisions or Industrial Investment Division. The committee should be chaired by the staff member who has the most professional experience in the topic, not necessarily a staff member of the System of Consultations Division. In case the chairman is not a staff member of the System of Consultations Division, a staff member of the Division should serve as secretary of the committee.

Steering committees will report to the Director of the System of Consultations Division on operational matters and to the EMC for major policy decisions.

- . The technical panels set up by the steering committees should not only serve the System of Consultations, but also advise UNIDO on subsectoral and common topic policy-making, technical assistance and other subsectoral activities, thereby facilitating co-ordination between these (see further Section 4.3);
- . The recommendations of the consultation meetings should include, when relevant, specific suggestions for technical assistance activities required, particularly at the programme level, as well as recommendations for other UNIDO activities.

#### **4.3 Panels of experts**

A panel of outside experts should be instituted for each consultation and should develop into an advisory body for all UNIDO activities in the subsector. The approach should follow the experience of the successful Leather and Leather Products Industry Panel. The panel should be composed of no more than 10-12 independent experts from both developed and developing countries, adequately representing the different regions. The exact size of the panel would depend on the situation in the subsector, but would also be flexible, with a possibility to bring in extra specialists when required, as well as to reduce the total number when subjects no longer need so much attention. Members should be nominated on the basis of their professional experience and would not represent their countries. Both state-of-the-art and developing country experience should be considered. In areas where UNIDO has demonstrated technical capabilities, the panel would consist of fewer experts.

The potential benefit to different activities of UNIDO from such panels should remove any grounds for reluctance to organize and service them. Funding for the panels should be provided from the normal System of Consultations subprogramme financing. It should include travel and related

costs of participation of members at panel meetings but exclude any fees. The nomination and participation at meetings should be considered as being in the member's own professional interest. Member States may consider contributing to the operation of the panels, which would enable an increase in the scope and intensity of their work.

The incorporation of panels of experts into the System of Consultations could result in a number of benefits:

- Reduction in the number of formal preparatory meetings and the duration of the preparatory phase;
- More specific issues identified, defined and prepared;
- A better focus of meetings on the issues through involvement - as chairmen or discussion leaders - of panel members who are familiar with issues, developing countries' conditions and UNIDO;
- More effective follow-up discussed, prepared, organized and some of it carried out by the panel or its members.

The panel of experts would report to the steering committee, and their joint meetings should be envisaged. The panel would meet at the request of the steering committee to consider problems at hand.

#### 4.4 Selection of topics

A judicious selection of topics for the System of Consultations will facilitate its integration in a UNIDO-wide effort to develop and implement programmes of action in the particular topic. Topics should be pre-selected by the EMC to allow preparatory work that will enable the Board to make a more considered final selection out of a somewhat larger number of topics. The following criteria should be applied in selecting topics:

- Is the topic seen as a major priority by (a group of) developing countries in their development efforts? Is the topic within UNIDO's medium-term priorities?
- Will UNIDO have or does it already have a major programme of activities in the topic? Does the topic lend itself for major technical assistance activities based on the "programme approach" or otherwise and/or are there major potential interests for other UNIDO activities?
- Does UNIDO have a good professional capability in the topic or, if not, does UNIDO intend to build up such a capability before the consultation takes place?
- Can considerable potential donor interest be ascertained so that follow-up activities and programmes can be financed?
- Are there issues or questions in the topic that need discussion with Governments and clarification of development priorities that can be solved through the consultation process?

Care should be taken to focus the topics. Broad and heterogeneous topics (capital goods, agro-industries) are not likely to produce specific results. If such a topic is considered to merit a consultation, narrower sub-topics should be chosen (this is already practiced in the last few years).



It seems that subsectoral topics are easier to deal with and are more likely to lead to specific discussions in the meetings as well as to specific programmes of development activities. However, there are merits in considering under consultations topics common to the industry sector when such topics meet the selection criteria indicated above, for instance, topics such as industrial training, small- and medium-scale industries and industrial rehabilitation. It appears that the IDB has not provided guidance on the selection of subsectoral versus common topics. The IDB, in its 17th session (May 1983)<sup>4/</sup>, "suggested that a global approach should be replaced with an integrated sectoral approach ..." This was interpreted by the secretariat as a preference for subsectoral over common topics for consultations. In fact, the majority of consultations held so far, as well as those proposed for the future, are on subsectors (or specific parts of subsectors), a trend that this report endorses.

#### 4.5 Preparations

Consultations should be seen as a system of analyzing trends, gaps and, opportunities of particular subsectors of industry or common topics. This analysis should be made by means of desk studies, formal or informal outside advice, preparation of background papers and, only when necessary, the holding of formal meetings. There should be a shift from the present focus on meetings to a continuous process where meetings are only a tool, a part of this process.

Such analysis should provide:

- (a) To developing countries, at policy and subsector level, an analysis of trends and guidance for industrialization;
- (b) To UNIDO, the necessary guidance for the definition of programmes and projects of technical assistance, as well as directions for activities in technology, information, investment promotion and industrial studies. In short, consultations should provide a major input to the definition and orientation of areas of work in different parts of the house;
- (c) To donors, a clear analysis of the situation in developing countries in the subsector as well as the main requirements for external co-operation.

The preparatory work for the consultation meeting should be decided on and monitored by the steering committee (see also Section 4.2). A panel of experts should be established (see Section 4.3) to advise UNIDO on the technical aspects of the consultation process.

In the corresponding section on conclusions, attention was drawn to the lack of progress achieved in the various preparatory meetings as far as the establishment and deepening of issues is concerned. More specific and relevant preparations could be carried out by switching the emphasis from formal regional or global preparatory meetings to desk work and meetings of the steering committee and the panel of experts. The results obtained through the standing leather panel and the ad hoc panel on preventive medicines for pharmaceuticals are illustrative for this potential and should be seen as examples for other consultations. The steering committee should have a

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<sup>4/</sup> General Assembly official records - 38th session, Supplement No. 16 (A/318/16).

flexible approach to the use of panel of experts meetings and formal preparatory meetings and decide case-by-case on the best mix of preparatory activities using panels, expert groups, seminars or other mechanisms. The number of formal preparatory meetings should be reduced; the guideline that up to three regional and one global preparatory meeting should be held should be abandoned. In most cases one preparatory meeting should suffice.

The total number and volume of papers issued to participants at consultation meetings should be reduced: not more than one substantial background paper should be added to the issue papers to be sent out in advance. Papers should be sent out earlier than is the present practice (provided, of course, that UNIDO has the names of participants to whom to send them). At present it appears participants do not read the bulky documentation in advance of the meeting. Other papers that may be of interest to participants should be made available in the conference room as is the present practice.

#### **4.6 Attendance at meetings**

Aide-mémoires are useful documents for preparing participants for a consultation meeting. They are also useful tools for describing the desired participant's profile and thereby influencing and optimizing the selection of participants. Attendance should be tailored to specific issues being considered at the meeting. The aide-mémoire should:

- Provide more specific definitions of the purpose, subjects being considered and expected outputs of the meeting;
- Provide a narrower definition of the profile of desired participants;
- Clearly spell out how participants may benefit from attending;
- Be distributed in a more attractive format and well in advance.

In this way, UNIDO will be in a better position to attract the attendance of people most likely to benefit from and/or most likely to pass on the results to others in their country who could not attend.

Governments should follow more closely the requirements defined in the aide-mémoires and send participants with the required profile in order to increase the impact of the consultation meeting in their countries.

#### **4.7 The consultation meeting**

This section concerns only the full consultation meetings. Other types of meetings in the consultation process are discussed in Sections 4.5 and 4.8.

The consultation meeting should not be seen as the end of the consultation process or as an end in itself. The consultation meeting should be seen as one of a sequence of activities in the consultation process, albeit an important and intensive one. The System of Consultations should be seen as the process of defining, approving and launching a subsequent programme of activities (plan of action) to be undertaken by governments and industry in developing countries, with technical support from UNIDO and other organizations and financial support from donors and lenders. The programme objective of the System of Consultations is achieved only when recommendations have been considered and eventually adopted by governments or when follow-up activities/projects/programmes have been defined, considered and eventually started.

To improve the results of the meetings, the following recommendations are offered:

- The meeting should be chaired in an active way, guiding the proceedings to ensure that the issues are fully discussed and deepened and statements are focussed on (and limited to) the issues. Before the meeting the secretariat should meet with the chairman-candidate and make joint preparations for the proceedings. Preferably a member of the panel of experts could become chairman. In any case, the chairman should have been involved closely in the preparatory work, understand the purpose of the meeting and be an expert on the subject.
- Consultation meetings should begin substantive work with carefully prepared professional presentations of the issues using standardized techniques including visual aids, graphs, examples, etc.
- UNIDO should adopt a higher profile presenting its own position on the issues. This could be done either by secretariat staff or through members of the panel of experts familiar with the UNIDO position.
- Conclusions and recommendations should take the form of a specific set of actions to be undertaken by Governments, UNIDO or other organizations, as well as industry, rather than general statements. This should be achieved by presenting issues in the form of an analytical description of the subject and the problems that need to be addressed together with various alternative courses of action between which the meeting may choose. The majority of such actions should involve direct activities by UNIDO (projects, programmes, guidelines) or indirect catalytic action (dissemination seminars, targetted distribution of studies and reports, etc.).
- Reaching a consensus should not be seen as paramount. As discussions do not concern strictly binding agreements, no consensus is required. Reporting on different opinions and options where these are shared by a number of participants would, in fact, be constructive rather than problematic.
- Consultations should attract a wide variety of participants who obviously have different objectives and interests. In the future they should consist of the meetings as well as other activities addressing the same topic to respond to these different interests. Depending on the subject, issues and expected participants, these could include:
  - . Presentation of other UNIDO activities such as technical assistance, investment promotion, advisory services, etc., with special reference to the consultation topic;
  - . Direct advice on problems, options, etc. available to participants from a number of experts (UNIDO staff, expert panel members);
  - . Opportunities for potential partners in investment (technology suppliers, international producing enterprises, potential developing country producers) to meet and discuss possible co-operation. This may include a "notice board" for exchange of demand/offers, technical stands, presentations, discussions etc.

Such activities would stimulate the informal contacts between participants that are very much appreciated, and would facilitate concrete results from these contacts. The overall approach is likely to attract more interesting and interested participants, as well as provide UNIDO with positive publicity.

#### **4.8 Follow-up**

Immediate follow-up to consultation meetings - such as expert panel meetings to translate conclusions and recommendations into follow-up programmes for specific regions, additional studies required for this, and dissemination meetings at the (sub)regional level to ensure recommendations are well known and understood - should be seen in the future as an integral part of the System of Consultations. This implies that resources should be made available for these activities, reallocated from the preparatory phase that would become less costly.

Overall responsibility for initiating, co-ordinating and monitoring the follow-up should lie with the steering committee. Extensive "downstream" follow-up in the form of programmes and projects should be organized and financed in the same way as other UNIDO activities, using UNDP IPF, UNIDF, UNIDO regular budget and other sources of financing.

To facilitate follow-up, issues should be selected and issue papers formulated to enable recommendations to be in the form of clear decisions on required follow-up programmes and projects, as well as follow-up activities required for disseminating decisions, recommendations, etc.

For recommendations addressed to Governments, it should be recognized that it does not suffice to distribute the report. To ensure adequate consideration by the Governments concerned, UNIDO should organize (sub)regional seminars and workshops (or seminars for groups of developing countries with similar characteristics) or country-level specific dissemination of reports, studies, etc. to ensure that the findings and recommendations are known and understood by the decision-makers. This may require specific studies or surveys and would often involve members of the panel of experts.

Recommendations addressed to UNIDO should be translated by the steering committee into a plan of activities, including responsibilities and target dates. This could be done with assistance from the panel of experts which would play a key advisory role as well as be involved in part of the follow-up activities. Follow-up by UNIDO should not be addressed exclusively to technical co-operation activities but should include other operational activities of the house such as studies, investment promotion, technology and information services. Where possible, recommendations of consultation meetings should be taken into account when drawing up the UNIDO priorities in the Medium-Term Plan.

Follow-up in terms of technical co-operation should be organized within the programme approach. In addition, meetings to design programmes or projects of technical assistance, to disseminate conclusions and recommendations, or to prepare detailed guidelines for specific regions or groups of countries with similar levels of development may be organized as part of the follow-up.

On a routine level - such as guidance on the programme of activities emerging from a consultation or advice on a programme of work for a specific subsector/common-topic consultation - matters should be dealt with by the steering committee under the overall management of the Director of the System of Consultations Division and the EMC.

#### **4.9 Outputs**

##### **Primary outputs (reports, studies, guidelines, etc.)**

- Reports and studies that analyze industrial subsectors, policy and strategy papers, guidelines, etc. on particular topics, which are seen as important in their own right (most of these primary outputs should be in the future), should be considered for formal publication. Certain background papers combined with issue papers and follow-up studies may also be published if considered to have a sizeable market;
- In a number of cases, UNIDO should ensure that decision-makers in key developing countries are familiar with the reports of the consultation meetings, through targetted active distribution, as well as presentation and possibly dissemination meetings, to be included as immediate follow-up to consultations.

##### **Secondary outputs (projects, programmes)**

- Much more attention should in the future be paid to these secondary outputs to the extent that a considerable portion of time and resources available should be channelled to produce them. This may include analysis and recommendations leading to the programme approach, investment promotion activities, technical co-operation projects and programmes developed, etc. More on this is written in Section 4.8, dealing with follow-up.

#### **4.10 Reporting and internal evaluation**

Based on the recommendations and proposals presented in this report, a new detailed definition of the programme should be prepared along the lines of Chapter 2 of this report (Sections 2.4 and 2.5). In the future, this structure should be used to prepare the biennial programme and related budgets. The approved plans will then form the basis for annual or semi-annual "self-evaluation" reports.

Questionnaire surveys of opinions of participants in consultation meetings and any follow-up realized by them should be carried out for each consultation. Results of such surveys should be integrated into the self-evaluation reports.

The Industrial Development Board may wish to reconsider its responsibilities, as at present expressed in paragraph 49 of the Rules of Procedure. This paragraph states that "the report of the consultation meeting and the conclusions and recommendations contained therein shall be submitted to the Board for decision and guidance on appropriate follow-up action." In this connection the Board has thus far not provided such guidance to the System. Reports of consultations submitted by the secretariat to the Board are only taken note of.

The IDB should give directions to the System of Consultations through the existing mechanisms:

- Selection of topics to be made by the Programme and Budget document; and
- Longer term orientations to be reviewed through the Medium-Term Plan.

Annex I

**EVALUATION STUDY DESIGN (TERMS-OF-REFERENCE)  
(July 1988)**

**1. Purpose of the evaluation**

The purpose of the in-depth evaluation study of consultations on the leather and leather products industry and consultations on the training of industrial manpower is:

- (a) To assess the overall achievements of the two subprogrammes of the System of Consultations against set objectives and expected results;
- (b) To identify and assess factors which have facilitated actions taken thus far toward achieving programme objectives in these two subprogrammes, as well as those factors that have impeded planned action;
- (c) To assess the relevance and potential effectiveness of the two subprogrammes in providing support and new approaches with respect to major challenges facing the System of Consultations and UNIDO in the medium term;
- (d) To provide UNIDO management with policy, operational and organizational lessons learned for increasing the relevance and effectiveness of the two subprogrammes analysed;
- (e) To the extent possible, to draw lessons learned of a general nature, applicable to other vertical (subsectoral) and horizontal (common-topic) consultations, i.e. to the System of Consultations as a whole.

**2. Scope of the evaluation**

The evaluation will be rather comprehensive - as can be seen from the detailed issues or questions listed below (Section 2.1 of this annex); however, it will particularly focus on the following subjects:

- (a) Effectiveness of the System of Consultations as an instrument for the identification of industrial development problems and actions needed to solve them (this will include an analysis of follow-up with and feedback from various end-users);
- (b) Usefulness of the System of Consultations as an instrument for UNIDO in-house strategy development and co-ordination;
- (c) Production and application of outputs/results related to:
  - policy level recommendations and measures
  - technical co-operation programmes and projects
  - investment or rehabilitation projects;
- (d) Enhancement of the participation of the industrial and business community representatives in the consultation process;

(e) Role of the System of Consultations in relation to the UNIDO "programme approach" for the 1990s.

(f) Measures needed for strengthening programme self-evaluation for planning, monitoring and progress reporting purposes;

These topics should receive special emphasis in the final report to be written by the evaluation team.

## 2.1 Issues to be considered

The issues listed below - in the form of questions to be answered by the evaluation study - are grouped into general and specific. The general issues are to be considered for the two subprogrammes selected (leather and leather products and training of industrial manpower), but every effort should be made to make comparisons with other relevant consultations where possible. In this manner, lessons more applicable to the System of Consultations as a whole could be learned. The specific issues are characteristic only for each of the subprogrammes under study and are intended as aids in addressing the more general questions.

### 2.1.1 General issues

#### Programme design

- How clearly are the mandates, objectives, problems addressed, outputs, activities and target groups (end-users) of the System of Consultations specified? Are the objectives still as valid as when the programme started?
- What are the problems addressed by the programme? Has the importance and priority attached to these problems changed over time?
- What are the planned or expected programme outputs? How clearly are they and related activities formulated in two-year programmes following the IDB's decision on consultations to be held?
- To what extent are the principles, objectives and characteristics of the System of Consultations relevant, applicable and followed in different consultations?

#### End-users

- Who is currently benefiting from the activities of the System of Consultations; how does this compare with specified target groups?
- What portion of potential end-users is being reached; is the programme using the right intermediaries to reach the target groups?
- How has the participation of the industrial and business community progressed with various stages in the consultation process;
- What measures have been undertaken to increase industry end-user participation from both the developed and developing countries in recent years? What constraints exist in this respect and how could they be overcome?

- What trends can be observed in participation from various groups of countries? What efforts are being made to increase the number of participants from least developed countries?
- What have been the reactions of participants at meetings and other potential end-users of consultation results with respect to the relevance and success of consultation meetings and subsequent follow-up action or measures? What is the perception and expectation of the System of Consultation on the part of various participants in meetings and related follow-up activities? What, if any, instruments have been used by UNIDO in obtaining feedback from end-users?
- How useful do the end-users consider the System of Consultations as an instrument for the identification of industrial development problems and actions needed to solve them?

#### Continuity in the consultation process

- Have issues and problems brought into focus in the first stage of consultations been consequently elaborated and followed-up in subsequent stages? Which factors have helped or hindered continuity in the consultation process?

#### Operational aspects related to consultation meetings

- What have been the developments over time, particularly changes - if any - in recent years, in the various phases related to consultation meetings and the influence of these developments on the effectiveness of the consultation process? The analysis should include the following phases:
  - . Selection of topics and issues for consultation;
  - . Securing the necessary financing;
  - . Selection and use of external consultants;
  - . Preparation of contents and formats of aide-mémoires, issue and background papers;
  - . Nomination of participants;
  - . Conduct of meetings;
  - . Formulation of recommendations;
  - . Decision-making and guidance on implementation and follow-up (incl. the role of the Industrial Development Board).
- To what extent are Rules of Procedure suitable and being followed?
- To what extent has the negotiations aspect been represented in (or following) recent meetings and has its role changed over time?
- What lessons learned from previous analyses and experience (see Section 1.4 of the report) have been taken into account in organizing and conducting meetings in the past three years?
- What experience has been gained from the increased orientation toward regional meetings?

#### Use of outputs/results of the consultation process

- What are the major categories of outputs expected from the consultation process?



- What can be concluded regarding the quantity and quality of the outputs/results thus far produced (or "benefits gained")?
- What factors particularly impede or facilitate the production of outputs in each category?
- How are the various outputs used by different participants or end-users?
- What has been the interaction and feedback between participants and UNIDO headquarters and between the participants themselves in implementing the more significant proposals and recommendations of consultation meetings, i.e. producing follow-up results?
- What specific conclusions can be drawn regarding the production and application of both direct (primary) and indirect (secondary) outputs related to the following:
  - . Policy level recommendations and measures (what type of policy level action is more likely to be followed up and implemented);
  - . Technical co-operation programmes and projects;
  - . Investment or rehabilitation projects.

#### UNIDO internal organizational matters

- What has been the influence of the System of Consultations activities on the formulation of a UNIDO-wide strategy or approach in a given subsector (topic)?
- Under the above broad issue, what positive as well as negative lessons can be learned from in-house co-operation (between System of Consultations Division and other organizational units) in the preparation and conduct of, as well as follow-up action to, consultation meetings?
- To what extent have direct results of consultation meetings and subsequent secondary outputs been used by various UNIDO organizational units? What can be said about the effectiveness of headquarters task forces or co-ordination groups, set up to undertake follow-up action to consultation meetings?
- To what extent do the existing monitoring and progress reporting tools and practices related to the System of Consultations provide UNIDO decision-makers with relevant and timely information? What steps and mechanisms need to be introduced or strengthened to install an efficient self-evaluation system which would cover biennium planning, monitoring and progress reporting?
- To what extent, if any, has the reduction in the availability of funds affected the quality of the programme and UNIDO's capability to deliver the "product" and monitor the results?

#### Relevance to UNIDO medium-term priorities

- What lessons can be learned from the System of Consultations relative to the proposed UNIDO "programme approach" for the 1990s? Which aspects of the "programme approach" - regional, subsectoral, thematic - have thus far been best represented in the consultation process?

- Is the stronger focus on regional consultations resulting in more action-oriented and implementable follow-up measures?
- What is the desirability or likelihood of using the System of Consultations as a framework for involving various UNIDO organizational components in the technical co-operation programming process? What would be the organizational implications of such an approach? Does experience to date show that the above approach could lead to an increase in the resources available for technical co-operation?

#### Co-operation with other organizations of the UN system

- What lessons - particularly from recent experience - can be learned from the co-operation with other UN agencies in the preparation and conduct of, as well as follow-up to, consultation meetings? Under which circumstances has this co-operation been fruitful? In which situations have there been problems?

#### Future prospects

- Based on consideration of all issues listed above, what suggestions can be made for the future prospects and orientation of the subprogrammes analysed as well as the System of Consultations in general? Among the various agreed objectives of the System of Consultations, which ones are likely to be of most interest or to receive the most attention in the medium term?

### 2.1.2 Specific issues

#### Consultations on leather and leather products industry

- Has there been sufficient continuity in the consultation process in treating such subjects as (*inter alia*): survey of raw materials and actions to increase their availability, statistics related to the sector, setting-up of regional development (technological and training) centres, start-up of production or design units in developing countries, hides and skins development scheme, contractual agreements in tanning and footwear subsectors (the negotiations aspects), and integrated sectoral approach at national and regional levels? What have been the notable achievements in these areas?
- How successful has the Leather and Leather Products Industry Panel been in its role as a steering committee for these consultations? What comparisons can be made with similar bodies used in other consultations (e.g., *ad hoc* panel in consultations on pharmaceuticals)?
- What has been the role of the Leather and Leather Products Industry Panel in mobilizing the participation of representatives from industry and industrial associations?
- What is the perception of representatives of the leather and leather products industry in the developing as well as developed countries of UNIDO's ten-year efforts in this consultation process? Has there been an improvement in the understanding between them and an increase in industrial co-operation as a result of these efforts? Has there been sufficient exposure of UNIDO consultation activities in technical and other publication dealing with the subsector?

- To what extent does the current UNIDO technical co-operation project portfolio in the leather and leather products industry reflect the recommendations of the consultation meetings and subsequent follow-up measures?
- What lessons can be learned from the efforts of this consultation process in developing technical co-operation programmes (or schemes) and mobilizing the necessary funding? What results have been produced as a result of the regional focus on Africa? How relevant is the experience in initiating the "Regional Hides and Skins, Leather and Leather Products Development Scheme" to the development of the UNIDO "programme approach" in other subsectors?
- To what extent does work on developing the above regional programme provide valuable experience in approaching topics such as: (a) economic and technical co-operation among developing countries in the context of regional and subregional co-operation, and (b) industrial rehabilitation?
- What experience can be drawn from the co-operation with ITC and FAO in the preparation and follow-up to consultation meetings?

Consultations on the training of industrial manpower

- In what way have the recommendations of the first consultation - dealing, inter alia, with building up of training systems, development of methodologies to establish training needs, development of programmes in the training of trainers, strengthening information collection and dissemination mechanisms, assistance in formulating national industrial manpower programmes, and strengthening of training institutions - been followed up by UNIDO? To what extent does the current UNIDO portfolio of technical co-operation projects dealing primarily with training reflect the conclusions and recommendations of the first consultation?
- To what extent were the recommendations of the first consultation used for defining a UNIDO policy and strategy in the industrial training? What activities were undertaken by the UNIDO task force set up in 1983 to consider follow-up to this consultation?
- In which sense does the second consultation represent a continuity of action started by the first consultation? How did the topic of maintenance evolve as focus for the Second Consultation on the Training of Industrial Manpower?
- To what degree were operational novelties introduced in various phases of the second consultation, for example in: selection of issues, increased use of consultants from developing countries, increased participation of industry representatives (by specifying their required experience or specialization in preparatory materials), financing of participants from least developed countries, use of consultation meeting as a mechanism for generating and negotiating technical co-operation projects, and obtaining feedback from participants on a structured basis?
- What comparisons can be made between the First and Second Consultations on Training of Industrial Manpower, on the one hand, and sectoral consultations which have dealt with specialized training of manpower as major issues (e.g. Third Consultation on Iron and Steel or Second Consultation on Agricultural Machinery)? What lessons can be learned regarding the dilemma of whether to treat training as a specialized subject by sectors or as a general topic spread over various sectors?

- What actions are currently planned as follow-up to the second consultation? How are they co-ordinated with wider UNIDO actions and plans (or possible overall strategy) with respect to theme (or challenge) no.1 in the medium-term plan - human resource development?
- What lessons learned from consultations on industrial manpower training can be applied to other horizontal (or common-topic ) consultations planned in the future, such as the consultation on small- and medium-scale enterprises?
- Has the co-operation and co-ordination with ILO, particularly with respect to the second consultation which was jointly organized, been fruitful? What are the views of ILO representatives on some of the issues listed above? What are the related plans of ILO in the medium term?

### 3. Method of evaluation

#### 3.1 Obtaining information

The end-users of the System of Consultations are dispersed world-wide and include Government ministries, departments and agencies; representatives of public and private industrial enterprises and industry associations; industrial research and service institutions; investors; and various international organizations. As indicated in the scope of evaluation (Section 2 of this annex), it is essential that the evaluation study concentrates on analyzing the utilization of programme outputs by end-users and the effect of this utilization. Collecting information from these dispersed end-users will therefore constitute a significant part of this evaluation.

A good deal of relevant information will have to be obtained from those involved in the implementation of programme activities. In addition to UNIDO headquarters staff (with whom the evaluators have to be in close contact), this may include Resident Representatives, SIDFAs/JPOs, staff on technical co-operation projects and staff of other UN organizations.

#### 3.2 Types and sources of information

The information to be collected is directly related to the issues listed in Section 2.1 of this annex. One of the first tasks of the evaluation team will be to draw up a list of information required starting from these issues.

Information concerning programme design (particularly mandate and objectives) and background has, to a large extent, been collected in the preparatory survey. Some of the sources of information on activities and outputs have also been consulted. Further information on activities and outputs can be found in various UNIDO headquarters files. Information on usefulness, actual use and impact of this use will have to come as feedback from end-users or beneficiaries, as well as intermediaries. Most of the information in this category will have to be collected by the evaluation team.

#### 3.3 Techniques of information collection

The evaluation will use a combination of the following techniques:

- Review of files and documents at headquarters;

- Direct observation by involvement of the evaluators in some of the major activities of the subprogrammes;
- Interviews with headquarters staff directly or indirectly involved, as well as small samples of end-users and beneficiaries (This is potentially the most powerful data collection technique allowing evaluators to probe for detailed data and to adapt to different circumstances. The second part, however, is very costly in manpower, time and consequently in financial terms, and allows only a small sample to be covered.);
- Questionnaires (A good portion of information will have to be collected using questionnaires; as validity of findings depends to a large extent on the information collected by these questionnaires, it is very important that these are prepared carefully and tested before being used.).

#### 3.4 Phases of the evaluation study

The evaluation will consist of the following phases:

- Headquarters study  
(The study will include an extensive review of documentation, interviews at headquarters, design of questionnaires, selection of end-users to be contacted, sending of questionnaires, etc.)
- Observation of subprogramme activities and related interviews  
(At the present time, participation of one or more members of the evaluation team is foreseen at the Ninth Session of the Leather and Leather Products Industry Panel in Pecs, Hungary, scheduled for 25-27 October 1988. Participation in other consultation activities will be decided upon in the course of the study.)
- Field visits to a sample of consultations participants and end-users in both developed and developing countries  
(The exact choice of countries and individuals or organizations will be determined in the course of the study; interviews with some relevant end-users may be conducted in other ways, e.g. at UNIDO headquarters during various visits, by telephone and/or correspondence, etc.)
- Synthesis of findings and preparation of the evaluation report  
(The format and coverage of the report will be decided upon in the course of the study; however, the coverage will be in line with the scope and issues elaborated in Section 2 of this annex. During the synthesis, exchange of views with the staff and management of the System of Consultations Division will take place.)

The final evaluation report will be submitted to the Director-General who will decide on any further distribution.

#### 4. Composition of the evaluation team

The core team will consist of four members, as follows:

- For the analysis of consultations on leather and leather products industries
  - . 1 Evaluation Staff officer
  - . 1 Consultant (with experience in international co-operation with developing countries) - this consultant will also participate in the synthesis of overall findings for both subprogrammes

- For the analysis of consultations on training on industrial manpower
  - . 1 Evaluation Staff officer
  - . 1 Consultant (specialized in industrial training, with experience in international co-operation with developing countries)

The team members should not have been directly involved in the planning, preparation and implementation of the subprogramme activities. Upon prior consultation with the authorities of the Government of the Netherlands (donor), the consultants will be selected and supervised by the Evaluation Staff. The complete Evaluation Staff will be involved in the synthesis of findings and the preparation of the final evaluation report.

#### 5. Preliminary workplan

A detailed workplan and distribution of duties will be made when the team assembles and starts work on the headquarters study phase. The following general framework is proposed:

- Duration of the evaluation study: 6.0 months  
(1 November 1988 - 1 May 1989)
- . Duration of the headquarters study phase: 2.0 months  
(1 December 1988 - 1 February 1989)
- . Duration of the synthesis phase: 1.5 months  
(15 March - 1 May 1989)
- . Participation in subprogramme activities may overlap with the headquarters phase while field visits would not take place before 1 February 1989.
- Staff time of Evaluation Staff devoted to the study:  
3 m/m for each officer; total of 6 m/m
- Engagement of consultants:  
1.5 m/m for general consultant (covering leather and synthesis)  
2.5 m/m for training consultant  
3.5 m/m total

#### 6. Budget

The following preliminary estimate is made for the budget needed to finance the consultants in the in-depth evaluation as proposed above:

<u>Item</u>	<u>m/m</u>	<u>cost</u>
Consultants	3.5	US\$33,750
Travel (consultants)		" 11,632
		-----
	TOTAL	US\$45,382
		=====

(with 13% sup' costs, US\$51,282, i.e. 100,000 Dutch Fl.)

As can be seen from the "Preparatory Survey and Proposed Evaluation Study Design", the cost of the complete study amounts to approximately US\$80,000. The difference between this sum and the amount provided from project US/GLO/88/282 will be covered from UNIDO's regular budget. The financing of the complete study is then broken up as follows:

<u>Item</u>	<u>m/m</u>	<u>Project</u> <u>US/GLO/88/282</u>	<u>Regular</u> <u>budget</u>
Consultants	3.5	US\$33,750	-
Training consultant	0.5	-	US\$ 6,400
Evaluation Staff officers	6.0	-	-
Travel (consultants)		" 11,632	-
Travel (Evaluation Staff)		-	" 17,318
Miscellaneous (sundries, reporting costs)		-	" 5,000
		<hr/>	
		US\$45,382	US\$28,718
		or US\$51,282	
		with support costs	
		<b>GRAND TOTAL: US\$80,000</b>	
		=====	

## Annex II

### CASE STUDY 1

#### CONSULTATIONS ON THE LEATHER AND LEATHER PRODUCTS INDUSTRY

##### 1. Introduction, short history, evaluation methodology

The consultations on the leather and leather products industry are among consultations with the longest history, the first one having been held in 1977. The significance of the leather and leather products subsector for the developing countries is illustrated by their share in the total world output of around 35%, higher than in any other subsector covered by the System of Consultations. The subsector is an example of an industry processing raw materials and intermediates exported by the developing world. The consultations have covered all three stages and many of the delicate problems encountered in the consultation process (refer to Section 1.3 of the report) and appear to have had considerable continuity in dealing with chosen issues. The consultation, negotiation and implementation aspects have been dealt with to a considerable degree, with significant follow-up activities already undertaken or currently taking place. The past consultations on leather and leather products industry and the current activities resulting from them (focussed mainly on the African region) illustrate issues and trends which the System of Consultations as a whole should address in the near future. Lessons learned from these consultations could therefore be applied to on-going or future subsectoral (or "vertical") consultations.

The evaluation methodology used for the leather and leather products industry consultations included:

- Files and documents review at headquarters;
- Interviews with headquarters staff directly or indirectly involved in the consultations;
- Direct observation of and participation in the Ninth Session of the Leather and Leather Products Industry Panel (Pecs, Hungary, 25-27 October 1988);
- In conjunction with the Leather Panel session, interviews with participants of consultation meetings and beneficiaries: a total of 15 participants (4 dating back to the first consultation, but still involved in various activities) and over 20 beneficiaries of the results of consultations (most of the beneficiaries also being former participants); 8 developing and 6 developed countries were represented, as well as 5 UN and non-governmental organizations;
- A limited number of questionnaires (15) sent to and received from beneficiaries in Africa (related to the current follow-up taking place in the region).

##### 2. Subprogramme design

The subprogramme design cannot be analyzed separately from the programme design for the System of Consultations, which is done in Chapter 2 of the report. It can be said that issues for the consultation meetings were carefully studied, selected and prepared. The primary outputs of



consultations - reports with conclusions and recommendations - were of high quality. Recommendations were in most cases specific, with many addressed to UNIDO for undertaking follow-up action. The follow-up action, closely monitored by the Leather and Leather Products Industry Panel, identified areas of focus for subsequent consultations. This continuity led to meetings becoming more and more focussed. For example, the Regional Meeting in Africa, held in 1987, had very specific objectives identified in the aide-mémoire, i.e. to assess the potential in African countries and outline a strategy for the accelerated development of the sector. The desired participants' profile was also clearly defined.

### 3. Implementation of activities

Three global consultation meetings have been held thus far (Innsbruck, Austria, November 1977; Cologne, Federal Republic of Germany, June 1980; Innsbruck, Austria, April 1984). There has been a considerable continuity in the consultation process in terms of issues dealt with, solutions proposed and follow-up action implemented. The three global consultations have, inter alia, considered such matters as scenarios for the medium- and long-term development of the sector, surveys and statistics dealing with raw materials and products, programmes to increase raw material availability, development of regional technological centres, close involvement of industry representatives through a co-ordinating body known as the Leather and Leather Products Industry Panel, consideration of an international hides and skins development scheme, and development of checklists for contractual agreements.

The third consultation strongly recommended that the consultation process focus on Africa considering the objectives of the Industrial Development Decade for Africa. A regional follow-up meeting, held in Alexandria, Egypt, in January 1987, analyzed the constraints and shortcomings experienced in the African leather industry as a whole. It considered the necessary policy level action, a hides and skins improvement programme, measures to increase capacity utilization in tanning and shoe manufacturing, regional and interregional co-operation, measures for promoting trade and other matters. As a first priority measure, an integrated sectoral improvement programme or scheme was proposed and UNIDO entrusted, in agreement with FAO, to seek the funds necessary for its implementation. Recent developments have included intensive negotiations between African countries, major donors and UNIDO resulting in the launching of a comprehensive regional technical co-operation programme dealing with collection and improvement of raw materials as well as optimization and rehabilitation of selected existing processing facilities. The so-called "Regional Hides and Skins, Leather and Leather Products Improvement Scheme" was initiated in 1988 for two African subregions.

#### 3.1 UNIDO in-house co-operation, co-operation with UN agencies

The leather and leather products industry consultations represent a model as far as efficient preparation, conduct of and follow-up to consultation meetings are concerned. UNIDO in-house co-operation in preparatory and follow-up activities between the organizational unit with the System of Consultations Division and the Agro-based Industries Branch of DIO has been close and productive (the former Sectoral Studies Branch was also involved at times). Their joint role in servicing the Leather Panel (see below) has been very constructive. The intensive involvement of the Leather Unit, Agro-based Industries Branch, DIO, in all phases of the consultation process has been one of the key factors in producing tangible results from the consultations. Co-operation between UNIDO and other UN agencies (particularly FAO, UNCTAD, ITC, UNEP) in the consultation process has also been satisfactory. FAO and ITC are closely involved with UNIDO in the Africa regional technical co-operation programme.

### 3.2 Leather and Leather Products Industry Panel

A clear picture about the implementation of this sub-programme of the System of Consultations cannot be obtained without a review of the role of the Leather and Leather Products Industry Panel, which has positively influenced the preparation of consultation meetings, selection of issues for consideration, attendance at meetings, conduct of meetings and, particularly, follow-up action.

The Panel was created as a steering committee or advisory body of experts in accordance with a recommendation from the First Consultation on the Leather and Leather Products Industry in Innsbruck (November 1977). The first session of the Panel was held in Vienna, June 1978, and the most recent one, the ninth, in Pecs (Hungary), October 1988. The terms of reference for the panel stipulated that the members of the Panel, a maximum of 20, are to be appointed by the Executive Director and confirmed by the IDB, whereby due consideration should be given to the geographical distribution and technical competence of the members. The Panel has a strong representation of experts from the leather industry of both developed and developing countries. UNIDO pays for the travel of experts to the place of the meeting, as well as related daily subsistence allowance (DSA), but not a salary or fee.

Early Panel meetings concentrated on follow-up steps to the first consultation and gave UNIDO and FAO Secretariats specific tasks to achieve prior to each ensuing Panel meeting.

The Panel prepared programmes and issues for the second and third consultations, and for the regional meeting in Africa, thus eliminating the need for any additional expert group or preparatory meetings (only the first consultation was preceded by three regional preparatory meetings). A total of nine panel sessions were held in ten years: three between first and second consultations, three between second and third, one between third and the regional meeting, and one as follow-up to the regional meeting.

The Panel has been refreshed with new members over time so that it does not become an exclusive gathering. The nomination and acceptance procedures for new members are flexible (not excessively formal). Proposals are made by the UNIDO Secretariat. The Panel has been an excellent tool for mobilizing participation of industry and industrial associations in consultations, as well as for improving co-operation between UN agencies.

During its ten years of existence the Panel has been recognized both inside and outside UNIDO as a very useful body which has contributed considerably to the UNIDO consultations and technical assistance activities in the subsector. Through sound advice it has influenced the industry in both developing and developed countries to accept the work of UNIDO in the subsector as beneficial to both parties in a balanced way. It should also be noted that the Panel is enjoying such prestige within the industry that many top professionals in the leather and leather products field consider it important to retain their membership in the Panel. The role of the Panel is now much wider than just a steering committee for consultations; it has become an advisory body (and a filtering mechanism) for all UNIDO efforts in the leather subsector.

The UNIDO Secretariat has used the Leather Panel intelligently and efficiently. By preparing follow-up proposals to be discussed at Panel meetings, actively seeking financing for diagnostic work and specific studies or other activities, engaging consultants recommended by the Panel and carefully preparing materials for Panel meetings, the Secretariat took an active role in the consultation process (much more so than in other

consultations). This resulted in well prepared and documented issues for subsequent consultation meetings, background materials of good quality, meetings which were focussed and professionally conducted, reports (conclusions and recommendations) which were specific and formulated in a way susceptible to follow-up (giving directions or a plan of action for UNIDO to implement) and relatively effective follow-up (it was not always possible or even justified to implement all of the recommendations of consultation meetings).

### 3.3 Selection of issues for consideration

As far as the selection of issues for consultations is concerned, beginning with the second consultation, the leather and leather industry sector was continuously analyzed in an integrated manner, starting with raw hides and skins improvement considerations and going all the way to marketing and trade in leather products. The third consultation (1984) went as far as suggesting that only an integrated programme approach at the national level could provide a relevant framework for international co-operation. Specific recommendations were given for an integrated programme approach which was later elaborated for Africa at the regional meeting (1987) and followed-up in the form of a comprehensive technical co-operation programme including both regional and individual country aspects (started in 1988).

### 3.4 Participation at meetings

The integrated approach to the leather sector and the more specific issues attracted more industrial and business community representatives to the consultation process. These consultations are considered a model in attracting and increasing industry representation. The percentage of industry representatives rose from 36% in the first consultation to 58% in the third, and reached 64% in the regional meeting for Africa when very specific issues became dominant. Representation from government organizations dropped from 39% in the first to 27% in the third consultation (14% at the Africa meeting), with diplomatic mission representation diminishing significantly in the process.

One strong impression from this evaluation is that through the consultation process UNIDO has developed a good reputation in the leather subsector and its efforts are taken seriously by industry in both developed and developing countries. The close involvement of international associations in the consultation activities (International Council of Tanners, with representation by 36 countries, and International Council of Hides, Skins and Leather Traders Associations, with members from 20 countries) has contributed to this. As an illustration, at its annual conference in 1988, the International Council of Tanners adopted a resolution supporting the UNIDO African hides and skins programme and urging its extension and expansion beyond the three-year demonstration or starter phase. While UNIDO activities in the leather subsector have been strong in general, it cannot be denied that the System of Consultations has provided an excellent mechanism to promote their development.

### 3.5 Conduct of meetings

The consultation meetings on leather were efficiently conducted. The Chairmen and Vice-Chairmen elected were always distinguished figures in the leather industry, often experienced in conducting discussions. Many of them were members of the Leather Panel, therefore already familiarized with the issues and expectations from the consultation meetings. The UNIDO Secretariat took a strong, active role in presentations and discussions at the meetings. This is clearly illustrated by the third consultation, where the secretariat,

at the end of introductory presentations on issues, suggested which specific questions should be answered by the meeting (including modalities in which UNIDO could be instrumental in promoting international co-operation in integrated leather and leather industry development programming). All these well executed steps resulted in productive discussions and clearly formulated recommendations, most of them to UNIDO (and other UN agencies, primarily FAO) for specific follow-up action.

Most of the participants in the leather consultations interviewed were of the opinion that, in subsectoral consultations such as this one, regional meetings are more effective than global in terms of possible follow-up. The regional meeting in Alexandria was an example of a well-prepared and focussed meeting, in which the detailed analysis of the country-by-country and subregional situation led to a well formulated follow-up in terms of a large technical co-operation programme.

### 3.6 Follow-up

Since most recommendations of consultation meetings were addressed to UNIDO and were specific enough, the secretariat could take an active role in implementing them. The Panel was used as an advisory, filtering and monitoring mechanism. It is worth noting that on certain recommendations, after studies were carried out and discussed at Panel meetings, the Panel came to the conclusion that further action was not justified or warranted for the time being and should be dropped, delayed or modified. Two examples are: formulation of ground rules for the rationalization of world production, marketing and trade in the leather and leather products industry (where consensus could not be reached), and development of manufacturing and acquisition of tanning chemicals in developing countries (further follow-up on the subject - after a series of diagnostic studies - was postponed because timing was not considered ripe).

## 4. Significant results produced

(refer to categories or types of outputs in Section 2.4 of the report)

### 4.1 Preparatory to meetings and at consultation meetings

- A series of studies and surveys analyzing the leather subsector, for example:
  - . World-wide study on the leather and leather products industry, 1975-2000 (first consultation)
  - . Leather and leather products industry up to 1985 (second consultation);
  - . The leather and leather products industry - trends, prospects and strategies for development (third consultation).etc.
  
- A series of papers (issue papers) and documents of good quality identifying subsectoral problems or measures to accelerate development in the subsector, for example:
  - . Raw hides and skins - measures to improve their world-wide availability, quality and statistical intelligence (second consultation);
  - . Problems and prospects of production and marketing of leather products in developing countries, and co-operation measures which could be envisaged between developing and developed countries (second consultation);

- . Strategies for increasing production of tanning chemicals in developing countries (third consultation);
  - . Integrated development programme of the leather and leather products industry in Africa (regional meeting);
  - . Some financial aspects of the development of the leather and leather products industry in Africa (regional meeting).
- etc.
- Consultation meeting reports containing important decisions and statements on issues, including specific recommendations, most addressed directly to UNIDO (and associated UN agencies, primarily FAO);
  - International hides and skins development scheme (set out at the second consultation).

#### 4.2 Follow-up results/outputs

This is a category in which the consultation process has produced significant results. These include:

- Practically oriented manuals, for example:
  - . Component and auxiliaries manufacture for shoe and leather products industry in the developing countries;
  - . Techno-economic study on measures to mitigate the environmental impact on the leather industry, particularly in developing countries;
  - . Computer software for simple leather and shoe costing and grading.
- Statistical compendia, used by planners in governments and UN organizations:
  - . Up-dated FAO world statistical compendium on raw hides, skins and leather footwear, 1961-1982;
  - . World-wide statistics on raw hides, skins, leather and leather footwear, 1970-1982;
  - . Information sources on leather and leather products industry.
- Guidelines for contractual arrangements, praised by end-users in developing countries as a good basis for preparing contract negotiations:
  - . Checklist for contractual agreements in the footwear sector between enterprises from developed and developing countries;
  - . Checklist for contractual agreements in the tanning sector between enterprises from developed and developing countries.
- Technical co-operation projects dealing with regional technological laboratories and technical training centres (recommended at the first consultation, followed-up and monitored at all subsequent consultations and Leather Panel meetings). The following technical co-operation projects, all financed by special purpose contributions to UNIDO, were developed as part of the follow-up to the consultations:
  - . Footwear and Leather Goods Training and Demonstration Centre, Philippines (started in 1980);

- . Pilot and Demonstration Centre for Tannery Effluent Treatment, Brazil (started in 1980);
  - . Leather Development Centre, Kenya (started in 1979);
  - . Leather Technology Centre, China (started in 1983).
- A portfolio of technical co-operation projects which reflects recommendations of consultation meetings and subsequent follow-up measures (regional projects as given above, national projects setting up production, testing and design units, etc.);
- Diagnostic studies on prospects of leather and leather products development for numerous developing countries, as follow-up to recommendations of second and third consultations (related to hides and skins development scheme and the integrated programme at the national level);
- A regional technical co-operation programme (of a demonstration or pilot nature), dealing with collection and improvement of raw materials as well as optimization and rehabilitation of selected existing processing facilities (tanneries), under the title of "Regional Hides and Skins, Leather and Leather Products Improvement Scheme". The programme has been designed for two sub-regions: East and West Africa. The East Africa programme, with a budget of \$13 million (in the form of special purpose contributions by six European donor countries to UNIDO), has started at the end of 1988, and is planned for a 3.5 year duration. The West Africa programme, planned with a budget of \$9 million, is still in its preparatory phase. The Africa technical co-operation programme, supported by the international community, represents a culmination of efforts in the consultation process to solve the problems in the subsector by an integrated approach. The programme incorporates government sensitization aspects at the policy level as well as manpower development (training) programmes. The East Africa programme consists of a regional umbrella project (located at the Leather Development Centre in Nairobi, Kenya), which covers problems characteristic for the sub-region, and eight smaller country projects which cover topics specific to these countries.

## 5. Conclusions

The consultations on the leather and leather products industry represent a model in terms of efficient preparation, conduct of meetings and follow-up leading to significant results. The outputs of the consultations (described in Section 4 of this annex), many of them impressive, are a result of years of efforts in a subsector where the developed and developing countries found a common interest. It should be noted that this consultation process has had a twelve-year history. In this subsector, the System of Consultations has provided a good opportunity and mechanism for development of international co-operation and understanding between developed and developing countries. During the evaluation it became clear from the reaction of participants at meetings, as well as end-users, that the consultation process was in fact the key factor in developing this international co-operation. In the process, UNIDO has earned a strong reputation in the leather and leather products industry and has been able to attract wide interest and participation by industry and industrial associations in support of its efforts. The most impressive achievement of the consultation process has been the development of an integrated programme approach in the subsector, which is now being implemented in Africa.

The following programme objectives of the System of Consultations (given in Section 2.4 of the report) have been or are being achieved in a satisfactory manner in the leather and leather products industry subsector:

- A better understanding on the part of developed countries of the objectives and aspirations of developing countries and the role they can play in achieving these objectives;
- Increased awareness on the part of developing countries of the obstacles and critical issues encountered in and the need for structural adjustment of their leather and leather products subsector;
- Action-oriented measures taken by developing countries to increase industrial production based on priorities, strategies and needs, as outlined by consultation meetings;
- Established contacts and initiated - as well as implemented - action between relevant parties (Government, companies, financial institutions, international organizations, etc.) concerning technical co-operation programmes (with a rehabilitation/investment component).

#### 6. Recommendations

Considering the current advanced status of the consultation process, another global consultation in the leather and leather products industry does not appear necessary at this time. The Africa integrated programme can be monitored and adjusted through existing UNIDO project management mechanisms and through the Leather Panel, which should meet more frequently (not necessarily with full membership) than has been the case in the past three years. The positive experience with the regional effort in Africa fully justifies a regional focus on Asia and the Pacific, as proposed by the Secretariat for the biennium 1992-1993, in the form of a regional consultation. The Leather Panel has already considered the possible topics applicable to the Asian region, which differ considerably from those for Africa.

The positive experience with the leather and leather industry consultations provides a number of lessons learned which could in the future be applied to other subsectoral (or vertical) consultations. These include:

- Clear subprogramme design in the form of specific objectives for every meeting and definition of desired participants' profile;
- Close UNIDO in-house co-operation in the preparation, conduct of and follow-up to meetings, including an active role of the relevant DIO organizational unit (which should integrate activities related to consultations with its other activities);
- Use of a permanent steering/advisory panel of outside experts - primarily from industry - for preparing, conducting and following-up consultations meetings. The advisory body of experts should be used for all UNIDO activities in the subsector;
- Active role of UNIDO Secretariat in preparing and conducting consultation meetings, resulting in very specific guidance to UNIDO for further action;

- An integrated programme approach for the subsector which considers region (and country-by-country) specific needs;
- Effective mobilization of industrial and business community participation in the consultation process;
- Selection and use of consultants already experienced in international co-operation and familiar with (integrated in) the functioning of the UN/UNIDO system;
- Focus on regional and subregional meetings and activities.



Annex III

CASE STUDY 2

CONSULTATIONS ON THE TRAINING OF INDUSTRIAL MANPOWER

1. Introduction, short history, evaluation methodology

This evaluation of consultations on the training of industrial manpower covers the preparatory work, conduct and follow-up of two global consultations. The First Consultation on the Training of Industrial Manpower took place in Stuttgart, Federal Republic of Germany, in November 1982. The Second Consultation on Training of Industrial Manpower was held in Paris, France, in September 1987.

The importance of training was stressed in most subsectoral consultations since 1977. However, it was felt that the subject deserved to be discussed in greater detail. A decision by the Industrial Development Board to convene a global consultation on the training of industrial manpower was endorsed by the Third General Conference of UNIDO held in New Delhi in 1980.

The first consultation intended to approach in a coherent manner a variety of industrial training issues. These included the fundamental role of human resource development in the industrialization process, the analysis of training needs in relation to national industrial priorities, the linkages between different kinds and levels of training and education subsystems, the requirements of industry, and the need to consider training from the outset of every industrial development project.

The Fourth General Conference of UNIDO, August 1984, considered human resources development as a matter of priority consideration. It recommended to UNIDO to "accord special attention to the problems of maintenance of industrial plants and develop programmes for that purpose". During its 19th session in May 1985, the IDB gave UNIDO the mandate for the "Second Consultation on the Training of Industrial Manpower".

The Second Consultation on the Training of Industrial Manpower focussed on maintenance training issues. Two major issues were considered: (i) human resource development for industrial maintenance at the enterprises level; and (ii) national support policies and action for human resources development in industrial maintenance.

The industrial training consultations represent the only common-topic or "horizontal" consultation process which has had some continuity. Common topic consultations deal with subjects which have relevance for many or all industrial subsectors.

Both consultations had two formal preparatory meetings:

First Consultation: Expert Group Meeting, Vienna (Austria), May 1981; and Global Preparatory Meeting, Innsbruck (Austria), January 1982;

Second Consultation: Global Preparatory Meeting, Paris (France), January 1986; Regional Preparatory Meeting, Nairobi (Kenya), June 1986; and a small expert group meeting, Vienna, February 1987.

Neither global consultation was followed-up with inter-regional or regional consultations or other types of consultation follow-up meetings.

The first consultation stressed the importance of the training of industrial manpower and focussed, *inter alia*, on the consequences of the emerging of a world market for industrial training. It was also felt that accelerated technological changes made a qualified labour force an even more critical factor of production. Regrettably, the first consultation had little, if any, co-ordinated follow-up or continuity.

The second consultation attempted to tackle issues connected with industrial training once again. Having learned from the short-comings of the first consultation, it was decided to limit the training topic to maintenance issues only and to systematically follow-up the recommendations of the consultation.

Successes and problems experienced in the preparation for, conduct of and follow-up actions to the first and second training consultations provide useful conclusions, recommendations and lessons learned for common-topic consultations and the System of Consultations in general.

The evaluation methodology used for the training of industrial manpower consultations included:

- File and document review at headquarters;
- Interviews with UNIDO and ILO headquarters staff;
- Missions to selected developed countries to interview participants and organizers. Countries visited were: United Kingdom, France, Belgium, Democratic Republic of Germany, Federal Republic of Germany, and Switzerland. Number of people interviewed was 53;
- Missions to selected developing countries to interview participants. Countries visited were: The United Arab Republic of Egypt, Ethiopia, Kenya, Bangladesh, and Thailand. People interviewed included 34 developing country participants or end-users and 15 representatives of UN organizations;
- Questionnaires sent to 32 UNIDO field representatives (SIDFAs and JPOs) in countries not visited by the evaluators where training consultation participants reside. Fourteen responses were received;
- Review of over 100 follow-up questionnaires, which were sent to all participants of the second consultation by the System of Consultations Division.

## 2. Subprogramme design

The design of the First Consultation on the Training of Industrial Manpower commenced with the IDB setting up a working group in 1978 "... to enhance ways of maximizing the use of industrial manpower training facilities in developed and developing countries and exploring their potential for expansion in relation to the needs of developing countries".

These issues were then studied at the first preparatory meeting, an expert group meeting, held in May 1981, which provided substantive comments, but no guidance as to the design of the consultation itself.

At the global preparatory meeting in January 1982 participants were to give guidance on the importance of issues for the first consultation. At this stage, however, recommendations were vastly expanded to cover a multitude of training issues which could not possibly be meaningfully discussed in a five-day consultation meeting with a very large and mixed group of participants.

The issue papers submitted to the first consultation meeting started by quoting the IDB objective in setting up the original working group mentioned above. However, the issues formulated go far beyond original intentions by phrasing questions like "to what extent ... can international co-operation in the field of industrial training supplement national efforts to create and develop a national technological and training capacity to master the industrialization process?", and by relating these with problems of matching training supply and demand and possible co-operation arrangements for training for the acquisition of technology. The meeting had also to consider three dimensions: national training systems, organization of counterpart mechanisms in developed and developing countries, and the role of international organizations. Given the already complex nature of training, the questions to be considered gave the meeting an even greater complexity.

Nevertheless, amongst the approximately thirty-eight documents prepared for the first consultation many were considered to have been well prepared and potentially useful to industrial training managers and planners even today. However, many participants have not read all of them and hardly any have been used for follow-up or were summarized into usable documents for busy decision-makers.

There was a lesson to be learned from the above. The next consultation on the training of industrial manpower would focus on a limited number of priority issues/subjects and provide specific action-oriented guidelines for multilateral co-operation, in particular by involving UNIDO.

The objective of the global preparatory meeting held in Paris in January 1986 was to select issues for the second consultation on training. Originally the second consultation was to consider two subjects: (i) the development of human resources for industrial maintenance; and (ii) the development of human resources for the mastery of technological change. To avoid repeating the excessively broad first consultation, and in recognition of the complexity of topic (ii) above, as well as in view of the lack of a sponsor for an expert group meeting on this subject, it was dropped at the meeting. As it turned out, the issue of maintenance contained more than enough material.

Preparatory discussions then centred on human resource development for industrial maintenance, however, already at the global preparatory meeting the priority areas selected included all facets of the maintenance function. This is understandable and only underscores the difficulty of focussing on a few specific issues when dealing with a common topic.

Beyond the development of issues for discussion, subprogramme design should specify clearly why consultation meetings are held. Many participants interviewed expressed an uncertainty as to the objective of the consultations. This was exemplified by the absence of any expression of objectives for the first training consultation. As regards the second consultation, the aide-mémoire goes some way to expressing objectives ("... drawing up of action-oriented programmes and ... identification and promotion of projects emanating from the recommendations adopted"). This is, however, hidden in paragraph 22 on page 8. In any event, the aide-mémoires did not make it clear enough to potential participants what the consultations were for and why they should attend.

In the context of the present System of Consultations, issues and supplementary documentation prepared for the second consultation can be considered to have been very good.

### 3. Implementation of activities

The First Consultation on the Training of Industrial Manpower recommended inter alia that UNIDO, in collaboration with other United Nations agencies (especially ILO and UNESCO), should strengthen its capacity and programmes to assist developing countries in building up coherent and comprehensive training systems; continue to develop methodologies to contribute to the determination of industrial manpower and training needs; develop active programmes to assist developing countries in the training of trainers, specialists, managers, supervisors and other cadres on a permanent basis; and assist developing countries in the establishment or strengthening of mechanisms to co-ordinate the collection and dissemination of information relevant to industrial training. It also recommended that UNIDO should assist developing countries in the formulation of national industrial manpower programmes, in strengthening training institutions and in co-ordinating action and mobilizing resources for industrial manpower development in the context of national development plans; and that UNIDO should draw attention to the need to include an industrial training component in all capital projects.

The Second Consultation on the Training of Industrial Manpower considered two major issues: (i) human resource development for effective industrial maintenance at the enterprise level, and (ii) national support policies and action for human resources development in industrial maintenance. UNIDO and ILO were co-organizers of the consultation. Recommendations dealt with maintenance training at the enterprise level (with priority sectors suggested); negotiation and acquisition of capital goods; spare parts management and manufacture; special needs of small- and medium-scale enterprises; national maintenance policy and strategy, and training policy for maintenance. The meeting also included sessions devoted to negotiation of technical co-operation projects in an attempt to use this opportunity to generate projects dealing with training in maintenance.

The conclusions and recommendations of the Second Consultation reflected the following findings:

- The maintenance problem is a serious factor hampering the social, economic and industrial development process of developing countries;
- There is a lack of comprehension of the maintenance function in all its aspects and complexities;
- Policy-makers in Government and national institutions including training institutions and in enterprises are not sufficiently aware of the benefits derived from systematic maintenance and how to organize it;
- Developing countries need to formulate national policies and programmes to stimulate attention for maintenance at national and enterprise levels, and to generate a commitment for maintenance through the allocation of the necessary financial, physical and human resources;
- There is an urgency for the formulation and implementation of plans of action to tackle the maintenance problems expediently and diligently;

- The maintenance problem can only be contained and overcome through the development of adequate human capabilities at all levels and in all subsectors.

At best the first consultation allowed participants to discuss the training of industrial manpower as a whole and review analyses of key inter-related aspects of training. The recommendations which emerged represented a global approach which UNIDO could have used as a basis for the development of a global training strategy in the field of human resource development for industry.

The second consultation provided participants an opportunity to discuss all facets of industrial maintenance at the policy and enterprise level. The conclusions and recommendations represented a very good checklist of what one should consider when dealing with the subject of maintenance.

### 3.1 UNIDO in-house co-operation, co-operation with UN agencies

For the first consultation a joint UNIDO/ILO/UNESCO working group was established in December 1978 to co-ordinate the preparation of eventually two main discussion documents and 28 information papers. This arrangement worked reasonably well. However, during the consultation, differing views cropped up among the UN agencies which were not reconciled during the meeting nor for a long time afterwards. It appears that there was a difference of perception how to deal with some of the issues which were discussed during the consultation.

On 7 March 1983 a UNIDO Task Force on the Training of Industrial Manpower was set up which was to bring together different parts of UNIDO to play a co-ordinating role for all UNIDO activities relevant to training. The terms of reference specifically empowered the task force to co-ordinate, advise and recommend actions required for the preparation and follow-up of training consultations. The task force convened in mid-1983 and decided that there was a need for a progressive formulation of a co-ordinated UNIDO training policy. It was agreed that the first step towards this objective should be the completion of a survey on UNIDO's on-going activities in training. This would allow the identification of key problems and issues for further discussion and investigation by the task force. Integrated follow-up to the first consultation could then be identified. The survey report was never formally issued. Moreover, the Chairman of the Task Force died and the task force never met again. This effectively stopped systematic UNIDO in-house co-operation in following-up the first consultation.

The draft training survey dated 1 February 1984 prepared by the Secretary of the Task Force highlighted the need for an integrated UNIDO training approach by country and subsector. This need is present today as much as it was then and is a prerequisite for an effective follow-up of any future consultation on training.

For the second consultation and in the absence of a formally reconstituted training task force, the System of Consultations Division decided to work with an informal in-house co-ordinating committee to review and prepare the work for the second consultation. The committee's deliberations were co-ordinated by the Consultation Division officer who was in charge of the preparation for the second consultation. Membership included the Heads of the Industrial Training Branch and Engineering Industries Branch. The committee met six times prior to and three times after the consultation. It reviewed all documents until they were finalized, drew up lists of invitees and prepared offers of technical co-operation. The co-ordinating committee worked well together and no problems were reported.

The evaluators, however, are of the opinion that an officer from the Industrial Policy and Perspectives Division should have been appointed to the co-ordinating committee. Moreover, since the second consultation dealt with maintenance, which is a management topic, the Head of the Industrial Management and Rehabilitation Branch should also have agreed to appoint a staff member to this group.

The Industrial Management and Rehabilitation Branch is part of the Industrial Institutions and Services Division. This Division has not actively participated in the second consultation although it was aware that the results of the consultation dealing with maintenance training could to a great extent fall within their area of responsibility i.e. maintenance is a subject within the field of management and maintenance system development. The lack of this Division's participation during the preparation for, implementation of and now follow-up to the second consultation will make effective follow-up even more difficult than it already is.

Beside attending the second consultation, the Area Programme Division responsible for UNIDO-wide programme and project development participated in the training consultation process and programming follow-up. Project ideas developed by the Area Programme Officer during the consultation were sent to seek Government requests for these projects.

The negative experience of inter-UN-agency co-operation during the first consultation discussed above was more than made up for during the second. ILO co-operation included the preparation of a background document; taking charge of one working group at the global consultation; sharing in the work of the 'bureau' during the consultation; participating in a UNIDO expert group meeting; and assisting in financing least developed country participation. The evaluation team's visit to ILO and correspondence between ILO and UNIDO suggest a great willingness to co-operate in the follow-up to the second consultation and full desire to be involved in relevant future consultations such as the one on small- and medium-scale enterprises.

The second training consultation provided a good example of how the System of Consultations can serve as a vehicle for promoting greater inter-agency co-operation.

### 3.2 Selection of issues for consideration

The eventual design of a consultation meeting will depend on the identification and selection of issues which will be discussed during the global consultation. Since the development of issues for the common topic consultations dealing with training have affected the design of the training consultations they have been discussed under Section 2 - Subprogramme design.

As already stated, the issues presented at both consultations were, despite an elaborate process to refine them, still too broad to allow for an adequate exchange of views on opportunities, constraints, needs and actions required to address them. In effect, the consultations generated a consensus of what aspects are important enough to be given further consideration, and what should be done in very broad terms in the field of industrial training and maintenance. Since the first and second training consultations were in effect covering two subject areas for the first time, perhaps that is all that can be expected given the present approach to consultations. As a follow-up to the second training consultation, recommendations have been consolidated by the System of Consultation Division. Efforts are also being made to develop plans of action.

Almost all participants interviewed had an ambivalent attitude about the benefits of discussing issues as is presently practiced during a consultation. Each participant benefited from the exchange of views yet the results of this exchange had, with a few exceptions, little impact beyond what participants personally gained when they returned home.

Several participants felt that the conclusions and recommendations generated during the global consultations could have been readily developed beforehand by UNIDO and ILO, assisted by experts. A global consultation could then have built on these by considering specific proposals developed by UNIDO to tackle identified problems and deciding on how developed and developing countries could co-operate in a programme of action to solve such problems.

### 3.3 Participation at meetings

The total number of participants and observers in the first training consultation was 211 and in the second 289. The number of participants was generally considered to be too high to allow in-depth discussions.

On the other hand, if one has an eventual in-country impact in mind, a topic such as training would require the participation of far more than the target of two from each country. One reason for this is that common topics such as training are dealt with by a large number of ministries, organizations, institutions, associations and enterprises. Often they are not working closely together in their home country. If for example a participant from one enterprise attends a training consultation little if any change can be effected by this individual upon his return. In theory a critical mass from each country in terms of composition (Government, associations, institutions, etc.) should attend the consultation, if action-oriented follow-up measures are to be taken in the countries represented. This would however mean that hundreds of participants would need to attend, making what is already an unwieldy meeting unmanageable.

Although host country participants from Germany and France were represented in large numbers i.e. 43 German participants in Stuttgart and 99 French participants in Paris, they were not considered to have dominated the meetings. The number of host country participants taking an active part in the meetings diminished during the week in any case.

There was an insufficient number of participants at either consultation from developing countries. The mixed nature of participants - practitioners, development experts, consultants, diplomats, government officials, etc. - caused some dissatisfaction among them. With regard to the general perception that the System of Consultations does not attract sufficient industrial enterprise representatives, it was found that participants from industry associations and institutions are more desired for common-topic subjects.

An important finding with respect to participation revolved around the problem of inexperienced developing country participants feeling dominated by experienced consultation "professionals" and developed country representatives by virtue of their experience and ability to articulate their well prepared standpoints. Several developing country participants therefore felt that the needs of developing countries were not addressed as fully as they should have been.

UNIDO itself should be more adequately represented at the Consultation, especially by SIDFAs who are potentially in a position to initiate and promote follow-up action at the national level. A larger substantive delegation from

Headquarters would have also allowed for the better provision of advice, more intensive discussions in programme/project identification and more enthusiastic UNIDO follow-up afterwards.

Many participants who were interviewed expressed some disappointment in the training consultations in terms of unfulfilled expectations. Their reasons varied widely accordingly to their perception of the purpose of the meetings. All, however, considered to have benefitted to a certain degree. Clearly expressed meeting objectives could do a great deal to reduce disappointment.

### 3.4 Conduct of meetings

The evaluators of this subprogramme did not have the benefit of attending any of the preparatory nor the two global consultation meetings. The conduct of the meetings was however discussed with all persons interviewed by the evaluation team. In general, everyone benefited and was impressed with the organization and hard work put in by all concerned to prepare for and conduct the meetings.

When asked about the deliberations during the meetings, a wide variety of views was expressed. They should not be taken as a criticism against the organizers. They are more symptomatic of the mixed composition, different expectations and multiple objectives of the participants and the System of Consultations itself.

The following views apply to both consultations. Generally, all participants were not completely satisfied with the level and content of discussions. Many felt that the meeting should have had more discussions on actual developing country needs, constraints and possible solutions to industry training problems.

In the field of maintenance, several participants would have liked to have had more discussions on the ways and means to solve problems concerning financial and economic benefit measurement of maintenance; how to design and install maintenance systems including training requirements; what spares should be produced locally; and the requirements of simplified maintenance manuals and maintenance documentation.

Those who wanted to discuss technical and managerial issues were not able to get other participants to focus on the subject at hand. Many felt that those who knew little about the subject were too vocal.

Several developing country participants had an interest in learning what training capabilities are required and how to develop them. At the same time, those who could offer support in this effort felt that they were not given adequate opportunity to present their capability to assist developing countries in this area.

The UNIDO and ILO papers prepared for the meeting were, according to some, only introduced and never really discussed. All participants interviewed felt that a subject like 'training of industrial manpower', even if limited to the field of maintenance, cannot adequately address the individual needs of participants. At best, discussions on such broad topics can only produce generalized appeals with little chance of follow-up.

Several felt that this problem could be solved if discussions on 'common topics' were held within the context of a particular subsector or branch of industry.



Another suggestion on how to focus discussions was to have separate consultation meetings on government maintenance strategy and maintenance at the industry level.

Many participants were of the opinion that UNIDO should adopt a higher profile, both in making technical proposals and in directing the meetings. Participants look to UNIDO for guidance and expect UNIDO to have a standpoint on the issues discussed. More professional presentations were also desired.

#### 4. Significant results produced and follow-up

##### 4.1 First Consultation on the Training of Industrial Manpower

An attempt to systematically follow-up the first consultation within UNIDO was left primarily to the UNIDO Training Task Force which decided that, before it could proceed with a systematic consideration of the consultation's recommendations, a survey of UNIDO's training activities would be required. A survey was conducted, however the draft report was never published, and the task force, for various reasons, ceased to exist. This terminated formal follow-up to the first consultation.

The evaluators, during their extensive interviews with UNIDO staff and with participants outside UNIDO, could not elicit from anyone a significant or noteworthy result from the first consultation, i.e. something which could be considered to represent a new thrust for UNIDO in the field of training. The same situation also applies to ILO where none of the staff interviewed could cite any change brought about by the first consultation.

The System of Consultations staff reported in 1985 that since 1982 five national seminars were conducted to identify appropriate methodologies for programmes intended for the training of trainers. A regional programme for the identification of needs of selected LDCs for up-grading managerial skills in selected countries was also carried out. This type of project activity is in the mainstream of previous UNIDO training activity and cannot be considered as a major new follow-up programme to the recommendations of the first consultation.

Response to questionnaires from twelve developing countries, interviews conducted in five developed and five developing countries confirmed the finding that the first training consultation had no multiplier effect or significant impact on governments, organizations and enterprises which participated.

It should be mentioned that issue and background papers and a series of other documents, many of excellent quality, were prepared. These were certainly used for reference by several participants. Beyond the issue and background papers, documentation included information papers, such as:

- The acquisition and development of industrial skills by developing countries. Report of the Secretariat of UNIDO in consultation with UNESCO and ILO;
- Technical Education and Training Operations and Consultancies (TETOC): training of industrial manpower. The potential for more effective use of existing training facilities in developing countries, 1981;
- Maneck, A., Training of specialist and executive personnel from developing countries in conjunction with the export of plant and industrial equipment, (FRG), 1982;

- Stevenson, W.W., Establishing a training information delivery system for developing countries: the feasibility of focal points for co-ordinating information on training available in developing countries, 1981;
- Pearce, J., Policies of export credit agencies in financing of training component of industrial projects (UNIDO/PC.54), 1982.

Several other papers were distributed which analyzed industrial training experience needs and practices of selected countries.

Perhaps the major result of the first consultation was the decision that the second training consultation would cover only one field of industrial training, maintenance, and that every effort would be made to produce concrete action and follow-up.

#### 4.2 Second Consultation on the Training of Industrial Manpower

At the request of the evaluators the consultation officer responsible for the second consultation prepared an excellent summary of the preparations for and follow-up to the second consultation.

For the global preparatory meeting, held in Paris, 13-16 January 1986, six documents were prepared, four by consultants and two by the secretariat. Five papers discussed human resource development for industrial maintenance in developing countries. One paper discussed technological changes, transfer of technology and human resources in developing countries.

For the regional expert group meeting for Africa, held in Nairobi, 23-27 June 1984, two documents were prepared by consultants. One was a guide for action in the field of human resource development for industrial maintenance, the other a paper on investment in maintenance, economic stakes and possible strategies. Twelve country case studies on human resource development in industrial maintenance were also prepared.

For the second global consultation meeting four consultants prepared papers on in-service training in four African countries. Another consultant prepared a paper on the training of manpower in maintenance from the standpoints of equipment design, manufacture and operation. The System of Consultations Division, in co-operation with ILO, prepared two issue papers on human resource development for effective maintenance at the industrial enterprise level and on national support policies and action for human resource development in industrial maintenance. A summary of the twelve country studies and a list of indicative clauses for training contracts were also presented. ILO provided a background document on its approach to improving maintenance in developing countries. Finally the European Federation of National Maintenance Societies gave a paper on condition monitoring techniques in maintenance.

Final reports containing conclusions and recommendations were issued after the global preparatory meeting, the regional expert group meeting for Africa and the global consultation.

The total sum of the above documentation represents a solid base for UNIDO to eventually develop a programme of action with respect to human resources development in the field of maintenance.

The observation made during the evaluation was that the voluminous documentation has been hardly used by the consultation participants, and practically not at all by the many others who could benefit from it. This confirms the necessity of the actions being undertaken by the System of Consultations Division to synthesize documents into user-friendly reference manuals and/or handbooks for government and industry decision-makers which can then be widely introduced and disseminated.

Planned training consultation follow-up foreseen in the UNIDO Programme and Budget include three outputs which merit support:

- (i) Organization of a regional meeting for Africa on national plans for action to implement the recommendations;
- (ii) Preparation of a technical document on the methodology for the formulation of plans of action in human resource development in industrial maintenance;
- (iii) Preparation of a technical document on strengthening international co-operation for human resource development in industrial maintenance.

Overall the System of Consultations Division's follow-up has been severely constrained by the lack of funds. The Government of France initially made two proposals on maintenance working group meetings in lieu of output (i). However, no financing was agreed upon. The "national plans of action" programme has been informally submitted to potential donor countries.

Recently a contract was issued to a consultant to prepare a technical document on the plan of action for human resource development in industrial maintenance. This document will deal with the macro and micro levels and provide case studies on five African countries.

Funds for the technical document on strengthening international co-operation for human resource development in industrial maintenance are now available, and a consultant is being recruited.

UNIDO and ILO have agreed in principle to prepare a sales publication dealing with the organization and management of maintenance for the use of enterprise management. UNIDO is seeking a donor. Agreement has also been reached with ILO that a draft of an ILO manual on the cost benefit of maintenance will be reviewed by UNIDO prior to publication.

Efforts made to generate technical assistance projects parallel to the preparation and implementation of and follow-up to the second consultation are noteworthy. For example, during the expert group meeting thirteen potential projects were identified.

In preparation for the second consultation a form for "Offers/requests for technical co-operation" was developed to facilitate the identification and initial negotiation of projects by participants at the consultation. The forms were distributed with the aide-mémoires. UNIDO drew up 15 offers for technical co-operation, ILO 3 offers, other organizations 6 offers, while 7 requests were received from developing countries. A further 16 offers/requests were made at the consultation. These offers/requests were compiled in a document and distributed at the beginning of the consultation. This resulted in the identification of fifty projects.

Within UNIDO ten projects have been implemented as a direct result of contacts made during the second consultation. Eight were in the category of group training programmes/seminars/workshops. One was a preparatory assistance project for the organization of a national maintenance project and the remaining project was a CAD/CAM expert group meeting.

A project proposal has been prepared to organize a consultation follow-up meeting for the Africa region on training in the maintenance of water networks and equipment. Support from African sub-regional organizations is being sought.

289 questionnaires on the follow-up of the second consultation were sent by the System of Consultations Division to all participants six months after the consultation. Over 100 questionnaires were returned and analyzed. The analysis prepared by the System of Consultations Division indicated that 56% of the respondents had already initiated some kind of follow-up activities on the recommendations. Fifteen potential project proposals were included in the questionnaire returns. Seven projects were being implemented between the participants to the consultation without UNIDO involvement.

Questionnaire returns received from 14 UNIDO field representatives indicate that four projects were implemented. They may, however, have been reported in the questionnaires sent out by the System of Consultations Division.

The System of Consultations Division has held three UNIDO co-ordination committee follow-up meetings to identify specific activities for implementing consultation recommendations. To make the original recommendations more manageable, a "consolidated" list was prepared.

Other efforts for follow-up included the sending of copies of the full consultation report with the consolidated recommendations to all Deputy Directors-General and Heads of appropriate branches. Copies of the "Offers/Requests for Technical Co-ordination" were also distributed to the programme officers. A list of on-going projects was reviewed to select those which might have a potential for inclusion of maintenance training. Letters were sent to all Resident Representatives, UNIDO Senior Industrial Development Field Advisers and Junior Professional Officers to bring the consolidated recommendations to their attention.

Just recently the Eastern and Southern African Institute (ESAMI), Tanzania, has informed UNIDO that DANIDA is financing a workshop on maintenance for 25 participants as a result of the second training consultation. Moreover, the recommendations of the consultations have been incorporated into their management course.

Four in-depth case studies on in-service training prepared for the second consultation have been sent to different UNIDO sections, the French Government, the OECD Development Centre and the World Bank. Agreement has been reached with the World Bank to produce a synthesis for joint publication. Recently a meeting was called to set an agenda for a round-table conference for francophone countries. UNIDO as well as OECD and the World Bank will participate.

## 5. Conclusions

The subjects of the two consultations under discussion, training for industry and maintenance training, are of global interest and importance and highly suitable subjects for discussion at global meetings. Global

consultations on these subjects have considerable potential for initiating change. Both can be usefully discussed from the points of view of individual enterprises, industrial subsectors, or governments, and both can be treated as subjects of study which offer practical applications to industries of all kinds. They should thus be good subjects for discussion on a global 'common-topic' basis and there would still be plenty of scope for further discussion at subsectoral consultations. Indeed the output of common-topic consultations could, or should, stimulate complementary consideration on subsectoral bases.

It was commonly held even amongst participants that the objectives of consultations must be clarified. Many participants expressed some disappointment in the consultations. Their reasons varied widely accordingly to their perception of the purpose of the meetings. In the absence of clearly expressed objectives, expectations were too diverse to have a chance of fulfilment. However, the disappointment also implies recognition of the importance of the subjects under discussion.

Preparations for these consultations were lengthy and elaborate. The preparatory meetings produced far more proposals than could be included in the agenda of the consultations. Selection was finally made by UNIDO and it is likely that the secretariat could have arrived at an equally valid agenda without at least one of the meetings preceding each consultation. Studies, and the preparatory meetings, resulted in far more documents than were required.

During the preparatory phase of both training consultations and during the global consultations themselves, participants are not asked to consider or generate a programme of work or action. Without action planning as an integral part of the consultation preparatory process, the problem of the same issues being repeatedly discussed in broad terms will remain.

Common topics such as training present a special problem when attempting to determine the optimal number and composition of participants required to ensure a successful consultation meeting. In any country a large number of institutions, organizations, associations and several ministries will have an interest in the topic. If all the key national sectors were to attend a global meeting there would be far too many participants. Yet, the limited participation experienced so far will severely limit the possibility of follow-up in individual countries.

UNIDO must be more supportive in guiding inexperienced participants during the consultation meetings. UNIDO should have adopted a higher profile, both in making technical proposals and in directing the meetings. Participants, especially from developing countries, looked to UNIDO for guidance and expected UNIDO to have standpoint on the issues discussed. At the meetings themselves UNIDO should have made more professional presentations, supported by visual aids, in order to focus the attention of participants, and should have ensured that other initial speakers adopted similar techniques.

Although the second consultation has generated sizeable follow-up in terms of projects and planned publication of various manuals, and although individual participants during the consultations have acquired new information and awareness, the two consultations have not yet realized their potential to bring about discernible change or impact at the international level through a coherent programme of action.

UNIDO in-house co-operation after the second consultation has been strongly pursued by the System of Consultations Division. These efforts, however, are the result of an individual initiative and do not constitute an organization-wide systematic management response to the second consultation's recommendations.

## 6. Recommendations

### 6.1 General

Global consultations on common topics should continue to be held provided that the following recommendations are accepted:

1. The subject of a common-topic consultation should be:
  - (i) Of recognised importance in global terms;
  - (ii) Related to one of the eleven "major challenges" in the UNIDO Medium-Term Plan 1990-95;
  - (iii) Related to the requirements of industrial enterprises in developing countries;
  - (iv) One in which the UNIDO Secretariat has a sound and coherent professional capability, or in which such a capability will be built up during preparations for the consultation.
2. The subject should be considered from industry's viewpoint and separately from governments' viewpoint, following the model of the second training consultation.
3. A consultation should not be regarded as an end in itself but as the process of defining, approving and launching a subsequent programme of activities, to be undertaken by industry and governments in developing countries, with technical support from UNIDO and financial support from donors and lenders.
4. It is important that UNIDO should promote and encourage execution of the programme agreed at a consultation as well as respond to specific requests for technical cooperation. Resources should thus be devoted by UNIDO to post-consultation activities (in addition to the technical cooperation funding which a successful consultation is likely to attract). These activities should take the form of regional meetings or meetings of representatives from countries at similar levels of industrial development, or publications or advisory services.
5. If a consultation is to be convincingly global, to carry professional weight and to attract political support, UNIDO should ensure the participation of appropriately qualified delegations from a comprehensive range of countries. In the first place a narrower and more exact definition of the objectives of a consultation may make it inherently more attractive to decision-makers and practitioners in the subject. When policy issues are being discussed, the technical representative, especially from a developing country, should not necessarily be from a particular enterprise; it is more important that he or she should have wide influence for instance through a professional association or a training institution. (A technical representative may also be a government official.)

6.2 Concerning UNIDO's future activities in connection with the two Consultations on the Training of Industrial Manpower held in 1982 and 1987

As a policy decision UNIDO should adopt the subjects of the two consultations held in 1982 and 1987, training for industry in developing countries and industrial maintenance in developing countries, as fields in which the organisation should be the centre of knowledge and expertise within the United Nations system. It should be recognised that training and maintenance are discrete subjects with common aspects applicable in all branches of industry. UNIDO should establish a technical committee within the secretariat with responsibility for the assembly and development of knowledge and expertise in these subjects. Much knowledge and expertise already exist within UNIDO, dispersed in a number of branches, and the contribution of the individual officers concerned will be indispensable to the quick and effective development of UNIDO's capability.

Expertise in training or maintenance should not be duplicated within the Systems of Consultations Division.

In regard to training for industry, UNIDO should concentrate on the manpower requirements of industrial enterprises and the mechanism for linking these requirements with the output of the educational and institutional training systems. The scope of UNIDO's activities should thus be narrower than that indicated in the recommendations of the 1982 consultation but will still allow a great deal of innovative and practically applicable work.

In regard to industrial maintenance UNIDO's activities should initially be based on the comparatively recent recommendations of the 1987 consultation, especially those on page 18 of the consultation report under the heading 'Co-operation of UNIDO, ILO and other international agencies with developing countries'.