

Stermann, Walter

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military who are capable of imposing upon the population the indispensable sacrifices, and at the same time of preventing local political explosions. If this bitter pill can then be sugar-coated with a suitable "ideology of economic growth", this would be only to the good, in the same way as it was in the Soviet Union. Perhaps it will be necessary to mobilise national pride for this purpose, whilst it seems hardly credible to hope for the creation of a messianic creed of similarly persuasive power as the Bolsheviks succeeded in

unleashing in Russia. But perhaps this is even better so, because it was the other side of the coin — that Soviet totalitarianism was granted full licence to destroy human lives indiscriminately if and when this seemed to fit its purposes. However, if more humane methods are to be used for carrying out industrialisation, this will mean that it will take more time. And if the sacrifices that will be imposed are not harsh enough, this might even mean that they cannot break the vicious circle of poverty always generating new poverty.

Industrialisation

Prospects for the Future Work of UNIDO

by Dr Walter Stermann, Vienna

When addressing the closing meeting of the second session of UNIDO (United Nations Industrial Development Organization), which took place in Vienna from April 17 to May 14 of last year, the organisation's President, the Australian Ambassador Dr Standenat, said inter alia: "The tasks that confront us are very extensive; it will therefore be years before we can say in all conscience whether our achievements have measured up to what is needed to further industrial development." The problems UNIDO is supposed to solve are indeed exceptionally extensive and complex. This latest organisation of the United Nations, which was created as an organ of the UN General Assembly, started its activities on the first of January, 1967. Its task is to further the industrial development of the Third World, to assist in the establishment of new undertakings, particularly in the finished goods sector, and beyond that, to coordinate all the measures already taken under the auspices of the United Nations in the field of industrial development. The organ has thus taken over the functions of the UN Centre for Industrial Development.

Organisational Structure

The executive organ of UNIDO is the Industrial Development Board. The Board determines the lines on which UNIDO is to function and approves its working programme. It renders an annual account of its activities to the United Nations General Assembly via the Economic and Social Council. Its 45 members are elected from among the members of the United Nations and its organisa-

tions and are in office for three years. To ensure "adequate regional representation" the 45 seats are distributed in the following manner: 18 seats are reserved for African and Asian countries (including Yugoslavia), 15 for Western industrial nations, seven for Latin-American states and five for countries of the Eastern bloc (including Cuba which is not counted among the Latin-American countries). When the Board met for the first time in New York, in April 1967, it decided that the emphasis should be on helping the developing countries in their urgent need to achieve faster industrial growth, i.e. by direct promoting measures which should be supported by appropriate research work. The method the Board decided to adopt was in other words direct practical action, on the one hand, and a programme of studies and research with a view to subsequent action, on the other. The Board laid down in its rules that it would meet at least once a year. Extraordinary sessions may be called by the Economic and Social Council of the UN, by the President of the UNIDO Council or by ten representatives of the UN or any of its affiliated organisations, irrespective of whether they are members of the Board or not.

The permanent secretariat of UNIDO was transferred to Vienna from New York where only a liaison office is kept to maintain contact with the United Nations. At the instance of U Thant, the UN General Assembly appointed the Egyptian Dr Ibrahim Helmi Abdel-Rahman as the head of the secretariat—its Executive Director. He had formerly been UN Commissioner for In-

dustrial Development. He is to exercise his new function for a period of four years, starting from the first of January, 1967.

At present there are 650 people working in the secretariat—experts, industrial consultants and administrative personnel from 45 countries—a number which, compared with other UN bodies, and in proportion to the work already done, is, if anything, rather modest and which should enable the secretariat to work with greater dispatch and less red tape. UNIDO proceeds from the correct principle of starting modestly, leaving it for later to determine in the light of the work in hand how much extra staff is required without setting in advance any upper limit. At any rate, if there is to be an increase in staff, it is to be in the number of industrial experts rather than on the administrative side.

Direct Measures for Industrialisation

It recently emerged from the general debate when the Council met in Vienna for its second session in April/May 1968 that the practical efforts of UNIDO to expedite industrialisation processes should be primarily concentrated on the already mentioned direct measures, while study and research should be supplementary functions to be undertaken when concrete industrialisation projects render them necessary. The said "direct measures" can essentially be summarised as follows:

- ☐ establishment and extension in the developing countries of installations concerned with industrial techniques, output, programming and planning, whereby the experiences of the industrial countries working under different economic systems are to be drawn on in order to ensure the most effective use of modern methods;
- ☐ support for developing countries in the working out of industrial development programmes and in the preparation of specific industrial projects, particularly in the finished goods sector;
- ☐ information about technical innovations and help in the practical application of such data;
- ☐ advice in the extraction and most effective exploitation of local mineral resources, raw materials and industrial by-products;
- ☐ technical and management training of national experts who are indispensable for rapid and industrial growth;
- ☐ aid in making available foreign finance for industrial projects.

In accordance with the terms of reference of UNIDO the whole programme is to act dynamically as "pace-maker and coordination centre of industrial development"; it is, as it were, to apply "electric shocks" to activate industrialisation in the developing countries and opening them up for further investments.

An essential part in the direct measures has been given to the Special Industrial Services (SIS). SIS, which has been called a "commando force", give rapid aid to single or groups of countries by sending them, generally for brief periods only, experts or teams of experts capable of helping the countries concerned to solve their urgent industrial problems. The activities of these "trouble shooters" may extend to advice on the working of an entire factory or of a single machine. They may be consulted on such matters as production flow or quality control or on the lay-out of an industrial plant or on what industrial policy would be most appropriate. SIS undertakes not only to send out experts and consultants or to deliver locally unavailable materials; SIS also make it their business to arrange for the technical training of nationals from the developing countries in an industrialised state.

SIS is run as a trustee fund jointly administered by the Executive Director of UNIDO and the Administrator of the United Nations Development Program (UNDP). In October 1967 UNDP and UNIDO agreed to station UNIDO's industrial consultants at the offices of UNDP in the developing countries. These industrial consultants are in direct contact with the competent government offices of the developing countries and direct the operations of the technical experts from UNIDO with the help of UNDP. UNIDO, being a member of UNDP, has also been charged by the latter with the responsibility of arranging for the initial finance for 25 projects in developing countries, the sum involved being in the neighbourhood of \$ 50 mn. At present UNIDO has 215 experts and ten resident consultants distributed over 61 countries—of which countries 23 are situated in Africa, 21 in Asia, 14 in Latin-America and three in Europe.

Different Concepts

At the end of 1967 UNIDO held an international symposium in Athens on the theme of industrial development. The symposium was attended by 600 delegates from 80 countries, representatives of 14 UN organisations as well as by observers from 14 inter-state organisations and ten private bodies. The symposium was preceded in October of the same year by the conference of the "group of 77". At that conference, which was held in Algiers, the speakers of the developing countries had consulted about appropriate measures to further industrial development and in their "Algiers Charter" had reminded the "international community of its responsibility to correct the unfavourable trends in the developing countries". At the same time the conference had demanded trade concessions in favour of the developing countries for finished and semi-finished goods.

At Athens the differences of opinion between industrial and developing countries, particularly in

questions of methods of financing industrial development and in matters of trade policy, became so wide that the final report contains two sets of general recommendations for industrial development.

Among the recommendations put forward in Athens by the developing countries figured prominently the suggestion that the industrial countries should increase their financial engagements either by loans or direct grants with the possibility of repayment in local currency or goods or by facilitating the influx of private capital or the re-investment of "an appropriate share of the profits". Here, too, the demand was made—and described as "an essential precondition" for the furthering of the developing countries' exports—that the markets of the industrial countries must be thrown open to the import of finished goods. Moreover, UNIDO was to be provided with "appropriate and independent funds".

The industrial countries for their part declared themselves willing to give due consideration to industrialisation projects, when deciding on their investment programmes for the public and private sectors, and to encourage private firms to invest in developing countries. They demanded however of the developing countries that they should create the right conditions for such investments. Among the conditions which they regard as essential for further industrialisation is the creation in the developing countries of an adequate infrastructure. They, too, advocate the development of UNIDO into an effective instrument for the realisation of long-term industrial programmes in developing countries, without however touching on the question of where the necessary funds should come from.

Financial Planning

The demand by the developing countries that "adequate and independent funds" be placed at the disposal of UNIDO and that contributions be fixed by the UN General Assembly vitally concerns the future work of the organisation. There is little chance to carry out an effective long-term policy of industrialisation in the developing countries without providing adequate funds over an equally long period. But the budget of UNIDO is in actual fact fixed from year to year so that the organisation disposes of no funds of its own other than what it gets allocated annually out of the ordinary budget of the United Nations. These allocations amounted to \$ 8.23 mn in 1968, while the UN budget for 1969 provides for \$ 9.26 mn for the purposes of UNIDO. All other funds are either allocations from various UN programmes or grants. These circumstances have caused Abdel-Rahman at the Vienna meeting to come out publicly in favour of a plan to provide UNIDO with funds of its own which it would currently receive from contributors who committed them-

selves to regular payments over a long period. The industrial countries for their part want UNIDO to carry out the projects which are financed by the UNDP. This question is to be raised again when the council next meets in Vienna this year.

Apart from the above-mentioned allocation which UNIDO receives annually out of the UN budget for administrative expenses and research, the so-called "direct measures" of the organisation are exclusively financed by voluntary contributions, and the same applies to the Special Industrial Services (SIS) which in 1968 received \$ 7.26 mn.

The 25 industrial projects which UNIDO has been commissioned by UNDP to carry out cost \$ 50 mn of which 22.4 mn are to be met by the Administrative Council of UNDP whereas 27.6 mn are to be raised by voluntary contributions. The local costs occurring within the programme have to be paid by the favoured countries.

\$ 1 mn is annually available from the UN Technical Aid Programme, while contributions from UNDP for technical aid for industrial projects reached in 1968 a total of \$ 2.54 mn.

Defining the Sphere of Activity

A second problem which greatly concerns UNIDO is how to demarcate its own sphere of activity from the responsibilities of other UN organisations. A number of such organisations are already active in the fields in which UNIDO too is now operating. The International Labour Office (ILO) is also responsible for providing the developing countries with industrially trained personnel, the Food and Agriculture Organization (FAO) concerns itself with the industrial exploitation of

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farm produce and technical problems arising from industrialisation are partly also the concern of the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Then there are the Economic and Social Bureau in Beirut and the regional economic commissions of the UN with which coordination must be achieved.

In two resolutions which were unanimously adopted by its Vienna meeting the Council emphasised the importance of cooperation between UNIDO, on the one hand, and the Economic and Social Bureau and respective local economic commissions, on the other, and instructed its Executive Director to start negotiations with these bodies. In a further resolution which was also unanimously passed the Council demanded not only that the talks with relevant United Nations Organisations about coordination should be pursued with greater urgency but also that an over-all 10-year plan for an international development policy be worked out jointly with them. Discussions also took place with organisations outside the United Nations. Of these there were three inter-state organisations (EEC, OAS, OCAM) and three private economic bodies represented at the meeting. The purpose of these talks was to find a basis for cooperation.

In the meantime the Executive Director has started talks with those UN organisations whose activities overlap with the activities of UNIDO. He has also come to an agreement with the ILO to the effect that UNIDO will in future be responsible for the technical and management training of staff from a certain level upwards while ILO will continue to concern itself with the lower categories of trainees. As far as the other organisations are concerned, it is hoped that agreements will be reached by the next Council meeting in April.

Working Programme for 1969

UNIDO's working plan for 1969 is divided into five sections—industrial technology, industrial services, industrial institutions, industrial policy and programming. The plan envisages a considerable expansion of the training schemes for engineers, technicians and managers; it also provides for more exchanges of experiences between

different industrial sectors as well as for more experts and resident industrial consultants attached to UNDP offices. This latter measure is meeting with increasing difficulties in view of the fact that the number of suitable experts is by far not sufficient to meet the rising demand. At the present time eleven training programmes are being run in various industrial sectors, providing factory training, symposia and seminars.

The Executive Director wants to pool the existing training schemes in industrial information centres, each of which would be responsible for training, research and the exchange of experiences within a specific industrial sector. A proposal to this effect was however approved by the Council in Vienna only to this extent that for the time being no more than one of these centres was to be established and that the results of this experiment were to be reported to the Council meeting in 1969.

Development aid serves the purposes of industrialisation by no means exclusively; it is also concerned with the creation of an infrastructure as well as with rationalising and modernising agriculture, and, where necessary, with the exploitation of local mineral resources. Yet even so industrial development aid is bound to be of paramount importance. To state this fact is to give an affirmative answer to the question of whether it was right and proper to create UNIDO. An entirely different question is however whether it is at all possible for a single organisation to cope with all the manifold problems connected with industrialisation. The Secretariat of UNIDO in Vienna knows full well how limited are the means at its disposal in relation to the scope and multiplicity of the tasks which confront it. Discarding all thoughts of prestige and all exaggerated ambitions and proceeding step by step, the Secretariat is determined to help as much and as rapidly as possible within the means at its disposal. The hope is that cooperation within the Secretariat, in which representatives of 45 states work together, may be the means of helping to dispel the mental reservations that still persist as between industrial and developing countries. It may thus be possible to prevent the organisation from becoming what Abdel-Rahman once called "a battle-field of conflicting ideas far exceeding its scope".



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