

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
GENERAL

E/C.5/29
5 April 1963

ORIGINAL: ENGLISH

COMMITTEE FOR INDUSTRIAL DEVELOPMENT
Third session
Provisional agenda item 9

REPORT OF THE ADVISORY COMMITTEE OF EXPERTS
ON INDUSTRIAL DEVELOPMENT ACTIVITIES OF THE
UNITED NATIONS SYSTEM
ESTABLISHED UNDER
COUNCIL RESOLUTION 873 (XXXIII)

Secretary-General's Preface

This report was prepared by an Advisory Committee of Experts on Industrial Development Activities of the United Nations System, appointed by me in accordance with Economic and Social Council resolution 873 (XXXIII). The report presents recommendations agreed upon by the members of the Committee on the organizational changes which they consider necessary to intensify the activities of the United Nations System in the field of industrial development.

The high priority accorded to industrial development in the United Nations Development Decade by the General Assembly gives particular importance to the conclusions and recommendations contained in this constructive report. Accordingly, I wish to commend the report to the attention of the Committee for Industrial Development in connexion with the agenda of its third session.

On behalf of the United Nations, I wish to thank the members of the Committee for their valuable contribution.

U Thant
Secretary-General

29 March 1963

Letter of Transmittal to the Secretary-General

Sir,

We have the honour to submit herewith our report and recommendations on the questions which we were invited to examine pursuant to resolution 873 (XXXIII) of the Economic and Social Council and resolution 1821 (XVII) of the General Assembly. We were also invited by the Inter-sessional Working Group of the Committee for Industrial Development, which met on 15 March 1963, to deal, if possible, with the question of preparing an appropriate definition of industrialization.

Our report contains recommendations as requested in Economic and Social Council resolution 873 (XXXIII) on the organizational changes which, in our opinion, are necessary to intensify, concentrate and expedite the United Nations effort for industrial development of the developing countries. In view of the limited time at our disposal, it was not possible to deal in detail in our report with matters on which our views were requested in General Assembly resolution 1821 (XVII) and with the preparation of an appropriate definition of industrialization. However, the conclusions and recommendations arrived at by the Committee reflect our views on these matters in so far as they relate to the main terms of reference as set out in Economic and Social Council resolution 873 (XXXIII).

We wish to express gratitude for the co-operation and assistance rendered to us by members of the United Nations Secretariat.

We have the honour to be, Sir,

Your obedient servants,

V.J. Aboltin
B.N. Adarkar
Chief S.O. Adebo
Syed Amjad Ali, Chairman
Manuel Bravo

Roberto de Oliveira Campos
Seymour Melman
Alan D. Neale
Josef Pajestka
Mahmoud Younis

Report of the Advisory Committee of Experts
on Industrial Development Activities of the
United Nations System
established under
Council resolution 873 (XXXIII)

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Note by the Secretariat

I. INTRODUCTION

1. In accordance with Economic and Social Council resolution 873 (XXXIII) the Secretary-General appointed a group of ten experts to advise him on the question of "what further organizational changes might be necessary in order to intensify, concentrate and expedite the United Nations effort for industrial development of the less developed countries including the advisability of establishing a specialized agency for industrial development, or of strengthening or modifying the existing organizational structure in that field." The Advisory Committee of Experts was also asked in General Assembly resolution 1821 (XVII) to take into account in its work and recommendations:

(a) "whether it is advisable to deal with problems of industrial development, natural resources, energy and possibly other related fields, within the framework of one organizational structure;

(b) "whether it is advisable to bring about a closer co-ordination of all activities related to industrialization at the national, regional and international levels." 1/

In addition, the Committee was requested by the Chairman of the Inter-sessional Working Group of the Committee for Industrial Development to "deal, if possible, with the problem of preparing an adequate definition of the term industrialization as recommended by the Committee for Industrial Development at its last session (E/3600/Rev.1, para. 94)."

2. The Committee was given a mandate to advise the Secretary-General on organizational changes, taking into account activities in the field of industrial development at present being carried out by the United Nations system and also in the light of the discussions at the second session of the Committee for Industrial Development, the discussions on industrial development in the General Assembly, Economic and Social Council and the relevant resolutions adopted by those organs.

3. The members of the Advisory Committee of Ten Experts were: Mr. V.J. Aboltin (USSR), Deputy Director, Institute of World Economy and International Relations, Academy of Science; Mr. B.N. Adarkar (India), Additional Secretary, Ministry of Economic and Defence Co-ordination, Government of India; Chief S.O. Adebo (Nigeria), Permanent Representative of Nigeria to the

1/ The texts of the two resolutions are contained in Annex 1.

United Nations; Syed Amjad Ali (Pakistan), Chairman, Investment Promotion Bureau; Mr. Manuel Bravo (Mexico), Advisor to the General Director, Banco de Mexico; Mr. Roberto de Oliveira Campos (Brazil), Ambassador of Brazil to the United States; Mr. Seymour Melman (United States of America), Associate Professor, Industrial and Management Engineering, Columbia University, New York; Mr. Alan D. Neale (United Kingdom), Assistant Secretary, Board of Trade; Mr. Josef Pajestka (Poland), Director, Economic Research Institute, Planning Commission; Mr. Mahmoud Younis, United Arab Republic), Chairman and Managing Director, Suez Canal Authority.

4. Chief S.O. Adebo, Mr. Roberto de Oliveira Campos and Mr. Seymour Melman were unable to be present at all the meetings. In their absence the meetings were attended by the following: Mr. Dickson Igwe (Nigeria), Counsellor, Permanent Mission of Nigeria to the United Nations, Mr. Sergio P. Rouanet (Brazil) Second Secretary, Permanent Mission of Brazil to the United Nations, Mr. Seymour M. Finger (United States of America) Senior Advisor, Economic and Social Affairs, Permanent Mission of the United States to the United Nations. Mr. Ahmed Fouad (United Arab Republic), Special Assistant to Mr. Younis, also attended the meetings.^{2/}

5. The Committee met at United Nations Headquarters, New York, from 18 to 29 March 1963. The Committee, at its first session on 18 March 1963, invited Syed Amjad Ali, Chairman of the Investment Promotion Bureau, Pakistan, to act as Chairman.

6. The Committee had before it a working paper prepared by the United Nations Secretariat and annexed to this report (Annex 2) which set out information regarding the activities being carried out by the United Nations Secretariat and the regional economic commissions in the field of industrial development. It also received from the Secretariat a paper (Annex 3 of this report) describing the arrangements for co-ordination and concerted action within the United Nations system. The activities in the field of industrial development of the Expanded Programme of Technical Assistance and the United Nations Special Fund were described in separate working papers prepared by the Secretariat, and the relevant activities of the FAO, IBRD-IDA-IFC, ILO, UNESCO, WHO and IAEA were described in working papers submitted by these agencies.^{3/}

^{2/} These gentlemen acted on instructions respectively from the experts they replaced and not as spokesmen for their own views or for their governments.

^{3/} These documents, which are also relevant to another item of the agenda of the third session of the Committee for Industrial Development, are being made available separately.

II. AIMS OF THE UNITED NATIONS IN THE FIELD OF INDUSTRIAL DEVELOPMENT

7. The Committee considered that it would be impossible to evaluate the present United Nations aims in the field of industrial development and to make recommendations on organizational changes unless there was agreement on what such activities are expected to achieve. In this connexion, the Committee noted General Assembly resolution 521 (VI) which requested the Economic and Social Council

"To promote studies of a programme of rapid industrialization of the under-developed countries, including the economic, social, fiscal, technical and organizational problems involved, and the role that the industrially advanced and under-developed countries have to play in such a programme..."

and General Assembly resolution 1515 (XV) which reiterates

"that a prime duty of the United Nations is to accelerate the economic and social advancement of the less developed countries of the world, thus contributing to safeguarding their independence and helping to close the gap in standards of living between the more developed and the less developed countries..."

In addition, the Committee considered the United Nations activities in the field of industrial development as set out in General Assembly resolution 1710 (XVI) on the United Nations Development Decade which called for the "achievement and the acceleration of sound self-sustaining economic development in the less developed countries through industrialization, diversification...". The latter resolution indicated as a target, a minimum annual rate of growth of aggregate national income in the less developed countries of 5 per cent at the end of the decade. The Committee noted that "if the increase of 5 per cent per year in aggregate incomes, set by the General Assembly as the target for the end of the development decade, is to be achieved, manufacturing output in the developing countries will have to rise by no less than 130 per cent..."^{4/} It would of course be desirable that the rate of growth be accelerated even further. The Committee noted that maintaining or accelerating such rates of growth was essentially a matter for the developing countries. It was realized, however, that the

^{4/} The United Nations Development Decade: Proposals for Action
(Sales No. 62.II.B.2, page 54).

United Nations could and should play an important role through its various services to assist these countries in attaining higher rates of growth.

8. The Committee also noted that the Economic and Social Council in its resolution 751 (XXIX) establishing the Committee for Industrial Development expressed its conviction "of the need to accelerate the process of industrialization of developing countries, by the expansion of the means of providing advice, information and assistance through the United Nations in the planning and execution of their industrial development". To that effect it requested the Committee for Industrial Development to deal, inter alia, with:

- (i) the most effective application of modern industrial methods of production and management techniques to the establishment and operation of industries in the under-developed countries;
- (ii) economic programming techniques as applicable to industrialization;
- (iii) financial, fiscal and administrative policies conducive to the acceleration of industrial development;
- (iv) effective techniques of distribution and marketing of industrial products, taking into account the progressive industrialization of under-developed countries;
- (v) undertaking, proposing or encouraging the collection, evaluation and dissemination of information derived from the studies mentioned above and of other information relevant to industrialization."

9. The services which the United Nations system should provide depend on the nature and the magnitude of the needs of the countries themselves. Such needs vary with the stage of industrial development. It should be sufficient to state that the needs are great and the range of services required to meet these needs is also broad. It would be difficult here to indicate in detail the services which the United Nations could provide but the more significant aspects of such **services are** already covered in the terms of reference of the Committee for Industrial Development mentioned in paragraph 8. To these the following can be added: (a) availability of speedy and objective technical advice on formulation and implementation of industrial development plans and in particular on the formulation of requests presented by Governments to the United Nations Expanded Programme of Technical Assistance, Special Fund, and other sources of international assistance, and (b) training of technicians and engineers for industrialization.

III. THE ACTIVITIES OF THE UNITED NATIONS SYSTEM
IN THE FIELD OF INDUSTRIAL DEVELOPMENT

10. The Committee reviewed the organizational structure as it exists at present in the United Nations system concerned with problems of industrial development in the developing countries. In this task the Committee was greatly assisted by the statements of officials of the United Nations Secretariat, the Executive Chairman of the Technical Assistance Board, the representative of the Special Fund and the representatives of the specialized agencies. The Committee had the benefit of discussing with them the activities undertaken by the various units in the United Nations system, the budgetary aspects and co-ordination matters involved in the system. The following officials appeared before the Committee:

United Nations Secretariat

Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs

Mr. José Antonio Mayobre, Commissioner for Industrial Development

Mr. B.R. Turner, Controller

Mr. Martin Hill, Deputy to the Under-Secretary for Economic and
Social Affairs and Personal Representative of
the Secretary-General to the specialized agencies

Mr. E.S. de Breuver, Director, Resources and Transport Branch

Mr. Oscar Schachter, Director, General Legal Division

Expanded Programme of Technical Assistance

Mr. David Owen, Executive Chairman

United Nations Special Fund

Mr. L. Shapiro, Chief, Reports Unit

United Nations Educational, Scientific and Cultural Organization

Mr. Malcolm Adiseshiah, Assistant Director-General

International Labour Organisation

Mr. H. Reymond, Director, ILO Liaison Office with the United Nations

International Bank for Reconstruction and Development
International Development Association
International Finance Corporation

Mr. E. Lopez-Herrarte, Liaison Officer to the United Nations

Food and Agriculture Organization of the United Nations

Mr. A. Aten, Liaison Officer to the United Nations Centre
for Industrial Development

The Committee acknowledges its debt to these gentlemen for their help and for their willingness to answer questions put to them by the Committee.

A. Policies and Programmes of Industrial Development

11. The general policies and programmes being pursued by the United Nations system in the field of industrial development are determined by what may be referred to as the constitutions and "legislative" bodies of the system, namely, the General Assembly and the Economic and Social Council of the United Nations, together with their subsidiary organs and the governing bodies of the specialized agencies concerned.

(a) General Assembly and the Economic and Social Council of the United Nations together with their subsidiary organs

12. Under the Charter of the United Nations, the General Assembly makes recommendations for the promotion of industrial development in furthering its object of advancement of "higher standards of living, full employment and conditions of economic and social progress and development" (Article 55). In General Assembly resolution 1525 (XV) of 1960, the Assembly, through its Second Committee, on which all Member States are represented, decided to examine each year, as a separate item on its agenda, the question of "Industrial development and the activities of the organs of the United Nations in the field of industrialization". Particular questions of industrial development examined by the General Assembly in this manner are often referred for further consideration to the Economic and Social Council and by this organ, in turn, to a subsidiary body such as the Committee for Industrial Development.

(b) Economic and Social Council and its subsidiary organs

13. The Economic and Social Council, with a membership of eighteen countries, gives specific consideration annually to the question of industrial development, initiates studies on particular aspects of industrial development and makes recommendations to the General Assembly, to Member States and to the specialized agencies. In 1961, the Economic and Social Council, by its resolution 751 (XXIX), established the Committee for Industrial Development with the terms of reference indicated in paragraph 8 above. This resolution also provided that "The Committee [for Industrial Development] shall assist the Economic and Social Council to maintain the necessary liaison between the activities in the field of industrialization of the regional economic commissions, the specialized agencies, the International Atomic Energy Agency and other bodies working in the same field, with a view to ensuring the utmost efficiency and co-operation in their work." The regional economic commissions, which report directly to the Economic and Social Council, deal annually with questions of industrial development relating to their particular regions and in the case of the economic commissions for Asia and the Far East, Africa, and Europe maintain various standing committees which consider annually questions of industry, transport, natural resources and the like.

14. The Economic and Social Council has also established certain permanent functional commissions or committees which deal with particular aspects of industrial development in the broad sense. These include the Social Commission, the Statistical Commission, and the Committee on Housing, Building and Planning which held its first session in 1963. Matters relating to resources and transport development have normally been referred directly to the Economic and Social Council except to the extent that they are considered by the regional economic commissions and their subsidiary committees. The same generally applies to questions of international trade in industrial commodities except to the extent that they come within the jurisdiction of the Commission on International Commodity Trade. Under the aegis of the Economic and Social Council, the Technical Assistance Committee and the Governing Council of the United Nations Special Fund formulate the general policies and programmes of technical assistance for industrial development.

B. The Executive Machinery of the United Nations System

15. The Committee noted that a detailed description of functions of the various units in the system concerned with industrial development would be time-consuming. However, it was felt that a very brief survey would provide some basis for evaluation of these activities in the later section of the report.

16. Within the United Nations Secretariat several units of the Department of Economic and Social Affairs are concerned with particular aspects of work in the field of industry.

(a) Centre for Industrial Development

The Centre which was established in October 1962 is under the direction of a Commissioner with the rank of Under-Secretary. The Centre undertakes work in the fields of research and operations, the latter mainly in support of technical assistance projects in those fields of industrial development for which it has specific responsibility. It provides secretariat services to the Committee for Industrial Development. It also provides a mechanism for promotion of co-ordination of the industrial development activities of the United Nations and specialized agencies.

(b) Other units in the Department of Economic and Social Affairs **concerned** inter alia with industrial development are the following:

(i) Bureau of General Economic Research and Policies

The Bureau prepares studies of international trade and economic development. An Economic Programming and Projections Centre within this Bureau is concerned with over-all economic development programmes at the country level and their international aspects.

(ii) Bureau of Social Affairs

This Bureau is concerned with social aspects of industrialization, housing, building and physical planning.

(iii) Resources and Transport Branch

Among other responsibilities, this unit is concerned with mining, energy resources and electrification, and transport.

(iv) Fiscal and Financial Branch

In addition to other functions, the Branch is concerned with the financial aspects of industrialization.

(v) Statistical Office

Collects and disseminates industrial statistics.

(vi) Bureau of Technical Assistance Operations

The Bureau has administrative responsibility for that part of the Expanded Programme of Technical Assistance and certain other technical assistance programmes carried out by the United Nations Secretariat. The various units mentioned above provide substantive support to these activities.

(vii) Office of Special Fund Operations

This office performs similar functions to the Bureau of Technical Assistance Operations in respect of programmes of the United Nations Special Fund, of which the United Nations has been designated by the Special Fund as the executing agency.

(viii) Secretariats of the Regional Economic Commissions

The Secretariat of each regional economic commission has units dealing with the regional aspects of industrial development. Provision has recently been made for the appointment to the Secretariats of the Regional Commission for Latin America, Africa, and Asia and the Far East of Senior Regional Advisers on industry who will be available for consultation with governments of the region, including consultation on the formulation of requests for technical assistance.

17. The following units are located at the Headquarters of the United Nations and are responsible to the Secretary-General of the United Nations:

(a) United Nations Technical Assistance Board (TAB)

It is responsible for the general administration of the Expanded Programme of Technical Assistance, which provides for allocations to be administered by the United Nations and the several specialized agencies within their sphere of competence. The Technical Assistance Board maintains Resident Representatives in sixty-five recipient countries whose responsibilities include assistance to governments in the presentation of their requests for assistance under the Expanded and Regular Programmes of Technical Assistance.

(b) United Nations Special Fund (SF)

This is responsible for the general administration of the allocation of funds by the Special Fund, the individual projects being administered by the United Nations and the specialized agencies as determined by the Managing Director of the Special Fund. The TAB Resident Representatives serve normally as the country directors of the Special Fund in the countries.

C. The Specialized Agencies

18. A number of specialized agencies of the United Nations, together with the International Atomic Energy Agency, have undertaken particular responsibilities for industrial development, along with their principal functions in accordance with their articles of agreement and resolutions.

(a) IBRD-IDA-IFC

In addition to its major activities in providing capital, the International Bank, through its staff which also serves the IDA and the IFC, provides technical, advisory and training services that have a bearing on industrial development in the broad sense.

(b) International Labour Organisation (ILO)

In pursuance of resolutions adopted by the International Labour Conference, the Organization is concerned with such matters as vocational training, management development and productivity, supervisory training, the promotion of small-scale industry and the assessment of manpower requirements.

(c) United Nations Educational, Scientific and Cultural Organization (UNESCO)

Among the activities within UNESCO's sphere of competence having an important bearing on industrial development in the broad sense are technical education, international scientific co-operation and technical documentation, promotion of national, regional and international institutions for scientific and technological development, certain activities in the field of scientific study of natural resources, including marine resources, and study of the effects of industrialization and social prerequisites of economic growth.

(d) Food and Agriculture Organization (FAO)

FAO has been concerned with a number of projects that either paved the way for further industrial development or were concerned with the establishment of industries that make use of farming, fishing and forestry products. For this

reason, it has been concerned with the handling, storage, processing and marketing of such products and the design, adaptation and use of suitable farm implements, and processing equipment and machinery. An important aspect of this work is the dissemination of technological documentation in the above fields.

(e) World Health Organization (WHO)

The primary object of WHO's activities in the field of industrial development is to reduce the incidence of illness and disability that may hamper industrialization and to ensure that the health services develop in step with the development of industry. Among the specific projects pursued are those in occupational health, community health services, organization of medical care, community water supply, air pollution control, nutrition and mental hygiene aspects of industrial development and urbanization.

(f) International Atomic Energy Agency (IAEA)

The IAEA is concerned, inter alia, with various industrial applications of atomic energy and its responsibilities range from problems of nuclear science and technology to applied aspects such as the construction of nuclear power plants, and the application of isotopes and radiation techniques in industry.

19. Most of the specialized agencies listed above maintain regional field offices and some country representatives. In the case of the FAO, there is, in addition, a joint FAO-UN agricultural division, staffed and directed by FAO, attached to the Secretariats of the Regional Economic Commissions for Africa, Asia and the Far East, Europe, and Latin America.

D. Co-ordination

20. The activities referred to earlier are co-ordinated by the Economic and Social Council and the Committee for Industrial Development which receive reports from the various units on the respective activities in the field of industrial development. The Committee for Industrial Development, which meets once a year, reviews such information and makes its recommendations. The Centre for Industrial Development in the Secretariat provides a mechanism for promotion of co-ordination on a continuous basis. In this connexion, it acts as a clearing house for the

systematic exchange of information on activities of the United Nations system. The chief organ for inter-secretariat co-ordination in general is the Administrative Committee on Co-ordination (ACC) consisting of the Secretary-General and the executive heads of the specialized agencies and the IAEA. In this connexion, the Committee noted that in resolution 839 (XXXIII) the Economic and Social Council requested the ACC "to study further the question of co-ordination in the field of industrialization, with a view to developing a concerted approach to this problem and to translating this approach into specific programmes of concerted action wherever such action can contribute effectively to the progress of industrialization". In order to supplement the normal working consultations among the professional officers concerned, the ACC has arranged for regular inter-agency meetings on industrial development, in which the representatives of the United Nations, ILO, FAO, UNESCO, WHO, IBRD-IDA-IFC, and IAEA participate.

IV. EVALUATION OF THE ACTIVITIES OF THE UNITED NATIONS SYSTEM
IN THE FIELD OF INDUSTRIAL DEVELOPMENT

21. In coming to the task of evaluating the effectiveness of the United Nations system as described in the previous section, the Committee recognized that the task facing the United Nations system in the field of industrial development was and would remain a formidable one having regard to the fact that countries in many different stages of economic development would simultaneously require many different kinds of assistance and facilities. In putting its main emphasis on types of assistance directly concerned with the development of manufacturing industry, the Committee did not neglect the fact that countries in certain stages of development were still likely to request assistance of other types, e.g. for infrastructure.

22. The Committee carried out its task of evaluation in two ways; namely the organizational approach and the functional approach. The organizational approach consisted of evaluation of financial and staff resources devoted to industrial development and the co-ordination between the various units concerned. The functional approach, on the other hand, involved inter alia identifying gaps in the activities of the United Nations system in the field of industrial development.

A. Organizational Aspects

23. From the information made available to the Committee, it was clear that the resources devoted to work in the field of industrial development were notably inadequate, particularly in the light of the needs of the developing countries. The Committee noted that industrialization has been assigned a very high priority by the developing countries in their national development programmes. It is a vital element in the diversification of economic activities and raising the levels of living. The tasks involved in undertaking a programme of industrial development in a country as a part of its over-all plan are enormous and would require vigorous action both at national and international levels. This has been generally recognized and prompt and energetic action has been called for by resolutions in the General Assembly and the Economic and Social Council over the last several years. The Committee noted that the United Nations has responded

to the demands of the developing economies on an increasing scale since 1955. This work consisted of both research and provision of technical assistance. However, the Committee, upon review of the situation, was not satisfied that such response was adequate to the tasks involved. First, it was slow in coming, and secondly, the volume of resources devoted to such tasks did not grow adequately or rapidly. From the data available, the chances of a large increase in the United Nations budget for this purpose do not appear promising.

24. The Committee noted that large sums of money are devoted to purposes of infrastructure. By contrast the United Nations and the specialized agencies have devoted inadequate resources to manufacturing industry. A glance at the regular budgets of the specialized agencies is sufficient to indicate the relative emphasis which the United Nations system has placed upon the development of various sectoral functions such as agriculture, health, labour, education, etc. Industrial development, though vital, has not received as much attention as it deserves. This, in the opinion of the Committee, is a serious imbalance considering the priorities which are being given to industrial development in the national economic development plans of the less developed countries. There is a danger that this imbalance may increase.

25. As seen from the earlier section, the work in the field of industrial development is split up in a number of organizations. In this connexion, the Committee noted that some of the activities of the agencies in industry are only of recent origin. Work was undertaken by them in these fields largely because there was a vacuum, and because they were somewhat related to their basic responsibility. Useful as such industrial activities are, it is clear that the promotion of industrial development is not sought in itself by any of these specialized agencies,^{5/} since their main purpose is of a completely different character. Their contribution to industrial development is marginal.

26. That lack of resources has hampered the planning and implementation of the United Nations programme of work is clearly stated in several United Nations documents. The report of the Advisory Committee of Ten Experts appointed in 1959 to review and make recommendations on the United Nations programme of work on industrialization stated that "the Committee was aware of the fact that the

^{5/} The Committee was not concerned in this paragraph with the financial institutions of the United Nations system.

limited resources at the disposal of the Secretariat impose severe limitations upon the scope of the programme. Devising a programme of work under such conditions is a difficult and complex task".^{6/} Comprehensive work on industrialization has been attempted in the Centre for Industrial Development and in the regional commissions. But owing to lack of resources, the work has remained at levels which, as pointed out earlier, fall short of being adequate to the needs. The total picture which emerges from this is that while good work is being done, it still falls short of the needs of the developing countries and the expressed desire of the General Assembly and the Economic and Social Council.

27. The Committee reviewed the procedure for co-ordination in the United Nations family. It noted that arrangements exist for continuous consultations at the Secretariat levels but it was not satisfied that matters concerned with industrial development were receiving full benefit from the existing arrangements. The exchange of information on mutual activities was useful, but in the opinion of the Committee, it cannot be considered as a satisfactory substitute for integration of activities which is a pre-condition for a global strategy for industrialization. Moreover, the organizational structure within the United Nations family is such that it is possible only to make recommendations. It is not possible to direct the agencies to follow a particular course of action since each organization receives its directive from the parent legislative body.

28. The Committee took note of the Administrative Committee on Co-ordination's report (E/3574) in which it is stated that:

"these procedures have so far largely taken the form of exchanges of information about each other's activities and consultations - on a necessarily limited basis, because of their ad hoc character - at the implementation stage. While these procedures have led to very useful results in the context of the situation existing hitherto, they may not be sufficient in the context of the expanding activities anticipated in the future. A further effort will have to be made to extend this collaboration to all stages - the stages of planning and formulation, and not only that of implementation - of projects and other activities. The specialized agencies have expressed their willingness to co-operate fully in this respect."

The Committee noted that the Centre for Industrial Development is one of the units in the Department of Economic and Social Affairs. Through the office of the

^{6/} Official Records of the Economic and Social Council, Twenty-Seventh Session, Annexes, agenda item 5, document E/3213, para. 15.

Commissioner for Industrial Development, the Centre has been instrumental in harmonizing and integrating the work undertaken by the various units in the Secretariat Headquarters and in the regional economic commissions. A certain progress has been made; nevertheless, the Committee feels that a greater degree of authority is needed to provide the required impetus to industrial development.

B. Gaps in the Activities of the United Nations System

29. The Committee reviewed the work of the United Nations Secretariat at Headquarters, the regional economic commissions and the specialized agencies in regard to the programme of work and their operational activities in the field of technical assistance. While an exhaustive evaluation of this work appears to be an exceedingly complex task requiring more time, it was felt that it would suffice for the purpose of this report if the Committee would identify gaps in the activities of the United Nations system. This would also provide some background for the major recommendations of the Committee.

Promotion of Industrial Development

30. The Committee noted that there was a serious gap in the activities of the United Nations system regarding the promotion of manufacturing industry. The requests for assistance submitted by the countries under the Expanded Programme of Technical Assistance and the Special Fund were relatively few. Consequently, the funds allotted to meet the technical assistance needs for manufacturing industry under the EPTA programme amounted to only \$5.5 million or about 6 per cent of the total for the period 1963-64. If training, transportation and other ancillary services are to be included, the share in the EPTA programme for industrial development amounts to \$19.2 million or about 25 per cent of the total. The Committee noted that very few requests in the field of manufacturing industries have been made by the countries for financing by the Special Fund. From the information available to the Committee, it was felt that this was primarily due to lack of promotional work by the United Nations at the field level. The specialized agencies, on the other hand, have built up a network of field offices, resident advisers, correspondents, etc. who are continuously in touch with the ministries promoting and assisting the formulation of projects for financing by the international organizations. The lack of such promotional effort in industrial fields has created a vacuum which needs to be filled.

31. The Committee noted that such promotional effort was particularly needed in newly industrializing countries. Very often, they lack information on sources of assistance and the nature of formulation of requests. If assistance could be given on the formulation of requests and other related matters, they would benefit considerably in utilizing the international assistance. Thus, in fact, what is missing in the work of industrial development is the ability to maintain an active interest in development of projects at the country levels which may provide the governments with a most valuable source of immediate advice on the order of priorities of their needs for technical aid and the most effective manner of formulating their respective programmes.

32. The Committee noted that the industrial advisory service which was approved by the Economic and Social Council last year contained elements required for strengthening operations at the field level. These advisers would be located both at Headquarters and in the regional economic commissions. However, the number of advisers and ad hoc consultants are few owing to budgetary limitation, which necessarily restricts the promotional work at the field level. The regional economic commissions have been increasingly active in this field. The Committee recognizes that this is a step in the right direction, but the magnitude of their effort and the vital role they could play would depend on the resources available to undertake field work. In this connexion, the Committee felt that the regional economic commissions should be strengthened considerably, in order to enable them to expand the work they are doing.

33. The Committee noted that the Technical Assistance Board representatives are concerned with administration and co-ordination of the programme. Therefore, the Committee wishes to emphasize the importance of placing technical personnel in selected countries, who, through frequent consultations and continuous contacts could provide effective and immediate assistance.

Manufacturing Industries

34. The Committee took note of the various activities and work programmes of the United Nations Secretariat, the regional economic commissions and the agencies. In reviewing these activities, the Committee felt that insufficient stress has been given to the activities concerned with the establishment and operation of manufacturing industries which are the basic elements of the

industrialization programme. Such activities should, inter alia aim at transfer of technology and adaptation of processes to suit the needs of the developing countries. In this connexion, the Committee noted the contribution of the Science and Technology Conference, which met at Geneva in February 1963. The general aim of the Conference was to stimulate economic and industrial development through the application of science and technology. The transfer and application of technological processes in the manufacturing industries provide a wide scope for the United Nations to undertake work in this important field.

35. The Committee noted that the United Nations Secretariat has already initiated work in selected industries such as iron and steel, fertilizers, manufacture of capital equipment etc. However, considering the range of industries involved the present efforts of the United Nations would be considered only a beginning in the right direction.

Exchange of Technical Data and Information

36. The Committee recognizes the importance of collection, analysis and dissemination of technical data which are of importance to the less developed countries. Considering the fact that a substantial amount of material is available, although scattered, it was considered desirable to consolidate and adapt such information for the purposes of dissemination in the newly industrializing countries. In this connexion, continuous contacts and frequent consultations would be necessary with the leading technical and other institutions concerned with work in the problems of industrial development.

Central Leadership

37. Finally, in its evaluation of the effectiveness of the United Nations system, as now constituted, the Committee was concerned by the lack of central leadership. This situation arises from the fact that no single agency at present is specifically charged with an over-all responsibility for industrial development. One requirement of such leadership should be to keep under constant evaluation the activities undertaken by the United Nations system as a whole in this field and to ensure that these all relate to a coherent design.

V. CONCLUSIONS AND RECOMMENDATIONS

38. The Committee attached primary importance to the means of providing for the central leadership and co-ordination of the whole effort of the United Nations family in the field of industrial development. The Committee considered the alternatives of:

- (i) strengthening the resources of the existing Centre for Industrial Development;
- (ii) instituting a new specialized agency;
- (iii) creating a subsidiary organization within the United Nations.

39. The Committee considered that the first of these would be unsatisfactory inter alia because of the limitations imposed by the regular budgetary resources and procedures of the United Nations. On the other hand, a specialized agency would take a substantial time to come into operation and might lead to a less advantageous use of resources by duplicating existing facilities and services and also rendering the task of co-ordination more complex. Hence, the Committee reached the conclusion that the central organization in this field should be established within the United Nations.

40. The Committee considered that the special responsibility and authority of the United Nations in the field of industrial development should be explicitly acknowledged in some appropriate directive of the General Assembly. The Committee then considered what organizational and institutional structure within the United Nations could best be vested with the necessary authority to provide the leadership and impetus required to achieve the aims and objectives of the United Nations in this field. In this connexion, the Committee made inquiries as to the various institutional forms that exist within the United Nations where some special operative authority is desired to be combined with regular budgetary, staffing and administrative arrangements under the Secretary-General.

41. The Committee understood that a variety of such institutions^{7/} exist and considered that certain features of these institutions might be incorporated in the type of organization that is needed in the field of industrial development. In the opinion of the Committee, this type of organization could be set up without

^{7/} Examples are the UNICEF, the Special Fund and the Office of the High Commissioner for Refugees.

undue delay and would meet the requirements for budgetary flexibility and a sufficient measure of authority to provide leadership and co-ordination, enabling a global strategy for the United Nations effort in the field of industrial development to be evolved.

42. The fundamental purpose of the organization would be to assist the developing countries to accelerate their industrialization with particular emphasis on the manufacturing sector through the utilization of science and technology for the efficient use of the agricultural, mineral, power and other resources of developing countries in the manufacture of consumers' and capital goods on the basis of expanding domestic and foreign markets. One of the important functions of the new organization would be to provide a service of information preferably through the local institutions and the collection, analysis and dissemination of technical data to the newly industrializing countries.

43. Accordingly, the Committee recommends that a special organ, which might be called the United Nations Industrial Development Organization (UNIDO), be established under the authority of the General Assembly and the Secretary-General.^{8/} The Committee envisages that in broad outline such an organ might be constituted and operated in the following way:

A. Structure

- (i) UNIDO would have a governing or policy-making body and this function might conveniently be performed by the Committee for Industrial Development after any constitutional modification that may be deemed appropriate;
- (ii) UNIDO would have an Administrator, who might be appointed by a procedure similar to that followed in the case of the Managing Director of the Special Fund. He would take over the tasks at present carried out by the Commissioner for Industrial Development and would assume the enlarged responsibilities arising from UNIDO's wider scope;

^{8/} It may be called the United Nations Industrial Development Organization, or Agency, or Administration.

(iii) to assist in the task of securing effective co-ordination, the Administrator might be advised by a Consultative Board consisting of the Under-Secretary for Economic and Social Affairs, the Executive Secretaries of the regional economic commissions, the Managing Director of the Special Fund, the Executive Chairman of the Technical Assistance Board and the President of the International Bank for Reconstruction and Development, or their designated representatives. The Administrator should make, as appropriate, arrangements for representatives of particular specialized agencies and of the International Atomic Energy Agency to be invited to the deliberations of the Consultative Board when projects falling mainly within their fields of activity are considered.

B. Procedure

- (i) The Administrator would report annually to the General Assembly, through the Secretary-General and the Economic and Social Council, not only on UNIDO's own activities and programme of work, but also on the progress and adequacy of the over-all effort of the United Nations family in the field of industrial development.
- (ii) UNIDO may find it necessary to have its own representative in the field in order to assist governments in the formulation and implementation of programmes and projects for industrial development;
- (iii) UNIDO would maintain the closest co-operation with the regional economic commissions, with respect to all activities in the field of industrial development in their areas;
- (iv) attention would need to be given to building up an adequate staff of engineering and related technically-trained personnel and industrial economists both for the central and field activities.

C. Financial Arrangements

- (i) The normal administrative and personnel costs of UNIDO would be met from the regular budget of the United Nations. Other costs of the Centre for Industrial Development which are at present met from the regular budget of the United Nations would continue to be met in the same way for UNIDO.

- (ii) The arrangements by which funds from the Regular Programme for Technical Assistance (financed under the regular budget of the United Nations) are available for projects in the field of industrial development would continue;
- (iii) UNIDO would carry out projects in the field of industrial development financed by the Special Fund and the Expanded Programme of Technical Assistance and would therefore draw funds from these sources for such projects. Consideration might also be given to the provision by the Special Fund of funds to UNIDO to be used for assisting countries in the preparation of projects in the field of industry.
- (iv) It is envisaged that UNIDO would have operational activities and projects of its own for which a new source of financing would be necessary and it is envisaged that this might come from voluntary contributions from governments.
- (v) It may also be envisaged that in the course of time, joint projects might be undertaken between UNIDO and other bodies, such as the specialized agencies, or that UNIDO might be designated as an executing agency for projects in the field of industrial development by such Agencies and that contributions to the cost of such projects would then be made by those agencies.
- (vi) Contributions might also be invited from private institutions and foundations.

D. Transitional Arrangements

- (i) Until UNIDO was formally constituted, the present Centre for Industrial Development would take on enlarged functions and intensify its activities. Such an expansion of activity of the Centre should be regarded as a matter of urgency and substantially increased resources should be made available for the purpose.

Note by Mr. V.J. Aboltin

Mr. Aboltin noted that what he had said in the course of the discussions concerning certain conditions required from the organizational point of view, to ensure the successful functioning of a specialized agency - if such an agency should be established - in the main applied also to a special organization on industrial development, if such an organization were to be established within the United Nations system. He also believes that a number of functions exercised by some of the divisions and agencies of the United Nations and consequently their resources (for example, most of the functions of the Natural Resources Branch in the United Nations Secretariat) should be transferred to the special organization, if established, and to the Centre for Industrial Development pending the establishment of the new organization. He approves in principle of the idea of creating a special organization, but believes that additional study and consideration must be given to its structure, its role and place in the United Nations system, and methods of financing. In particular, he expressed the opinion that, if the appropriate United Nations bodies decide to establish such an organization, only its administrative expenses in the strictest sense should be covered by the Regular Budget of the United Nations. Furthermore, the financing of the administrative expenses of this organization should not cause an increase in the Regular Budget of the United Nations but should be achieved by means of appropriate redistribution among the various sections of the United Nations budget. As regards the possible operational expenses of the proposed organization in connexion with technical assistance, Mr. Aboltin takes the view that these should be chargeable to the Expanded Programme of Technical Assistance and the United Nations Special Fund.

ANNEX 1

A. Text of Economic and Social Council resolution 873 (XXXIII): Industrial Development Activities of the United Nations System

The Economic and Social Council,

Recalling General Assembly resolution 1712 (XVI) of 19 December 1961,

Recognizing that a high rate of industrial development is a necessary condition for the accelerated economic growth of under-developed countries, within a framework of expanding employment opportunities,

Taking into account the need for greater international action to accelerate the industrial development of less developed countries, in accordance with their over-all development efforts and in the spirit of the United Nations Development Decade, as defined in General Assembly resolution 1710 (XVI) of 19 December 1961,

Further taking into account the establishment in the United Nations Secretariat of the Industrial Development Centre, the work of the Division of Industrial Development and the existence of the Committee for Industrial Development and its inter-sessional working group,

Having considered the report of the Committee for Industrial Development on its second session,^{1/}

1. Requests the Secretary-General to consider urgently the problem of the adequate staffing of the Secretariat for industrial development purposes including the possible appointment, at the level of under-secretary, of a suitably qualified person as United Nations commissioner for industrial development;

2. Further requests the Secretary-General to appoint an advisory committee of ten experts, selected for their competence and on the basis of an equitable geographical distribution, to examine - in the light of the discussions at the second session of the Committee for Industrial Development, the discussions on industrial development in the General Assembly and in the Economic and Social Council and the relevant resolutions adopted by those organs, as well as of the activities at present being carried out by the United Nations system - the question of what further organizational changes might be necessary in order to intensify, concentrate and expedite the United Nations effort for industrial development of the less developed countries, including the advisability of establishing a specialized agency for industrial development, or of strengthening or modifying

^{1/} Official Records of the Economic and Social Council, Thirty-third Session, Supplement No. 2 (E/3600).

the existing organizational structure in that field, and to report to the Committee at its third session.

1197th plenary meeting,
10 April 1962.

B. Text of General Assembly resolution 1821 (XVII): Activities of the United Nations in the field of Industrial Development

The General Assembly,

Recalling its resolution 1712 (XVI) of 19 December 1961, as well as Economic and Social Council resolutions 872 (XXXIII) and 873 (XXXIII) of 10 April 1962 and 893 (XXXIV) of 26 July 1962,

Noting with satisfaction the programme of work and recommendations contained in the report of the Committee for Industrial Development on the work of its second session,^{2/} the appointment by the Secretary-General of a United Nations Commissioner for Industrial Development, and the steps which have been taken to strengthen the activities of the United Nations in the field of industrial development,

I

Noting that the Economic and Social Council, in its resolution 873 (XXXIII), requested the Secretary-General to appoint an Advisory Committee of ten experts to examine the question of the further organizational changes that might be necessary in order to intensify, concentrate and expedite the United Nations effort for the industrial development of the developing countries, including the advisability of establishing a specialized agency for industrial development or of strengthening or modifying the existing organizational structure in that field,

Taking into consideration that the efforts of the United Nations - including the specialized agencies and the regional economic commissions - related to industrial development should be closely linked with activities in the field of

^{2/} Official Records of the Economic and Social Council, Thirty-third Session, Supplement No. 2 (E/3600/Rev.1).

natural resources, as well as in all other related fields, since the process of industrialization is dependent upon adequate progress in these fields,

1. Recommends that the Advisory Committee established under Economic and Social Council resolution 873 (XXXIII) should take into account in its work and recommendations;

(a) Whether it is advisable to deal with problems of industrial development, natural resources, energy, and possibly other related fields, within the framework of one organizational structure;

(b) Whether it is advisable to bring about a closer co-ordination of all activities related to industrialization at the national, regional and international levels;

2. Requests the Economic and Social Council to submit to the General Assembly, at its eighteenth session, the report of the Secretary-General on the work of the Advisory Committee, after consideration of that report by the Committee for Industrial Development, together with the comments of the Committee and the Council;

II

Aware of the fact that the process of industrialization in the economically less developed countries is closely dependent on the expansion of the foreign trade of those countries and that, as the industrialization of the developing countries proceeds, the trade structure of the world will undergo considerable changes,

Recommends to the Economic and Social Council and to the Committee for Industrial Development that the Committee, in its study of the relationship between accelerated industrialization and international trade, should take into account the urgent need of the developing countries for a steadily increasing income from exports, their need for imports of capital goods on favourable terms, as well as the long-term influence of the industrialization of the developing countries upon the structure, direction and volume of world trade and, to that end, suggests that the Committee be kept informed of the activities of international bodies concerned with trade.

ANNEX 2

ACTIVITIES OF THE UNITED NATIONS IN THE FIELD
OF INDUSTRIAL DEVELOPMENT
(Note by the Secretariat)

1. The Economic and Social Council in its resolution 873 (XXXIII) on the industrial development activities of the United Nations system requested the Secretary-General to appoint an advisory committee of ten experts to examine what further organizational changes might be necessary to intensify the United Nations effort for industrial development to the less developed countries. In this task, the Committee of Experts is expected to take into account the discussions in the Committee for Industrial Development, the Economic and Social Council and the General Assembly on industrial development as well as the activities undertaken by the Secretariat of the United Nations and by the specialized agencies in the field of industrial development.^{1/} The present paper is concerned with the activities of the United Nations Secretariat, including the Secretariats of the Regional Economic Commissions. The arrangements for co-ordination and concerted action in the field of industrial development within the United Nations system, including the specialized agencies, are described separately in another document.

I. DEVELOPMENT OF UNITED NATIONS ACTIVITIES

2. Since the establishment of the United Nations the subject of industrial development of the less developed countries has been a significant and growing part of the work of the Secretariat. It was initially approached within the broad framework of the Secretariat's programme of work on economic development. A study dealing specifically with the main problems of industrialization was first requested in 1954 in Economic and Social Council resolution 461 (XV). This request marks the beginning of the interest of the Economic and Social Council specifically in the problems of industrialization of the development countries.^{2/}

^{1/} A brief account of the discussions in the Committee for Industrial Development on certain organizational aspects of the work of the United Nations is contained in E/3600/Rev.1, paras. 106-127.

^{2/} Processes and Problems of Industrialization in Under-Developed Countries:
(United Nations Publication, Sales No. 1955.II.B.1).

Since then, the Secretariat has been asked to deal in a systematic way with most aspects of industrialization. In resolution 560 (XIX) the Economic and Social Council expressed its belief that "industrialization integrated with other forms of development was essential for the rapid economic and social development of under-developed countries" and requested the Secretary-General to prepare a survey of the work currently being undertaken under the aegis of the United Nations, including the specialized agencies, in matters relating to industrial development and productivity.^{3/}

Subsequent to the report submitted by the Secretary-General in accordance with the above resolution, the Economic and Social Council has devoted increasing attention to problems of industrialization. In this connexion, two significant developments may be noted. First, the Economic and Social Council in its resolution 674 A (XXV) established an advisory committee of experts to review the programme of work of the Secretariat in the field of industrialization and make recommendations to the Secretary-General on its further development.^{4/} Secondly, in taking note of the recommendations of the advisory committee of experts for an expansion of the programme of work, the Economic and Social Council adopted resolution 751 (XXIX) which recommended the establishment of the Committee for Industrial Development with the following terms of reference:

"The Committee for Industrial Development shall advise the Economic and Social Council in the matters related to the acceleration by less industrialized countries of their industrial development, and to this end it will:

- (a) examine for the Council the work programme on industrialization and make recommendations concerning its further development;
- (b) initiate, propose and encourage studies and seminars dealing primarily with:
 - (i) the most effective application of modern industrial methods of production and management techniques to the establishment and operation of industries in the under-developed countries;

^{3/} Official Records of the Economic and Social Council, Twenty-first Session, Annexes, agenda item 5, document E/2816.

^{4/} Official Records of the Economic and Social Council, Twenty-seventh Session, Annexes, agenda item 5, pp. 30-45.

- (ii) economic programming techniques as applicable to industrialization;
 - (iii) financial, fiscal and administrative policies conducive to the acceleration of industrial development;
 - (iv) effective techniques of distribution and marketing of industrial products, taking into account the progressive industrialization of under-developed countries;
- (c) undertake, propose or encourage the collection, evaluation and dissemination of information derived from the studies under sub-paragraph (b) above and of other information relevant to industrialization;
- (d) perform such other relevant functions as the Council may assign to it from time to time."

The resolution also provided that:

"The Committee for Industrial Development shall assist the Economic and Social Council to maintain the necessary liaison between the activities in the field of industrialization of the regional economic commissions, the specialized agencies, the International Atomic Energy and other bodies working in the same field, with a view to ensuring the utmost efficiency and co-operation in their work."

In its resolution 1525 (XV) adopted in 1960, the General Assembly decided inter alia to include in its provisional agenda at each session an item entitled, "Industrial development and activities of the organs of the United Nations in the field of industrialization".

3. The Committee for Industrial Development, at its first session in March 1961, reviewed the proposals of the Secretary-General for an expanded programme of work in the field of industrial development and made a number of recommendations with regard to its implementation.^{5/} It noted that in order to carry out the expanding programme of work, the Industrial Development Branch had been enlarged and reconstituted as the Division of Industrial Development. The Committee also recommended the establishment of an Industrial Development Centre within the United Nations Secretariat, with the function of promoting the dissemination of technical information and the co-ordination of efforts of the United Nations family,

^{5/} See E/3476, paras. 67-137.

including activities carried out under the programmes of technical assistance in the field of industrialization.^{6/}

4. At its second session, held in March 1962, the Committee for Industrial Development reviewed the work programme of the Secretariat in several fields, including the formulation of programmes of industrial development, training and management, the utilization of domestic financial resources and the transfer of technology. The Committee also considered organizational aspects of the work of the United Nations in the field of industrial development. It recommended inter alia that the Secretary-General consider the appointment of a Commissioner of Industrial Development. In this connexion, it examined the proposed role of the Industrial Development Centre and also considered the question of establishing a specialized agency or other appropriate body for promoting industrial development. This examination led to its recommendation for the establishment of the present Advisory Committee of Experts.

5. The Commissioner for Industrial Development was appointed by the Secretary-General on 1 June 1962. The Commissioner, in the light of the recommendations of the Committee for Industrial Development, presented to the Economic and Social Council at its thirty-fourth session proposals for the establishment of the Centre for Industrial Development and outlined in broad terms the principles that would serve as a guide in formulating and carrying out its programme of work.

6. The Centre for Industrial Development undertakes research and operational activities in respect to the various aspects of industrial development for which it has specific responsibility and competence as reflected in the annexes to this paper. Reflecting the broader policy functions of the Committee for Industrial Development, it also acts as a focal point in guiding and co-ordinating the industrial development activities of the United Nations system as a whole.

7. As a unit of the Department of Economic and Social Affairs, the Centre, under the leadership of the Commissioner for Industrial Development, draws upon Secretariat resources at Headquarters and in the regional economic commissions for carrying out in an integrated manner the United Nations programme for promoting

^{6/} See E/3476, para. 75.

the industrial development of the less developed countries. Other units of the Secretariat at Headquarters and the regional economic commissions deal with important aspects of industrial development included in such fields as general economic development programming and projections; natural resources and transport development; fiscal and financial matters; statistics; housing and urban planning; and social aspects of industrialization. These units, like the Centre itself, perform various substantive responsibilities in support of United Nations technical assistance activities in their respective fields.

II. THE PROGRAMME OF WORK OF THE CENTRE FOR INDUSTRIAL DEVELOPMENT AND THE REGIONAL ECONOMIC COMMISSIONS

8. As reflected in the work programmes of the Centre for Industrial Development and the Secretariats of the Regional Economic Commissions, the promotion of industrial development includes a variety of activities, among which the following occupy a prominent place:

- (i) Studies of industrial possibilities of a country or a region on the basis of available resources, marketing possibilities and priorities established by governments in their national development programmes.
- (ii) More detailed studies resulting from surveys of the above type, in order to provide blueprints for action on a sectoral and project level.
- (iii) The adaptation of technological processes and equipment to suit local conditions in the developing countries. In this connexion, recent advances in the application of science and technology of particular significance to less developed areas are being explored. The work programme of the United Nations in this area includes the preparation of "pre-investment" manuals on specific industries, providing information on alternative processes, raw material requirements, capital and operating costs, specifications of finished products and the like. A related area of work is the study of problems of maintenance and repair of industrial equipment, quality control, application of industrial standards and problems of product design. Another aspect of this work is assistance in the establishment of national and regional industrial and technological institutes in the less developed areas.
- (iv) Financing of industrial development, including studies on the capital requirements of industry and availability of funds from national and international sources for financing industrial projects in developing countries.

- (v) The availability of the necessary technical manpower is an important part of the process of industrial development. The United Nations, in co-operation with ILO and UNESCO, is undertaking research and provides assistance in the establishment of institutes for training of technical personnel for industrial development. Attention is also being given to problems of management of industrial enterprises.
- (vi) In view of the significant role played by small-scale industry in the processes of industrialization, the efforts of the United Nations are being directed to assist governments in developing appropriate policies for the promotion of small-scale industry. In this connexion, particular emphasis has been given to the establishment of industrial estates.

9. The above fields of activity are being undertaken at two levels: (i) research activities and (ii) the provision of support in these areas to technical assistance experts advising the Member Governments under the various United Nations programmes of technical co-operation, such as Regular Programme of Technical Assistance, Expanded Programme of Technical Assistance and the activities of the Special Fund. To carry out this programme at Headquarters, the Centre for Industrial Development is organized, in addition to the Office of the Commissioner for Industrial Development, in two divisions, namely the Research and Evaluation Division and the Technological Division.

A. Planning and programming of industrial development
and related governmental policies

10. The activities of the United Nations in the planning and programming of industrial development are being approached within the broader framework of general development planning. In response to a recommendation by the General Assembly, there has been established in the Bureau of General Economic Research and Policies an Economic Projections and Programming Centre with sub-centres in the regions.^{7/} One of the principal functions of this Centre is to carry out, in co-operation with the Secretariats of the regional economic commissions, as well as with the specialized agencies concerned, a programme of long-term projections of world

^{7/} See The United Nations Development Decade: Proposals for Action (E/3613).

economic and industrial trends.^{8/} The Projections and Programming Centre is also taking measures to meet the urgent needs to improve techniques of planning and to provide technicians and administrators trained in these techniques. The Centre is also intended to serve as a focal point for consultation and co-operation between the United Nations and the specialized agencies in the areas of economic projections and planning.

11. In the work of the Centre for Industrial Development three aspects of programming are receiving special attention. First, there is the need to devise methods for linking the planning on industry and project levels with the over-all targets relating to general economic or industrial development. Secondly, study is being devoted to the principles of effective organization for planning and co-ordination of the public and private sectors. In the public sector, the problem of implementation involves the establishment of procedures to ensure that the policies followed and the projects undertaken by the various government departments are properly co-ordinated; the choice of effective policy instruments to influence and guide the activities of the private sector; the systematic comparison of accomplishments with planned targets and adaptation of the plan to changing circumstances. Thirdly, there is need for adequate data on particular branches of industry the lack of which may deprive planning activities of much of their efficacy.

12. A number of studies by the Secretariat on the subject of industrial programming and planning have been published in the Bulletin on Industrialization and Productivity, of which five issues have been published and a sixth is in preparation. Work is continuing on the following projects:

- (a) analysis and publication of the replies received to the Secretary-General's Questionnaire on Industrial Planning and Development;
- (b) implementation of industrial planning in selected countries;
- (c) evaluation of industrial projects;

^{8/} A retrospective survey of industrialization in under-developed countries during the past decade is contained in Chapter I of the World Economic Survey, 1961 (Sales No.62.II.C.1).

- (d) maturation period of investment;
- (e) analysis of techniques for the projection of the demand for industrial products;
- (f) collection and analysis of data relating to selected industries.

At a seminar on industrial programming which has just been held under the joint auspices of the Economic Commission for Latin America and the Centre for Industrial Development particular attention has been devoted to the methodology of industrial programming in the context of general economic programming, experience on industrial programming in Latin America and Asia and the Far East and the formulation of sectoral programmes.

13. The Secretariats of the Regional Economic Commissions have undertaken a considerable amount of work on the problems and techniques of industrial planning. Pioneer work in this field has been done by the ECLA Secretariat under its programme of work in the field of analyses and projections of economic development. The techniques which have been evolved as a result of this project have been applied in a number of countries in the ECLA region.^{9/} In early 1961 a group of experts was invited by the Executive Secretary of the Economic Commission for Asia and the Far East to deal with the question of formulating industrial development programmes with special reference to Asia and the Far East. The report of that group has been published and is being used in the region.^{10/} The ECAFE Secretariat has continued its work on the subject, with special reference to investigation and promotion of joint development projects which are of importance to more than one country in the region, from the point of view of raw materials, power, demand and economies of scale. The work programme of the Economic Commission for Africa includes general surveys of the industrial situation in African countries, with special reference, wherever appropriate, to sub-regional operations. These surveys will include examination of the subjects of sectoral programming and industrial programming, inventory of African industries and the promotion of trade in industrial goods both among African countries and between Africa and other continents.^{11/}

^{9/} Five country studies on the problems of industrial development have been published by ECLA. These cover Colombia, Brazil, Bolivia, Argentina and Peru.

^{10/} Formulating Industrial Development Programmes (Sales No. 61.II.F.7).

^{11/} Industrial Growth in Africa: A Survey and Outlook (E/CN.14/INR/1).

B. Transfer of industrial technology to the newly developing countries

14. The Secretary-General in his report on The United Nations Development Decade has emphasized the importance of the work in the field of transfer and adaptation of industrial technology for the benefit of the less developed countries.^{12/} This is a new field in which the United Nations has an increasing role to perform.

The Committee for Industrial Development, at its second session, held in March 1962, also recognized the need for systematic treatment of the field of international transfer of technology and for adapting technological processes and equipment to suit the economic conditions and physical environment of the developing countries.

15. In view of the limited resources available the work programme in this field is confined to a study of selected industries: a start has been made on metallurgy (including steel and other basic metals) and chemical industries and other industries are under consideration. Work has been initiated on the preparation of pre-investment manuals which will contain information on alternative processes, raw material requirements, capital and operating costs, specifications of finished products, plant layout details, equipment specifications and the like. The first of a series of Studies in Economics of Industry prepared by the Centre has recently been issued; it contains two studies, one on Pre-investment Data for the Cement Industry and the other on Nitrogenous Fertilizers based on Natural Gas.^{13/} These studies contain an analysis of investment and other major input requirements. An inter-regional Iron and Steel Symposium on recent technical developments with special emphasis on their application to less developed countries is planned for November 1963. The Symposium is being organized by the Centre for Industrial Development in collaboration with the regional economic commissions.

Work has been initiated in the following areas which are of general interest to the less developed countries: the use of second-hand machinery in industrial projects; problems of maintenance and repair of industrial equipment; application of industrial standards, and importation of "packaged plants".

^{12/} The United Nations Development Decade - Proposals for Action, Sales No. 62.II.B.2. See also, Secretary-General's speech to the Science and Technology Conference, E/CONF.39/INF.22, 4 February 1963.

^{13/} United Nations Publication, Sales No. 63.II.B.3.

16. Particular attention is being given to the establishment of technological and industrial research institutes which could play a key role in the adaptation of techniques to local conditions. The United Nations is serving as Executing Agency for the Special Fund in the establishment or expansion of several such institutes. The Secretariats of the regional economic commissions, particularly in Asia and the Far East and in Latin America are also promoting regional co-operation in industrial research. The Economic Commission for Latin America, which played an important role in the establishment of a Central American Technological Research Institute (ICAITI), is co-operating in activities designed to improve the work of existing national and technological research institutes and the promotion of new ones. ECLA will also undertake studies on the problem of regional complementarity of production facilities in such fields as iron and steel and the automotive industry. It will continue the series of country surveys on the manufacture of heavy industrial equipment over the next two years with additional five-country studies and follow-up work on the earlier surveys.^{14/} The ECLA Secretariat is also preparing a manual on the modernization and development of the textile industry. The Secretariat of the Economic Commission for Asia and the Far East is undertaking preliminary studies that will lead to a regional conference on industrial research with a view to promoting regional co-operation of technological research activities in the area. A regional advisory group will be established by ECAFE to assist Member countries in the development of metal-using industries. In the light of particular requirements in the region, a project on the utilization of vegetable protein residues and fibres has been given priority in the ECAFE work programme. A major study on the production and the export of capital goods in the mechanical and electrical engineering fields which is likely to provide information of considerable interest to the countries of the other regions will be issued by ECE in 1963. ECA will carry out in 1963 a study on the prospective growth of iron and steel consumption in Africa over the next decade and will begin a survey on the possibilities of expanding fertilizer production in West Africa.

^{14/} A recent ECLA publication in this field is the Manufacture of Industrial Machinery and Equipment in Latin America: Basic Equipment in Brazil (Sales No. 63.II.G.2).

17. A major step in reviewing the orientation of science and technology towards the problems of the less developed countries was taken by the United Nations with the decision to hold the United Nations Conference on the Application of Science and Technology in Geneva which met from 4 to 20 February 1963. The purpose and general theme of the Conference was the stimulation of economic development through the application of the latest advances in science and technology, and in particular, to assist in identifying the fields in which the work could be directed to the best advantage to the conditions prevailing in the less developed countries and to their special needs. At the conclusion of the Conference, the representative of the Secretary-General made the following observations:^{15/}

"What is needed is new programmes, new money and a new sense of collective responsibility. The existing organizations of the United Nations family provide a firm and adequate basis upon which to build. But the work of the United Nations family in the whole field of science and technology should be brought under continuing review so as to ensure an inter-disciplinary approach and a maximum of co-operation and co-ordination. The Secretary-General is proposing that this become a priority matter for continuous joint consideration by the executive heads of the specialized agencies and himself in the Administrative Committee on Co-ordination, at which he presides.

"The formulation of a body of recommendations for international action is obviously a matter of very great importance not only to the United Nations family, but also to each individual country here represented. In carrying out this task, the Secretary-General will rely heavily on the help of the heads of the specialized agencies and the International Atomic Energy Agency; but he is most anxious also to have the benefit of consultations with those governments who were asked to provide the senior officers of this Conference. He therefore intends to invite the President and the Secretary-General of the Conference and the countries which provided Vice-Presidents to continue to give him the benefit of their informal views through consultation with him within the next two or three months.

"The Secretary-General believes that these consultations would enable him better to assist the Economic and Social Council in its consideration of practical programmes of international action to help carry forward most effectively the great task which this Conference has begun."

^{15/} Address by Mr. Paul Hoffman, E/CONF.39/INF.47.

C. Establishment of a system for the exchange of technical data and information in the field of industrial development

18. The planned functions of the Centre for Industrial Development include that of serving as a clearing house for the exchange of information of interest to the promotion of industries in developing countries. This function involves: (a) the collection, analysis and dissemination of experience gained in technical assistance programmes in the field of industrialization and (b) the provision of an information service to governments on economic and technological aspects of industrial development. The Centre is planning to undertake the collection and organization of information available in reports of technical assistance missions in the field of industry under United Nations and other governmental programmes.

19. The Centre for Industrial Development has initiated a number of actions aimed at the dissemination of technological information. A reference and documentation unit has been established in the Centre to collect the relevant publications in the field of industrial development. It is planned to establish contacts with scientific and technological institutes in the field of industrial development with a view to developing clearing house activities. Secondly, the Centre is exploring ways and means of developing a service of technological information, which could be made available to the particular enterprises in developing countries. The experience of existing international and regional organizations in providing such a service is being studied. Thirdly, the Centre for Industrial Development is organizing a number of seminars which are considered to be one effective means for exchange of information. The following such meetings are planned for the biennium of 1963/64:

Seminar on industrial programming in Latin America;

Inter-regional symposium on modern methods of iron and steel production;

Expert group on the preparation of training materials on evaluation of industrial projects;

Fertilizer seminar in the ECAFE area;

Seminar on machinery and heavy equipment manufacture in the ECLA area;

Seminar on industrial estates in the Middle East;

Seminar on the development of chemical industries in Latin America;

Inter-regional working group on petrochemical industries based on natural gas;

Seminar on industrial promotion policies in Latin America;
Seminar on industrial estates for the ECA region;
Inter-regional seminar on industrial and technological research institutes;
Seminar on small-scale industries in Latin America.

D. Promotion of small-scale industries

20. The work programme of the United Nations includes the promotion, when appropriate, of small-scale industries. The Committee for Industrial Development, in reviewing the role of small-scale industries noted that in some cases smallness was a stage in growth. Small-scale industries were considered a training ground for skilled labour and management and in certain cases they could coexist with larger undertakings. Thus, the Committee observed that they had a special role in the process of industrialization.

Among the measures which might be adopted to promote small industries, the Centre for Industrial Development is intensifying its work in the field of industrial estates. Two studies have recently been published on the subject: Establishment of Industrial Estates in Under-Developed Countries (United Nations Publication, Sales No. 60.II.B.4) and The Physical Planning of Industrial Estates (United Nations Publication, Sales No. 62.II.B.4). Seminars are planned in 1964 in co-operation with the regional economic commissions, with a view to dealing with various problems connected with the establishment and operation of industrial estates. A study is also under way on the position regarding capital and other production requirements for small-scale industries in different countries.

21. The Secretariat of ECAFE is intensifying its work in the fields of small-scale industrial development. Studies have been initiated, for example in Thailand, with a view to examining the advisability of establishing a number of small- and medium-scale industries to meet national and, where possible, regional needs. A working party in small-scale industry is being organized by ECAFE to review its programme of work in the field and to formulate measures for international co-operation to accelerate the development of small industry. As a part of its work in the field of small industry, ECAFE has begun publication of a Small Industrial Bulletin for Asia and the Far East.^{16/}

E. Industrial Advisory Services

22. The Committee for Industrial Development, at its second session, emphasized the importance of technical advisory services in the field of industrial development. On the basis of its recommendations the Economic and Social Council approved the development of advisory services drawing upon staff available within the United Nations system as well as upon outside experts in order to provide assistance to Member Governments in the following fields:

- (a) advice on specific problems of industrial planning, programming and policies, industrial surveys, feasibility studies, choice of processes, plant and equipment and plant operations;
- (b) assistance in formulating requests for technical assistance;
- (c) assistance in effective follow-up of recommendations of earlier technical assistance missions.

23. As a result of the Council's recommendations, advisory services in industrial development will become available through the establishment in 1963 of a group of senior advisers at Headquarters and in the Regional Commissions (ECA, ECAFE, and ECLA). This will add a flexible element to the resources available (under EPTA and the Special Fund) for providing assistance in the field of industrial development. ECLA will also continue to provide advisory services to Member countries through regional advisers in such fields as textiles and technological research and through the ECLA/FAO/BTAO Advisory Group on pulp and paper.

Another approach that will draw upon advisory services is industrial feasibility surveys by teams of economists and industrial specialists. Two such industrial survey missions are planned by ECA in 1963 covering, on a sub-regional basis, a number of countries in West Africa and East Africa respectively.

F. Training of National Personnel for Industrialization

24. The lack of trained personnel is one of the serious obstacles to industrial development. There is a widespread shortage in the developing countries of skilled labour and technical personnel at various levels. With the intensification of efforts to accelerate industrial development, the supply of skilled personnel at all

levels has fallen far short of requirements. The Committee for Industrial Development in reviewing this problem, felt that each country should attempt to develop, if necessary, with international assistance, facilities to provide training and education for various groups of skilled labour, technical personnel, economists and administrators. It also suggested that the appropriate institutions of the United Nations family should have a more dynamic attitude towards this problem and called the attention of developing countries to their rapidly expanding potentialities for obtaining assistance in organizing training facilities, in some cases on a regional basis. In reviewing this problem, the Economic and Social Council emphasized that:

- (a) training should increasingly take place within the developing countries themselves;
- (b) training institutions should be established wherever appropriate on a national or regional basis where a large number have to be trained continuously over a considerable period and that holding training courses, seminars and the like is not an adequate answer to the problem. Permanent institutions can be more economical as well as more effective in developing the right training methods and preserving training experience;
- (c) there is a great need for training middle-level and auxiliary personnel; in this connexion, emphasis was given to in-plant training of young engineers;
- (d) the preparation of systematic training programmes related to general development plans and based on manpower surveys and projections of trained manpower requirements was emphasized.

25. The General Assembly in its resolution 1824 (XVII) on the training of national technical personnel for industrial development, requested the Secretary-General to prepare a comprehensive study in consultation with ILO, UNESCO and other agencies on the problem of training. The report of the Secretary-General is to include an estimate of the requirements of the developing countries for technical personnel of the intermediate and higher levels and an estimate of the available possibilities for training such personnel. The General Assembly has requested proposals for further measures within the United Nations system and recommendations to the Governments concerned with regard to intensifying the training of and improving the facilities for the training of the above-mentioned personnel in the developing countries.

26-27. The United Nations is giving particular attention to evolving a suitable training programme to train potential managers in the developing countries. The young engineers in these countries are called upon to assume higher responsibility soon after the completion of their formal education. For such positions, a graduate engineer in an industrially-advanced country would have to spend a few years in a number of shops and departments within a plant, before being called upon to assume managerial responsibility. The training programme to be initiated by the United Nations will be primarily concerned with providing the in-plant experience to the young engineers, which is being obtained in the normal course by their counterparts in the developing countries.

III. FINANCING OF INDUSTRIAL DEVELOPMENT

28. With growing experience in economic development planning it is increasingly evident that the financing of industry requires special attention. The manner of industrial financing of an industry is closely related to the characteristics of ownership, management, size, cost structure and production schedules. Some of these aspects will be studied in detail by the United Nations in its programme of work on financing of industry. Studies are also being made on fiscal and other measures for facilitating the international flow of capital funds.

29. A study on the provision of export credit for the acquisition of industrial machinery and equipment has been completed. Other studies dealing with the sources, scope and forms of external financing available to industries in developing countries are under preparation. The work programme for 1963 and 1964 includes studies on the mobilization of internal financial resources for industrial development, together with inquiries into the financial requirements of specific types of industries. Parallel with the study of financing sources, there is need for research on financing requirements, especially at the project level: requirements for capital investment, for fixed investment and working capital, for "equity" capital and borrowed funds, for long-term, medium-term, and short-term loans. In developing countries, industrial projects are frequently initiated with imperfect awareness of financing requirements and difficulty is subsequently experienced owing to insufficiency of funds. Pre-knowledge of financial requirements will assist in averting financial difficulty at the

implementation stage. It will, moreover, contribute to the devising of appropriate financing methods. The above studies will also serve the needs expressed in General Assembly resolution 1715 (XVI), inter alia, for "assistance to developing countries in determining the most appropriate sources of development capital and assistance". In response to this resolution, the Secretary-General's Report on the Development Decade (document E/3613) includes proposals for facilitating access to foreign capital through the provision of information, advisory services and training. The Governing Council of the Special Fund at its ninth session has also dealt with this matter (document E/3717). In order to ensure maximum utilization of staff resources, the Centre has established close co-operation with the Fiscal and Financial Branch of the Department of Economic and Social Affairs which is engaged in the international financial studies and surveys referred to above.

IV. RESOURCES AND TRANSPORT DEVELOPMENT^{17/}

30. The work programme of the United Nations in the field of natural resources and transport development includes the following fields of activity:

- (a) Cartography and other surveying and mapping;
- (b) Geology and mining;
- (c) Energy resources and electrification;
- (d) Water resources (such as river basin development, navigation, hydro-power, groundwater and demineralization of saline and brackish water) and
- (e) Transport development (such as over-all transport development planning, roads, railways, inland navigation and maritime transport).

These activities are the responsibility at Headquarters of the Resources and Transport Branch of the Department of Economic and Social Affairs. In the regional economic commissions, activities in these fields are undertaken according to regional needs. None of the commissions is dealing with all aspects of natural resource and transport development. In the Economic Commission for Europe, for instance, there is an Energy Division and a Transport Division but no unit

^{17/} For further details, see Natural Resources: Report on work being done in the field of non-agricultural resources (E/3578) and "Work done and recommendations concerning transport development", (E/3721).

dealing with geology and mining and activities in the field of water are so far restricted to hydroelectricity, pollution control and inland navigation. In ECAFE, there is an independent Bureau of Flood Control and Water Resources Development and two smaller units, dealing respectively with geology and electrification; no unit deals with cartography, but there is a Transport and Communications Division. The Economic Commission for Latin America has a Programme dealing with Energy and Water Resources, but no unit deals with cartography, geology and mining. In the Economic Commission for Africa, steps are now taken to build up competence in electricity, surface water and geology and mining; there is a transport unit which is to be expanded.

31. The areas of work mentioned above is not restricted to the technology and economics of individual projects, but involves also, to a considerable extent, questions of organization, administration and legal aspects in those fields. Much attention has to be paid to co-ordination and integration at the country level as, for instance, in the development of a co-ordinated energy policy, encouragement of central water resources development boards and the establishment of suitable geologic and similar institutions. Typical in this context is the assistance rendered by United Nations experts well versed in resource economics and administration, legal experts for advice on mining codes, water legislation and electricity legislation, experts to assist in co-ordinating transport planning and administration and experts for the establishment of cartographic institutions. In all these activities, the Branch maintains close co-operation with other branches and divisions in the Department, including the Industrial Development Centre, as well as with the regional economic commissions and the specialized agencies concerned. In the latter case, co-operation is maintained in the water field (through the good offices of the Water Resources Development Centre) particularly with FAO, IAEA, IBRD, UNESCO, WHO, WMO in the transport field with ICAO and IMCO; in the energy field with IAEA, the World Power Conference, the World Petroleum Congress and others.

32. In the field of natural resources and transport development, the United Nations has developed a very active operational programme through technical assistance operations and Special Fund projects. Out of the 46 Special Fund projects approved as of 31 January 1963 and for which the United Nations is the Executing Agency, some 36 projects relate to natural resources and a considerable

number of requests are in various stages of preparation and evaluation. The first Special Fund project in the field of transport is expected to be approved this year. Through technical assistance operations, about 300 experts in the field of natural resources and transport are assisting developing countries in a variety of tasks.^{18/} The operational work of the Resources and Transport Branch has been steadily rising for the last few years as a result of the experience gained by the United Nations in these fields and the attention now paid by many developing countries to the development of the infra-structure (transport, electricity supply, water, mapping and geological services) in which the Resources and Transport Branch provides assistance.

Apart from the operational work, the United Nations carries out either through the Resources and Transport Branch at Headquarters or the corresponding units in the regional economic commissions a considerable amount of applied economic research and studies concerned with resource and transport development. Among the conferences should be mentioned here the United Nations Conference on New Sources of Energy, held in Rome in 1961, which dealt with geothermal energy, wind power and solar energy and the United Nations Conference on Science and Technology, which was held in Geneva in February 1963, and devoted a substantial number of sessions to natural resources and transport due largely to the fact that for this field more papers were submitted than for any other fields except agriculture. Among the seminars (regional or inter-regional) organized during the last few years, the two petroleum Symposia organized by ECAFE and the Inter-Regional Seminar on Techniques of Petroleum Development organized by the Resources and Transport Branch should be mentioned. Seminars were also held in the regional commissions with the participation of the Resources and Transport Branch on energy and electricity (in ECLA and ECAFE) and the corresponding seminar for ECA will be held in October 1963. Seminars on airborne geophysical methods and regional cartographic conferences were organized by the Cartographic Section of the Resources and Transport Branch for ECAFE. Seminars and meetings on various problems of water resource development were also organized.

^{18/} The increasing workload of the operational activities can be seen from the latest figure for February 1963: in that month, the applications of 146 experts for technical assistance posts were received for evaluation.

V. STATISTICS FOR INDUSTRIAL DEVELOPMENT

33. The formulation of the industrial development plan and its implementation would require adequate statistical data. The work of the United Nations has been directed to problems of methodology and international comparability, including the sponsorship of a collection of available data by governments themselves. This work is being undertaken by the Statistical Office of the Department of Economic and Social Affairs as a part of its programme of collection and analysis of statistical data for economic and social development.

34. Work is continuing on a world-wide programme of collecting basic industrial statistics, which involves conducting full-scale inquiries and promoting the development of integrated national systems of industrial statistics. The Statistical Commission of the United Nations has made recommendations on inquiries that are to be taken as part of the above-mentioned programme, as well as objectives, scope and content of bench-mark and annual inquiries which would, in conjunction with monthly or quarterly surveys, furnish basic data required on the industrial sector.^{19/}

35. The United Nations publishes in the Monthly Bulletin of Statistics and the Statistical Yearbook a wide range of industrial statistics. These statistics relate to such subjects as the output of important mining and manufacturing products, national and international index numbers of industrial production, indexes of employment, and the output and employment of the various divisions of the industrial sector. The international index numbers of industrial production furnish data on trends in the real output of the various mining and manufacturing industries for regions of the world and countries sub-divided according to the degree of industrialization, as well as the world as a whole. The Statistical Office periodically issues a comprehensive publication on the structure, characteristics, resources and activities of the industrial sector and the role of the sector in the economy as a whole. The last such publication was Patterns of Industrial Growth, 1938-1958, Series P, No. 1. The Statistical Office is now engaged in bringing this publication up to date and extending and

^{19/} International Recommendations on the 1963 World Programme of Basic Industrial Statistics, Series M, No. 17, Rev. 1, Add. 1, and International Standards in Basic Industrial Statistics, Series M, No. 17, Rev. 1.

expanding the series of data and analyses. It is to be issued in the revised and expanded form in 1963, in two volumes.

VI. SOCIAL IMPLICATIONS OF INDUSTRIALIZATION

36. The Bureau of Social Affairs in the Department of Economic and Social Affairs has undertaken a number of studies of the social aspects of industrial development.^{20/} These studies relate to questions of urban size and industrial location, incentives to industrial growth and the role of industrial social services in relation to integrated national social services. Extensive studies will be made of various types of cities and localities that have gone through or are undergoing rapid industrial growth. Proposals are being considered to hold an inter-regional seminar on social factors in industrialization and the provision of advisors on the question of the urban size and industrial location as examples of industrial planning missions to various countries.

37. The United Nations is giving increasing assistance to housing and urban development as a part of its programme of work on the Development Decade. The regional economic commissions have specific programmes in housing, building and planning in their respective regions. In the case of ECAFE, emphasis is given to the development of efficiency and capacity of the building and building materials industries. ECLA proposes in the next two years, subject to obtaining the necessary staff, to undertake an intensified programme in housing, building and urbanization with the emphasis on development of building materials industries, better programming of housing and on research on the basic problems of urbanization. ECA has now initiated a full programme in housing, building and physical planning. The emphasis in this programme will be on adequate surveys of housing needs, development of building materials production, reduction in building costs and establishment of physical development plans as a framework for economic and social progress. ECE has placed major emphasis on: problems of improving the efficiency and raising the output of the building industry; assessing qualitatively and quantitatively the European housing situation for

^{20/} See Trends and Problems of Industrialization in Developing Countries: Some Social Implications of Industrialization, a document prepared for the second session of the Committee for Industrial Development (E/C.5/19).

forecasting future needs, with a view to drawing up long-term housing programmes and formulating comprehensive housing policies; and problems of urban redevelopment, the provision of urban services and land use policies.

38. The Committee on Housing, Building and Planning, established by ECOSOC resolution 903 C (XXXIV), held its first session in 1963.^{21/} The Committee considered that housing and urban development should receive high priority in national and international programmes during the Development Decade. It recommended that the national and international bodies concerned with economic and social projects should ensure that these are conceived within a rational framework of physical development planning. The capacity and efficiency of building and building materials industries in developing countries should be improved since these industries are the main agents of physical capital formation for social and economic development. In this connexion, the Committee recommended that international aid should be increased for the establishment of an international and of national and regional research documentation and training centres in housing, building and planning.

^{21/} See document E/3719.

ANNEX 3

ARRANGEMENTS FOR CONCERTED ACTION AND CO-ORDINATION WITHIN THE UNITED NATIONS SYSTEM IN THE FIELD OF INDUSTRIAL DEVELOPMENT

(Note by the Secretariat)

Introduction

1. The research and operational activities of the United Nations in the field of industrial development are described in a separate Working Paper: ACI/2. Its functions in regard to the programme of concerted action by the United Nations family in this field, of which it is the focal point, and in regard to co-ordination, are briefly described in the present document.
2. By way of introduction, the following passages from last year's Progress Report of the Administrative Committee on Co-ordination on "Concerted Action in the Field of Industrialization" may be cited:

"The development of an integrated programme in the field of industrialization will be part of the effort of the United Nations family under the Development Decade.

"An increasing range of United Nations activities have called for and have been the subject of joint or co-operative action among the different agencies. A still wider range of activities have required and have been the subject of consultations and exchanges of information. A large number of activities are, of course, undertaken independently by individual organizations under the work programmes approved by their governing bodies; but here also a consistent effort is made, using the existing machinery of co-ordination, to take into account the relevant activities of other members of the United Nations family.

"There has thus emerged a network of international efforts which have embraced the most important aspects of industrial development and which have been far from haphazard and unrelated. In recent years, however, much attention has been given to bringing about a closer and more conscious integration of all these activities, at the level of the Governments (through the Economic and Social Council and the Committee for Industrial Development), and at the level of the secretariats." (E/3574, paras. 3-5.)

The responsibilities and the actions taken at these two levels may now be considered.

Action at the governmental level

3. The prime responsibility for co-ordination devolves, under Article 63, paragraph 2, of the Charter, upon the Economic and Social Council. The Committee for Industrial Development, as a standing committee of the Council, is responsible under resolution 751 (XXIX) for advising the Council in "matters related to the acceleration by less industrialized countries of their industrial development"; it is specifically provided in operative paragraph 7 of this resolution that the Committee "shall assist the Economic and Social Council to maintain the necessary liaison between the activities in the field of industrialization of the regional economic commissions, the specialized agencies, the International Atomic Energy Agency and other bodies working in the same field, with a view to ensuring the utmost efficiency and co-operation in their work".

4. At its annual sessions the Committee for Industrial Development has before it, in accordance with General Assembly resolution 1712 (XVI), information on assistance for industrial development submitted by the Secretary-General (covering work both at Headquarters and in the regional commissions), the Executive Chairman of the Technical Assistance Board, the Managing Director of the Special Fund and the executive heads of the specialized agencies and the IAEA. The Committee is thus in a position to review the entire work of the United Nations system in the field of industrial development, and to give whatever advice it considers appropriate to the Economic and Social Council. The Council in turn may, under Article 63, paragraph 2, of the Charter, make recommendations to the specialized agencies as well as to the General Assembly and the Members of the United Nations.

Action at the Secretariat level

5. The chief organ for inter-secretariat co-ordination is the Administrative Committee on Co-ordination, consisting of the Secretary-General and the executive heads of the specialized agencies and the IAEA. In resolution 839 (XXXII) the Council requested the ACC "to study further the question of co-ordination in the field of industrialization, with a view to developing a concerted approach to this problem and to translating this approach into specific programmes of concerted action wherever such action can contribute effectively to the progress of

/...

industrialization". Under the aegis of the ACC a progress report (document E/3574) on concerted action in the field of industrialization was submitted to the Committee for Industrial Development at its second session (March 1962) and to the Economic and Social Council at its thirty-third session (April 1962). In its report to the Council, the Committee for Industrial Development noted with appreciation "the progress of a number of research projects and of operational activities involving joint action by several United Nations agencies".

(E/3600/Rev.1, para. 105.)

6. In order to supplement the normal consultations among the professional officers concerned for purposes of co-ordinating work at the technical level, the ACC has arranged for regular inter-agency meetings on industrial development, grouping representatives of the United Nations, ILO, FAO, UNESCO, WHO, IBRD and IAEA. These meetings cover all aspects of inter-agency co-operation, including arrangements for co-ordinated action on individual projects. Two such meetings are planned for 1963.

7. Other fields related to industrial development are also dealt with on the technical level by sub-bodies of the ACC. Thus the ACC Sub-Committee on Education and Training covers problems relating to training for industry, and will be considering next month and reporting on the action to be taken under General Assembly resolution 1824 (XVII) on training national technical personnel for the accelerated industrialization of the developing countries. Similarly, certain of the social aspects of industrialization fall within the purview of the Inter-Agency Working Group on Urbanization and the Inter-Agency Working Group on Housing and Related Community Facilities. All of these bodies report to the ACC itself.

8. Special mention should be made of the decision taken at the current (March 1963) session of the Governing Body of the ILO to establish an International Centre for Advanced Training in Turin, Italy. The representatives of the Secretary-General have participated at each stage in the consultations leading to this decision; and the Secretary-General is to be represented on a permanent basis on the Board of Trustees, its representative also acting as an officer of the Board. Provision is also made for representation at meetings of the Board of other specialized agencies and the IAEA whose co-operation in utilizing the

facilities of the Centre for their own training programmes is expressly sought. At the Centre, the purpose of which is to help developing countries to meet their advanced technical and vocational training needs, it is hoped that facilities may be established for in-plant training of engineers - facilities in which the United Nations Secretariat naturally has an especial interest.

9. Mention should also be made of the United Nations/IBRD-IDA Liaison Committee created under article II of the Agreement between the United Nations and the International Development Association. This Committee consists of the Secretary-General and the President of the Bank and IDA or their representatives, together with the Executive Chairman of TAB and the Managing Director of the Special Fund. It is provided that the Committee shall meet not less often than four times a year and that the participants "shall keep each other fully informed, and shall consult each other as required, on their current programmes and future plans in areas of common interest and concern, thereby assuring co-ordination of their technical assistance and other development activities". Programmes and plans in the field of industrial development are regularly discussed by this Liaison Committee.

10. The Centre for Industrial Development, besides undertaking research and operational activities of its own, also acts as a focus for the industrial development activities of the United Nations system. Its functions as a clearing-house for the exchange of information include the organization of such exchanges within the United Nations system itself.

Current trends towards closer integration of the work of the United Nations family

11. The ACC's report on Concerted Action referred to above concluded with the following passages:

"Further lines of concerted action. It is clear that the United Nations itself and the United Nations family will be called upon to expand considerably their activities in the field of industrialization as regards studies and operations. As noted above, these procedures have so far largely taken the form of exchanges of information about each other's activities and consultations - on a necessarily limited basis, because of their ad hoc character - at the implementation stage. While these procedures have led to very useful results in the context of the situation existing hitherto, they may not be sufficient in the

context of the expanding activities anticipated in the future. A further effort will have to be made to extend this collaboration to all stages - the stages of planning and formulation, and not only that of implementation - of projects and other activities. The specialized agencies have expressed their willingness to co-operate fully in this respect.

"Certain new procedures will have to be developed for that purpose. These must be of various types. Continued contacts both by correspondence and personal visits will be further developed and intensified between officials of the United Nations Secretariat and of the agencies, so as to further strengthen co-operation on the working level. The outposting of staff mentioned above, which has been considered favourably by the Inter-sessional Working Group and which is being implemented, represents another procedure for strengthening inter-agency action.

"There is also a need to develop and systematize inter-agency arrangements of a more formal character with a view to keeping under continuing scrutiny the international activities in the field of industrialization and to mobilize and co-ordinate resources available within the United Nations organizations in a concerted drive to promote industrial development of developing countries. It is proposed to hold high-level consultations for this purpose in the near future among the organizations which are most directly concerned with the problems of policies and planning of industrialization." (E/3574, paras. 32-34.)

12. The Council's Ad Hoc Working Group on Co-ordination reported as follows last June:

"The working group considers that closer co-operation between the United Nations, ILO and the Bank is a paramount need in this field at the present time and it feels that a special effort should be made to achieve this objective. How this can be done is a matter which is perhaps best left at this stage to the executive heads of the organizations concerned. It may be that satisfactory arrangements can be worked out on an informal basis between the three organizations, although it would be desirable for any arrangements to be related in due course to the ACC framework. However, the immediate objective should be to bring these three agencies closer together with a view to ensuring consultation and co-operation from the earliest stage in the planning of industrial development activities and in their implementation. The Committee for Industrial Development can provide a framework for Governments to encourage and promote this basic co-operation and the recently appointed Commissioner for Industrial Development can also play a useful role." (E/3647, para. 22.)

13. The objective indicated by the Ad Hoc Working Group has been actively pursued by the Commissioner and other members of the United Nations Secretariat by means of frequent and intensive consultations with the ILO and the IBRD. There has at

the same time been no weakening in the close relationships that have been developed between the United Nations and other agencies. Quite the contrary. Perhaps the most striking proof of this constant strengthening of inter-agency co-operation (and co-operation also with the regional commissions) is to be found in the Secretary-General's Proposals for Action in the United Nations Development Decade (E/3613). These proposals were worked out in agreement between United Nations Headquarters and the regional commissions and among all the organizations constituting the United Nations family. The chapter on Industrial Development in the Development Decade (pp. 54-59) represents a concerted approach such as has long been sought by the Economic and Social Council. Work is now in hand with the assistance of the Council's Special Committee on Co-ordination, and a report will shortly be made to the Council on detailed phased programmes based on the above Proposals.
