

**UNIDO AS A SPECIALISED AGENCY
AND ITS PERFORMANCE
IN THE 1980's.**

A Dissertation submitted to
• JNU in part fulfilment for the
Degree of Master of Philosophy.

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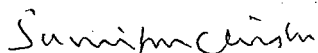
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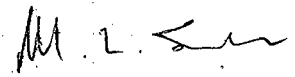
CERTIFICATE

Certified that the dissertation entitled "UNIDO AS A SPECIALISED AGENCY AND ITS PERFORMANCE IN THE 1980's" submitted by Ms. SHIKHA MATHUR in partial fulfilment of the requirements for the award of the degree of MASTER OF PHILOSOPHY, has not been previously submitted for any other degree of this or any other University and is her own work.

We recommend that dissertation may be placed before the examiners for evaluation.


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INTRODUCTION

The United Nations Charter spelt out the determination of the organisation to improve the standards of life of all the peoples of the world by employing international machinery for the purpose. UNIDO was established as an autonomous organisation within the United Nations on January 1, 1967 with head quaters at Vienna.

Industrialisation was essential for the economic and social development of the developing countries. Acceleration of industrial development in these countries depended on broadest international cooperation and a comprehensive organisation capable of intensifying, coordinating and expediting the efforts of United Nations, UNIDO was established. The primary task of UNIDO was to provide assistance for the promotion of industrial development in the developing countries and foster international cooperation on global, regional, national and sectoral levels.

From its inception, the developing countries expected that only as a specialised agency with adequate resources, UNIDO would be effective in promoting development of developing countries. Over the year, UNIDO gained greater autonomy. In the second General Conference of UNIDO held t Lima in March 1975, decisive step towards independence was taken in order to increase the share of developing countries in the total world industrial production to 25% so as to establish New International Economic Order. The Lima Declaration and Plan of Action recommended ~~that UNIDO~~ should be converted into a specialised Agency. It took 10 years for the constitution to be ratified. Thus, on 1st January 1986 UNIDO was established as the 16th specialised Agency within the United Nations.

Chapter one of this dissertation deals with the origin, establishment and objectives of UNIDO. Chapter two traces the conversion of UNIDO into specialised agency. It discovers why for the first time an organ of the General Assembly hitherto financed from the budget of the United Nations was converted into a specialised agency, independent of the General Assembly having its own budget approved by its General Conference and raising its own resources. As a specialised agency new constitution was drawn up. The structure was reorganised so that there was autonomy and operational flexibility necessary for it to fulfil its new mandate. Even the resources available to UNIDO was increased for it to deliver the new functions Chapter-III deals with the structure, constitution and Resources of UNIDO . The performance of UNIDO as a specialise agency in 1980's showed expansion and diversification of its activities in large number of member states. UNIDO provided assistance to developing countries in expanding, modernising and operating their industries by effective application of modern methods of industrial programming, planning, establishment of industrial institutions development, adaptation and transfer of technology and training of personnel. UNIDO acted as an international forum for contacts, consultations and negotiations between the developed and developing countries as well as among the developing countries themselves. Chapter-IV examines the performance of UNIDO in the 1980's. Chapter five presents an appraisal of UNIDO's performance in terms of whether it could fulfil the mandate for which it was constituted, whether adequate financial resources and organisational support was available in the performance of its functions and finally whether conversion of UNIDO to a specialised agency really proved advantageous for the industrialisation of the

developing countries. Thus, the concluding chapter examines the relevance and importance of UNIDO as a specialised agency.

At the completion of this dissertation, I express my sincere gratitude to Prof. (Mrs) Sumitra Chishti, Professor, Centre for International Politics, Organisation and Disarmament, School of International Studies, JNU for her invaluable guidance and direction. I would also thank Prof. K.P. Saxena and Dr. CSR Murthy of the same centre. Mr. D.K. Bose and Mr. Kishan Lal of the United Nations Information Centre, Delhi deserve special mention for helping me locate relevant material and documents, JNU Library and Sarda House Library were also important sources of reading material and literature on the subject. I express my gratitude to Mr. Ram Dachan Singh for typing this dissertation- so well in a very short time. My thanks are due to my family and friends who were a continuous source of strength in the completion of this work.

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SHIKHA MATHUR

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CHAPTER-I

THE ORIGIN, ESTABLISHMENT AND OBJECTIVE OF UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANISATION

THE HISTORY OF UNIDO:

The Charter of the United Nations shows the determination of the organisation to improve the living standards of all the people of the world by employing the international machinery for their social and economic advancement. The need was felt to create conditions of stability and well being which are necessary for peaceful and friendly relations among nations.¹ The United Nations directed its efforts to promote "higher standards of living, full employment and conditions of economic and social progress and development" and other such objectives spelt out in detail in Article 55 of the Charter. Consequently, industrialisation of the developing countries figured high on the agenda of the United Nations.

NEED FOR INDUSTRIALISATION IN DEVELOPING COUNTRIES:

Most of the developing countries were under long years of colonial rule, during which their industrial progress was greatly hampered. They did not have the industrial infrastructure in terms of technology, capital, transport and communication. Consequently, after

1. Article 55 of the Charter of United Nations.

they attained independence, an urgent need was felt to accelerate the pace of industrialisation which would foster economic development and social upliftment of the people. Industrialisation was a solution for the problems like low per capita income, unemployment, obsolete technology and economic backwardness. To make the developing countries technologically self sufficient so that they could exercise full control over their national resources as well as to reduce dependence on primary products, industrialisation and restructuring of the framework that governs technology, money and financing was needed.

Most of the work of United Nations, measured in terms of money and personnel goes into programmes aimed at achieving economic and industrial progress of the developing countries where two thirds of the world's people live, often in the grip of poverty, hunger, ignorance and disease.² One of the earliest manifestation of the will of the inter-national community to honour the pledge in the United Nations Charter to promote the economic and social advancement of all people took place in 1948. In that year, at its third session, the General Assembly unanimously adopted a resolution³ creating a United Nations Technical Assistance Programme. This received finances from the regular budget of the United Nations. The Secretariat of the United Nations arranged experts to advise the developing countries on their economic and developmental problems as desired by them. Fellowships and

2. Basic Facts about the United Nations; United Nations New York, 1985
pp 111.1

3. General Assembly Resolution.200(III) Yearbook of United Nations (New York, 1949) pp 437-38.

training for officials was made available. Technical personnel from developing countries could take advantage of the various seminars and conferences organised by the Secretariat alongwith providing limited quantities of technical equipment.

In 1949, Expanded Programme of technical Assistance was created, financed by voluntary contributions to "help the developing countries to strengthen their national economies through the development of their industries and agriculture with a view to promoting their economic and political independence in the spirit of the charter".⁴

In 1951, the General Assembly seriously took up the question of the industrialisation of the developing countries. The Economic and Social Council was called upon "to promote studies of a programme of rapid industrialisation of the developing countries including the economic, social, fiscal, technical and organisation problems involved and the role that the industrially advanced and under developed countries have to play in such a programme".⁵ The General Assembly requested the Economic and Social Council to propose measures which can be taken by the developed and developing countries in this direction. The Council in 1952 to undertake studies and research activities wherein lay the origin of UNIDO. In April, 1956, the Economic and Social Council considered two reports prepared by the Secretary General which were:-

4. Handbook for UNIDO, Field Staff (UNIDO Vienna, 1989), pg. 12.

5. General Assembly Resolution 521(vi) Year Book of the United Nations (New York 1951) Pg. 416

- 1) Survey of current work on Industrialisation and productivity;
- 2) Proposals for a Programme of work on Industrialisation and Productivity.

It was here that the need for closer cooperation and coordination was felt by different members. Thought was also given to the establishment of a special permanent Unit within the United Nations to deal with industrialisation or strengthening the existing arrangement. By a resolution (618 (xxii)), the Economic and Social Council recognised the urgency of a concerted programme of action on industrialisation by the United Nations and specialised agency. At the Eleventh session in 1956, the General Assembly supported this resolution.⁶ An important step was taken by establishing a special fund in 1958 in which finances were derived from voluntary contributions in order to undertake complex projects like establishment research centres, carrying out resource surveys and feasibility studies to draw investment.⁷ In 1959, an Advisory Committee of experts was established to make recommendation on further development in the field of industrialisation in developing countries as well as promoting closer co-ordination between the projects under the United Nations Technical Assistance Programme and special fund. The Economic and Social Council

6. Year Book of the United Nation, (New York 1956) pp. 173-175.

7. A Handbook for UNIDO Field Staff (Vienna 1989), pp. 13

endorsed these recommendations.⁸ At the General Assembly session 33 countries presented a draft which was placed before the second Committee recommending prompt establishment of a Commission for Industrial Development.⁹ In 1960, the ECOSOC established a standing Committee for industrial Development.¹⁰ The Committee would initiate, propose and encourage studies and seminars on matters like most effective application of modern industrial methods of production and management, financial, fiscal and administrative policies, techniques of distribution and marketing related to industrial development. This Committee recommended that an Industrial Development Centre be established to undertake the collection, analysis and dissemination of experience gained in technical assistance programmes in the field of industrialisation. The Second Committee of the General Assembly also supported the benefits of Industrial Development Centre. ¹¹ The General Assembly created the Centre for Industrial Development in July 1961 which reflected the growing recognition of the importance of the industrialisation of developing countries. The General Assembly also requested the Committee for Industrial Development to study the advisability of establishing a specialised agency for industrial development.¹² Creation of the new organisation was not an easy task because of the magnitude of the work of industrialising developing countries. There was a conflict of views between the developing and the developed countries while the former supported establishment of a specialized agency with adequate resources. The latter held that

8. ECOSOC Resolution 709 A(xxvii) Year Book of the United Nations (New York 1959) pp. 148.

9. General Assembly Resolution 1431(xiv) Year book of the United Nations (New York 1959) p. 150

10. ECOSOC Resolution 751 (xxix) Year Book of the United Nations (New York 1960) p. 293

11. UN General Assembly Report of the Second Committee (A/5056)

12. General Assembly Resolution 1712(xvi) Year Book of the United Nations 1961 pp. 252-257

substantial improvements of organisational arrangements within the secretariat was needed.¹³

In 1962, an Advisory Committee of Experts on Industrial Development Activities of the United Nations system was established. It evaluated the U.N. activities in the field of industrial development and concluded that the resources of the United Nations system was inadequate.¹⁴ This Committee also recommended that a special organ called the 'United Nations Industrial Development Organisation' be established under the authority of the General Assembly and the Secretary General. ECOSOC was requested by the General Assembly to give instructions to the Committee for Industrial Development to consider the establishment of such an organisation for industrial development as well as its structures and functions.¹⁵ The Committee for Industrial Development supported the establishment of a specialised agency for industrial development. The ECOSOC endorsed this need to establish a specialised agency within the framework of the United Nations. The Secretary General was requested to prepare a study for submission to the General Assembly on the scope, structure and function of the agency including draft statutes. The General Assembly was requested to consider the deliberations of the Committee for Industrial Development, United Nations Conference on Trade and Development and ECOSOC in order to expedite action towards establishment of such an organisation. It

13. Year Book of the United Nations (New York 1962).

14. Committee for Industrial Development Report of the Third Session E. 3781 (Annex viii).

15. General Assembly Resolution 1940 (xviii). Year Book of the United Nations (New York 1963), pp. 233-34.

called on members of United Nations and specialised agencies to give increased financial support for existing industrial development programmes of United Nations without prejudice to the immediate action on the establishment of specialised agency.¹⁶ In 1965, it was decided that administrative and research activities of this organisation shall be financed from the United Nations regular budget and its operational activities shall be financed from voluntary contributions by Governments of member states and other specialised agencies, as well as through participation in the United Nations Development Programme.¹⁷ An adhoc Committee of 36 members was appointed to prepare necessary operative procedures and administrative arrangements for the new organisation. In its report it proposed that purpose of the organisation would be to promote industrial development by encouraging mobilisation of national and international resources for promotion and acceleration of industrialisation especially in the manufacturing sector in the developing countries.¹⁸

An important experiment was launched between the decision to create the new organisation and its actual establishment, when a Trust fund for Special Industrial Services was set up in 1965 to provide emergency short term expert assistance in resolving technical problems in developing countries by the Centre for Industrial Development. This was known as "UNIDO's fire-brigade".¹⁹

16. General Assembly Resolution 1030A(xxxviii) Year Book of United Nations (New York 1964), pp 275-77.

17. General Assembly Resolution 1089(xx) Year Book of the United Nations (New York 1965), pp. 345-347.

18. Report of the Adhoc Committee on the United Nations Organisation for Industrial Development. (A/6229)

19. Hand Book for UNIDO field Staff (UNIDO Vienna 1989) pg. 14.

ESTABLISHMENT OF UNIDO

In 1966, the General Assembly adopted a resolution which decided that United Nations Industrial Development Organisation be established as an organ of the General Assembly and function as an autonomous organisation within the United Nations. This resolution recognised the need for industrialisation of developing countries for their social and economic development in order to expand the diversity their trade. 20 Recalling an earlier resolution of 20 December, 1965 by which an autonomous organisation for promotion of Industrial development was established 21 and considering the report of the Ad-hoc Committee on the UNIDO, a comprehensive organisation capable of intensifying coordinating and expediting the efforts of the United Nations in the field of industrial development in accordance with Article I, paragraph 3, and Article 55 and 56 of the Charter of the United Nations. This purpose would be achieved by encouraging the mobilization of national and international resources. The organisation would undertake operational activities as well as action oriented studies and research programmes. An Industrial Development Board was established as the principal organ of the Organisation consisting of forty five members elected by the General Assembly on the principle of equitable geographical representation. The Assembly decided that the administrative activities of the new body would be met from the regular budget of the United Nations. Voluntary contributions from UNDP would finance operational activities of UNIDO as well from the technical assistance budget of United Nations. A full time Secretariate,

20. Resolution 2152 (xxi), 17 November 1966, Year Book of United Nations (New York 1966) (A/6508) pp. 302-305.

21. Resolution 2089 (xx), 20 December, 1965. Year Book of United Nations 1965.

appointed in accordance with the United Nations Charter was to be headed by an Executive Director, appointed by the Secretary General and confirmed by the General Assembly.²² The General Assembly kept the provision for review in the light of experience, effectiveness and further evolution of institutional arrangements in view of meeting the growing needs in the field of industrial development.²³

In the founding resolution the General Assembly specified in a separate section entitled "Coordination and cooperation with United Nations bodies and other organisations the UNIDO" shall play the centre role in and be responsible for reviewing and promoting the coordination of all activities of the United Nations system in the field of industrial development. "A close and continuous working relationship" was devised with United Nations Conference on Trade and Development.²⁴

UNIDO formally came into existence on 1 January 1967 at U.N. Headquarters in New York. The General Assembly decided to locate the headquarters at Vienna on July 1, 1967 UNIDO became responsible for the direction and management of all existing and planned United Nations activities in industry. In the same year UNIDO became a participating and executing agency of the United Nations Developing Programme. By assigning UNIDO the central role in coordinating the industrialisation

22. G.A. Resolution 2152 (xxi) Year Book of the United Nations 1966
(A/6508) pg. 302-305
23. Ibid
24. Ibid

activities of the United Nations family or organisations, the General Assembly gave UNIDO a definite mandate.²⁵

OBJECTIVE OF UNIDO:

The primary objective of UNIDO, as its name signifies was "to promote industrial development" with the aim of fulfilling Article 1, paragraph 3, and Articles 55 and 56 of the Charter 26 and by encouraging the mobilisation of national and international resources to assist in, promote and accelerate the industrialisation of developing countries, with particular emphasis on the manufacturing sector".²⁷ The various functions UNIDO would undertake in a bid to fulfil this purpose were divided into two:-

a) Operational activities;

b) Action oriented studies and research programmes.

The operational activities included the following functions:-

(i) Encouragement and promotion and making recommendations at the level of national, regional and international action in order to achieve more rapid industrialisation of developing countries.

(ii) Taking into account the specific experience of States with varying social and economic systems, UNIDO had to seek effective applications of modern industrial methods of production, programming and planning in the developing countries.

25. Hand Book for UNIDO Field Staff, (UNIDO Vienna 1989), ppg. 17

26. Hand Book for UNIDO Field Staff, (UNIDO Vienna 1989) pp. 17

27. General Assembly Resolution 2152(xxi) Year Book of the United Nations (New York 1966).

(iii) In matters of industrial technology, production, programming and planning UNIDO is expected to build and strengthen institutions and administration in the developing countries;

(iv) Dissemination, application, adaptation of appropriate existing technology for the developing countries suitable for their socio-economic and physical conditions.

(v) Whenever requested by the developing countries, assistance is expected to be provided in formulation of industrial development programmes and project programmes and projects along with technical and economic feasibility studies.

(vi) Cooperation with regional economic commission in order to help regional planning of industrial development, specially for the less advanced developing countries.

(vii) In order to increase industrial productivity and contribute to diversification of the economic of the developing countries advice and guidance on the problem relating to exploitation and efficient use of natural resources, raw materials and byproducts, UNIDO will work in close cooperation with appropriate bodies of United Nations and specialised agencies.

(viii) Assist the developing countries to train technical personnel.

(ix) Accelerate transfer of technical know how to the developing countries and strengthen role of patents consistent with

national interests to promote industrial innovations.

(x) Helping the developing countries to obtain external finances for specific industrial projects by providing them information about various financing agencies and advocating their proposals for various projects to the financing agencies.

UNIDO would also facilitate studies and research programmes by compiling analysing and publishing information on various aspects of the process of industrialisation like technology, investment, finance, management and production.²⁸

The establishment of UNIDO as a subagency in November 1986 reflected a compromise reached between the demand of developing countries for a specialised agency and support extended by developing countries to substantial improvements in organisational arrangements within in the framework of United Nations.

UNIDO became a participating and executing agency representing United Nations activities in industry. UNIDO became responsible for the direction and management of all existing and planned UN activity in industry. UNIDO was expected to assist developing countries to expand, modernize and operate their industries

28. General Assembly Resolution 2152(xxi) Year Book of the United Nations (New York 1966) pg. 303

act as a forum for developing and developed countries to expand their contacts, negotiations and consultations. As compared to the wide spectrum of activities which UNIDO undertook, there was a severe shortage of resources²⁹ for UNIDO to execute its mandate while administrative and research activities were to be borne by regular budget of United Nations, operational activities were financed by voluntary contributions from the resources of the United Nations Development Programme, in which UNIDO was a participating organisation; and from the technical assistance budget of the United Nations. These resources were extremely inadequate for the organisation. Consequently, the demand that UNIDO be converted into a specialised agency with the aim of procuring more financial contributions as well as simplifying administrative procedures for the execution of industrial projects began.

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29. Werner Ungerer, "The UNIDO General Conference in Vienna" Aussen Politic. Vol. 26(3) 75, p. 327

CHAPTER-II

THE CONVERSION OF UNIDO INTO A SPECIALISED AGENCY

On 1 July 1967 UNIDO became responsible for the direction and management of all existing and planned United Nations activities in industry. As UNIDO was the participating and executing agency of the United Nations Development Programme, UNIDO and UNDP concluded an agreement on stationing field advisers in the office of the UNDP resident representatives throughout the world.(1) This facilitated the co-ordination of field activities and helped the resident representatives and the countries in which UNIDO field advisers were taking up their duties. The organisation made efforts to meet the urgent needs of the developing countries in accelerating their industrial development. UNIDO undertook operational activities for the effective application of modern methods of industrial production, programming and planning, the establishment and strengthening of industrial institutions, the development, adaptation and transfer of technology and the training of personnel. UNIDO surveyed industrial development possibilities, through pre-investment and feasibility studies. It provided a favour for consultations and negotiations between the developed and developing countries and assisted the developing countries to obtain external financing for industrial

1. UNIDO: An experiment in international industrial cooperation
(Vienna, 1975), page. 13

projects. An important operational activity of UNIDO was its special industrial services programme designed to provide short term and emergency aid to help solve urgent technical problems.(2) It supported its operational activities by a programme of studies and research as well as through symposia, seminar training programmes. UNIDO helped to stimulate the flow of foreign resources to the industries of the developing countries by sponsoring meetings at which representatives of countries attempting to promote special industrial projects met potential investors and supporters of financial and technical assistance. Efforts were made to give developing countries access to current industrial and technical information.

In spite of all these efforts, there was marginal contribution made by UNIDO in the sphere of industrial activity. Financial scarcity as well as administrative dependence on the United Nations Secretariat led to a gap between the feasibility studies and establishment of industrial plant. This unbridgeable gap between claims and reality strengthened the demand that UNIDO should be converted into a specialised agency in the hope of obtaining more financial contributions and achieving simplification of administrative procedures.

NEED FOR SPECIALISED AGENCY

Need for a specialised agency and the advantages thereof were supported by the functionalist argument that in building "function specific" activity and achievement oriented organisations, there is an increase in "structural support capacity" for the performance of original tasks. This is reflected in quantitative increase in financing output systematisation of income as well as new

sources of income. After becoming a specialised agency, an organisation gains greater credibility among its members, who show greater commitment towards the organisation. By the experience of the other existing specialised agencies like Universal Postal Union, World Health Organisation, Food and Agriculture Organisation, it was learnt that there was wider representation and participation of nation states in a specialised organisation. There was a marked increase in the field capacity due to development and diversification of administrative expenditures for field activities, reorganisation of staff and field personnel. A specialised agency was therefore, in a better position to solve its problems, implement its decisions as well as wider circle of co-operation, share the problems and diversity efforts.(3)

This view finds support in the fact that even under the league of Nations and even prior to that as seen in form of public international unions, and associations like International Telegraphic Union (1865) or Universal Postal Union (1874), efforts were made to foster international social and economic cooperation by "seeking out areas of mutualities" and "common interest" and building "distinctive structural patterns, procedural systems and area of competence in accordance with requirements of functional missions.(4) Success of functional agencies led to the retention, remodelling and replacement of these agencies after IInd World War under the United Nations system.

3. James Patrick, Sewell Functionalism and world Politics; A study based on United Nations programme financing economic development (London 1966) Pp 53-57
4. Inus. L Claude, Swords into plowshares: The Problems and Progress of International Organisation (New York 1971) pp. 378-80

The debate on the need for having a specialised industrial development agency within the United Nation system centred on the lack of intergovernmental experience in handling the industrial sector. Industrialisation is carried out by highly competitive and specialised enterprises subject to operation of market forces over which governments exercise only limited control. UNIDO therefore began on an experimental basis as a semi autonomous agency and took 20 years to established itself as a specialised agency.

DIFFICULTIES IN THE ESTABLISHMENT OF SPECIALISED AGENCY

From the beginning there was divergence in the views of the developed countries as well as the developing countries. Although the developed countries had yielded to the pressure of newly independent developing countries to set up an autonomous organisation, they were not prepared to accord it the status of specialised agency. The developed countries wanted limited role of UNIDO, confined to essentially provision of technical assistance and execution of UNDP projects. The crux of the matter was not merely economic ~~but~~ political too. Developed countries had greater say in financial institutions like World Bank and International Monetary fund, which gave them greater leverage against developing countries. Therefore, they did not want to dissipate their strength.

The developed countries did not want to set a precedent of acceding to the pressure brought by the developing countries demanding conversion of UNIDO into a specialised agency. They felt that UNIDO would be dominated by majority of developing countries and their decisions would be operative on them. UNIDO would reduce the importance of World Bank and International Monetary Fund.

In the face of this situation, and failure of UNIDO to achieve its targets, the United Nations General Assembly convened in June 1971, Special International Conference of States eligible for participation of UNIDO to evaluate UNIDO's activities, formulate guidelines for its long run strategy within the framework of the Second United Nations Development Decade and review the organizational structure of UNIDO. The conference held in Vienna from 1 to 8 June 1971 adopted a consensus resolution (5) which made recommendations on long range strategy and orientation of activities organisational structure and financing essentially within the framework of the resolution of November 1966 establishing UNIDO. It emphasised that operational activities be geared to the varying needs of individual developing countries, bearing in mind their diverse resources, markets and levels of growth. Greater importance was attached then before to the transfer of technology, establishment of an information system and the training of technical personnel. The Industrial Development Board was strengthened by establishing a permanent committee to evaluate twice a year the results of UNIDO activities and to provide guidelines for the implementation of Board decisions. Reservations on the resolution fund expression in the demand by the Group of 77 which wanted to transfer UNIDO into a specialised agency in the near future with sufficient resources and full financial and administrative autonomy. Till such a transformation was brought about, they wanted that the organisation should ^{be given autonomy in financial and administrative} management. The developed countries were not convinced(6). In

5. General Assembly Resolution, 2823 (xxvi) Year book of the United Nations (New York 1971) pp. 296-97

6. Hand book for UNIDO field staff(UNIDO ,Vienna 1989) page 19.

the coming period the Secretariat look into account the shift of emphasis recommended at the special conference, in its working programmes. In the 1972 session the Industrial Development Board discussed the question of holding a second general conference of UNIDO and adopted a resolution to hold the second general conference at the highest possible level of governmental representation in early 1975. (7)

In March 1972, a group of expert began its work on long range strategy for UNIDO. The fundamental tasks of UNIDO were defined as advising, stimulating and assisting individual developing countries in the formulation and execution of their industrial strategies alongwith collection and processing of information on world developments in industry and on individual industrial progress. UNIDO's role as a cleaning house for industrial information was stressed. The group called for a reorientation of operational activities involving a larger share in the execution of UNDP projects. More emphasis was placed on promotional activities of UNIDO as securing organisational and financial requirements needed for industrial projects. (8) The group of experts presented this report to an Adhoc committee of Industrial Development Board for review. Their recommendations endorsed the priorities set by the Group of Experts. The committee emphasised the need for a research and study programme which could provide the basis for UNIDO's intended role as an intellectual centre for world wide industrialisation problems and in the sphere of promotional activities by reviewing existing programmes. At the annual session of the

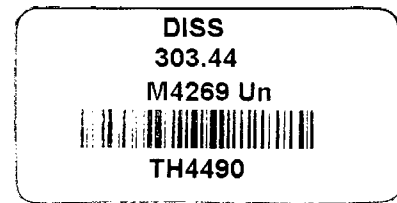
7. General Assembly Resolution 2623, Year Book for the United Nations (New York 1971) pp 295-97

8. Document ID/S/133 of 23 February 1973

Industrial Development Board in May 1973, the developing countries adopted another way to secure larger financial resources as well as administrative independences instead of directly demanding a specialised agency status for UNIDO, they forced through a majority decision requesting the General Assembly to consider the question of separating the budget of UNIDO from United Nations, the establishment of authority to the UNIDO Secretariat from the United Nations Secretariat regarding allocation of resources publications and personnel. This was a significant development as the principle consensus practised in the Industrial Board had been abandoned. Instead of directly confronting the developed countries and risking their non-participation in specialised agency, developing countries were able to obtain financial resources for UNIDO through a separate budget. Using their majority they also maintained control over Executive Director. This strategy worked as some donor countries began to see the advantages of establishing a specialised agency instead. In meantime, the Adhoc Committee submitted its report to the Industrial Development Board at its annual session in 1974 and the Board endorsed the Committee's recommendations and conclusions. (9)

In 1974 the General Assembly decided that the fundamental objective of the Conference was the adoption of a declaration and a plan of action which would contribute to the establishment of a New International Economic Order. The plan of action envisaged measures not only in support of industrial cooperation between developed and developing countries but among the developing countries themselves. Measures should be taken to define quantitative targets for

9. Werner Ungerer, "The UNIDO General Conference in Lima." Auseen Politik Vol. 26(3), 75, p. 329-330



greater participation of the developing countries in world industrial production and establish appropriate machinery to reach those targets. (10)

The developing countries argue that inspite of constituting 70% of the World's income they account for only 30% of the World's income . It proved impossible to achieve an even and balanced development of the international community under the existing international economic order. They wanted to have full and equal participation in the formulation and application of all decisions that concern the international community.

At this juncture, it is important to take note of the fact that the developing countries organised as the Group of 77 were anxious that the economic offensive which commenced in 1973 with multiple increases in oil prices and with OPEC Countries gaining a voice in the decisions of multinational oil companies operating in their oil fields and had reached climax at the sixth session of the General Assembly should retain its momentum. The charter of Economic Rights and Duties passed by a majority vote at the Twenty-ninth session of the General Assembly in favour of developing countries was another land mark in this direction (11) A further link in this chain of action was the second General Conference of UNIDO.

The Developing Countries had gone to Lima to obtain the endorsement of the General Assembly decisions concerning the establishment of a New International Economic Order and the charter of

10. General Assembly Resolution 3281 (xxix) 12 December 1974. Yearbook of the United Nations (New York 1974) page 402-47
 11. Herner Ungerer : "The UNIDO General Conference in Lima," Aussen Politik Vol. 26(3), 75- page 334.

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Economic Rights and Duties of the State. Consequently there was no agreement on the principles of industrialisation or industrial cooperation at the first committees debates. Similar adamant position taken by the developing countries to transform UNIDO into a specialised agency prevented a consensus being reached in the second committee which dealt with institutional problems. After much discussion, western countries abandoned their opposition to specialised agency after it was so formulated as to express only an expectation of the developing countries.(12) The conference felt that in order to increase the ability to render assistance to the developing countries in the most efficient way, it is essential that UNIDO's autonomy and functions should be increased and expended substantially and that UNIDO should be provided with resources for this purpose(13). Finally it recommended a plan of Action at the national level, at the level of co-operation among developing countries as well as between developed and developing countries for the least developed and landlocked and island developing countries (14). The conference also declared that in the light of low percentage share of developing countries in the total world industrial production, "their share should be increased to the maximum possible

12. Report of the Second Conference of UNIDO(ID/CONF.3/31).

13. Lima Declaration and plan of Action on Industrial Development and cooperation. Adopted by the Second General Conference of UNIDO at its final plenary meeting.

14. Lima Declaration and Plan of Action of Industrial Development and cooperation adopted by the Second General Conference of UNIDO at its final plenary meeting. Paragraph 28 page.5

extent and as far as possible as to least 25 percent of total world industrial production by the year 2000 while making every endeavour to ensure that industrial growth so achieved is distributed".(15) The implications of such declaration on the developing countries would be that these countries would increase their industrial growth rate at a rate higher than 8 percent which was recommended in the International Development strategy for second United nations Development Decade (16). Therefore to achieve the new distribution of industrial activities in New International Economic Order, the developing countries must obtain an efficient instrument with the United nations system to industrialise and fulfil their aspirations.(17) UNIDO was to play a central role in the implementation of the declaration and programme of Action by initiating and coordinating activities with-in the United Nations system as well as intensifying and expanding its present operational activities.(17) With these objectives in mind, the Lima Declaration and plan of Action on Industrial Development and cooperation recommended to the General Assembly that UNIDO should be converted into a specialised agency (18). To achieve this end the Secretary General of the United Nations in consultation with Executive Director of UNIDO were requested to submit draft statutes of a specialised agency for industrial development to the seventh session of the General Assembly.

15. Ibid.

16. Ibid, Paragraph 63, Page.20

17. Ibid, Paragraph 66 and 67, page 20.

18. Ibid, Paragraph 69 , page 21.

In Lima, UNIDO was converted to the position of a specialised agency. But this restructuring did not solve the essential problems. While the developing countries emphasised on acceleration and promotion of industrial development with a view to establishing a new international economic order, the industrialised countries were not pleased with the linkage. They still held that mere conversion of UNIDO into a specialised agency will not solve the basic problems. On the question of more resources they did not want to increase their contributions^{on} conditions that regular budget be used for administrative costs and other expenditures be financed by United Nations Development programme on voluntary contributions were put.

Nevertheless, Lima Declaration and Plan of Action was endorsed by the General Assembly in September 1975.(19) The Assembly asked the Executive Director to take immediate action to ensure UNIDO's readiness to serve as a forum for consultations and negotiations of agreement in the field of industry. The Assembly decided to establish an inter governmental committee of the whole which was to meet in Vienna to draw up a constitution for the new agency. This draft was to be submitted to a conference of pleni potentiaris to be convened by the U.N. Secretary General in last quarter of 1976. The committee to draw up a constitution for UNIDO held five session during 1976-77. It held a total of 26 plenary meetings. In a report on its work, the Committee outlined the adoption of rules of procedure election of officers and the organisation of work. There were reservations and

19. Resolution 3362 (S-VII) of 16 September 1975. Yearbook of the United Nations (New York 1975) page. 478

disagreements on these issues.(20) So General Assembly extended the Committees mandate and called upon it to accelerate its work. The General Assembly decided to convene a conference of Plenipotentiaries on the establishment of UNIDO as a specialised agency.(21) The conference held its first session in 1978 in New York and a second session in Vienna in 1979. On 8th April 1979 the constitution of UNIDO was adopted by the conference.

In the preamble to the constitution, the States which were parties to the constitution were mindful of the charter of United Nations as well as principles enunciated at the sixth special session calling for the establishment of UNIDO and charter of economic rights and duties of states as well as Lima Declaration, declared that it was imperative to establish just and equitable economic social order to be achieved through the elimination of economic inequalities, establishment of rational and equitable international economic relations. Therefore it desired to establish a specialised agency which was to play a central role in reviewing and promoting the coordination of all activities of the United Nation system in the field of industrial development in conformity with the responsibilities of economic and social council under the Charter of United Nations with applicable relationship agreements.(22) Besides the preamble of the constitution contains 26 articles which are divided into six chapters i.e. Objectives and functions; Participation; Organ, Programme of work and

20. UN Conference on the Establishment of UNIDO as a specialised Agency
A/Conf. 99/3- 15 July 1977.

21. General Assembly Resolution 32/167 of 19 December 1977.

22. Draft Constitution of UNIDO: U.N. Conference on the establishment of UNIDO as a specialised Agency. New York. 20 February-10 March 1978
Annex. A/CONF 99/5 Page- 1-2.

financial matters; co-ordination and co-operation and legal matters; Article 25.1 of the Constitution provided that the constitution would enter into force when at least 60 states that had deposited instruments of ratification acceptance on approval notify that depositary that they have agreed after consultations among themselves that the constitution would come into force, (23) for the meantime the Assembly approved transitional arrangements in 1979 recommended in 1962 the process of consultations among states to determine the date of constitutions entry into force. Pursuant to article 25 of constitution and General Assembly resolution, (24) a formal meeting was convened at Vienna in May 1983 on the conversion of UNIDO from an organ of the Assembly into a specialised agency.

An agreement was reached that in the transitional period that the ongoing programmes should not be disturbed. The principles guiding the structure of UNIDO would be established by the Constituend Assembly resolution, UNIDO General Conferences and Industrial development Board. The draft of the text of a relationship agreement between United Nations and UNIDO was to be laid out by Committee on Negotiations with Internal governmental agencies. It was also agreed that the date of entry into force of the constitution should be fixed only when the new agency's financial viability had been ensured. (25)

The constitution entered into force on 21 June 1985 when 80 countries which had deposited instruments of ratification had

23. Ibid, page-19.

24. GA Resolution 37/213 of 20 December 1982 Year Book of United Nation (New York 1982) , page 760.

25. Year book of the United Nations (New York 1985) page 584

ratified accepted on approval agreed on its entry and so notified (26) the Secretary General depositary. In ratifying the constitution many countries assumed that agreements on the establishment of UNIDO as a specialised agency (27) will be observed including the mutual agreement of States on their just geographical representation and the distribution of senior posts in the secretariat of the new organisations. This would ensure the universal character of the new organisations' activities.

The first session of the General Conference of new UNIDO was held in Vienna from 12-17 August 1985 (Part one) and from 9-13 December (Part two) . In the first part, the conference adopted its rules of procedure, elected members to the Industrial Development Board and to the programme and budget Committee, and adopted the recommendation of the Industrial Development to appoint Domingo L. Siazon Jr. as Director General of UNIDO. In the second part, the General Conference Established a scale of assessments of member states for 1986, 1987 and 1988 (28).

Since the first session of the General Conference was convened in 1985, UNIDO ceased to exist as an organ of the General Assembly on 31 December 1985. UNIDO assumed its functions as a specialised agency on 1 January 1986. It was

26. Year Book of United nation(New York 1985) Page 591 See Apendix-I.

27. General Assembly Resolution. 39/231 of 18 December 1985.

28. Handbook of UNIDO field Staff(UNIDO Vienna 1986) Page 23.

established as the 16 specialised agency within the United Nations system (29). It was the first time that a Department of UN Secretariat had been converted into a specialised agency. There was reorganisation and restructuring of the UNIDO after this conversion. There was addition to its source of funds. The structure, organisation and source of funds of new UNIDO are discussed in the next chapter.

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29. Year book of the United Nation (New York 1986) pp. 1201

CHAPTER-III

THE STRUCTURE, CONSTITUTION AND RESOURCES OF UNIDO

Chapter IX of the United Nations dealing with International Economic and Social Cooperation commits the United Nations to promote a higher standard of living, full employment, conditions of economic and social progress and development. UNIDO was established to be specialised agency to play a central role and be responsible for reviewing and providing the coordination of all activities of United Nations system in the field of industrial development in conformity with the responsibilities of the Economic and Social Council. Industrialisation is declared to be a dynamic instrument of growth, necessary to establish a just and equitable economic social order, particularly in developing countries with a view to improve the standard of living and quality of life of the people. In the preamble to the Constitution of UNIDO which was adopted in 8 April 1979.

Chapter-I dealt with the objectives and functions of UNIDO, which have been discussed in Article I and II. The basic objective which was laid before the organisation was " the promotion and acceleration of industrial development in the developing countries with a view to assisting in the establishment of a new international economic order. (1) With this objective the functions were defined as : (2)

1. Constitution of the United Nations, Industrial Development Organisation (Austria- 1979). Article-1, page-3.

2. Ibid. Article 2, Page. 3-5

1. Encouragement and extension of assistance to developing countries to promote industrialisation.
2. Initiation, co-ordination of activities of UII system so that UNIDO could play a central co-ordinating role.
3. Creation of new concepts as well development of existing ones to formulate new lines of action.
4. Promotion and encouragement to the development and use of planning techniques and programmes for development of scientific and technological programmes.
5. Encouragement and assistance in the development of an integrated approach towards industrialisation in public, cooperative and private sectors. More emphasis was given towards accelerated industrialisation of the developing countries.
6. In order to facilitate contacts, consultations and negotiations between the developed and developing countries towards industrialisation of the latter. UNIDO shall provide a forum and an instrument mediation.
7. To achieve maximum utilisation of locally available human and natural resources and the production of goods for domestic and export markets, UNIDO shall assist developing countries in establishment and operation of industries including agro related as well as basic industries.

8. UNIDO shall serve as a clearing house for industrial information and accordingly collect and monitor on a selective basis. For the purpose of dissemination of information on all aspects of industrial development, exchange experience and technological achievements of the industrially developed and developing countries with different socio economic systems.
9. Special measures need to be adopted to assist the least development landlocked and island developing countries as well as those developing countries which are most seriously affected by economic crises and natural calamities.
10. UNIDO shall promote, encourage assist in the development, selection adaptation, transfer and use of industrial technology according to the socio-economic conditions as well as specific requirements of the industry concerned specially regarding transfer of technology from industrialised to developing countries and among developing countries also.
11. UNIDO shall organize and support training programmes to assist developing countries.
12. With close cooperation of appropriate bodies of United Nations specialized agency and International Atomic Energy Agency, UNIDO shall advise and assist the developing countries in the exploitation, conservation and local transformation of their natural resources.

13. It shall provide pilot and demonstration plants for accelerating industrialisation in particular sectors.

14. It shall assist regional planning of industrial development in developing countries.

15. It shall encourage and promote the establishment and strengthening of industrial, business and professional associations as well assist in establishment and operation of institutional infrastructure for providing regulatory, advisory and developmental services to industry.

16. Assist in obtaining external financing specific industrial projects on fair, equitable and mutually acceptable terms(3).

The objectives, thus aimed promotion of industrial development and cooperation on global, regional national as well as sectoral levels.(4) They were broadbased and comprehensive encompassing all aspects of industrialisation. But did not differ substantially from the former objectives of UNIDO before it became a specialised agency, as discussed in Chapter-I. But what needs to be noted in the objectives and functions defined in the Constitution is the greater enthusiasm and willingness of the developed countries for the establishment

3. Ibid.

4. Article-1

of the new organisation with the hope that UNIDO would strengthen its role as a professional body to provide technical assistance and cooperation for industrialisation and shed its role of being a forum for debating North South issues.(5).

Chapter-II deals with Participation and Membership: On the question of membership views of the members differed greatly. It was proposed by the industrialised countries that member states of the United Nations, its specialised agencies or of an intergovernmental agency may become member of UNIDO by accepting the Constitution. Those who were not members of any of these organisations could become members by becoming party to the Constitution, after their membership is approved by the conference with a two thirds majority and upon the recommendation of the Board. The idea of "associate membership" was supported by the United States of America.(6) The socialist countries, on the other hand, proposed that all states which associate themselves with the purposes and principles of the organization and in accordance with the requirements of Constitution have access to the Constitution, can get the membership of UNIDO (7). They stressed on the universalities of membership so did not want any conditions to regulate it as was seen in the statements made by the representative of the Union of Soviet Socialist Republic at the Second session of the Inter Governmental Committee of the whole(8)

5. S Nanjundan, "New UNIDO: Expectations versus reality," Economic and Political Weekly- 20(35), 1 August 1985, p.1476

6. Working Resume of the Second Session of the Inter Governmental Committee of the whole to draw up a Constitution for UNIDO as a specialised Agency. Addendum-I(A/AC 100.5/Add.1) p-20

7. Ibid page 20

8. Ibid page 11

Finally, the consensus was reached ^{that} membership in the organisation should be open to all states which associate themselves with the objectives and principles of the organisation. Articles 3 to 6 stimulated membership eligibility. It provided that those states which were members of the United Nations or of a specialised agency or of IAEA may become members by becoming parties to the Constitution.(9) In Case of other states membership could be obtained after approval by the conference with a two thirds majority of the members present and voting after industrial Development Board has recommended it.(10) Those states which enjoyed similar status in the General Assembly and requested observer status could obtain it. But the conference retained the power to refuse such a request also. A member may be suspended from UNIDO if he is suspended from exercising the rights and priveleges of the United Nations.(11) If the arrears of payment of its assessed contribution have not been made for two years, a member can be suspended.(12) But if it is found that non-payment was due to conditions beyond the control of the members, it could be permitted to vote (13) . Membership can be withdrawn after depositing an instrument of denunciation of the Constitution.(14) Withdrawal taken effect

9. In accordance with Article 24 and Art. 25 (2) of the Constitution.

~~10. In accordance with Article 23(3) and Article 25(2) of the Constitution.~~
10. In accordance with Article 23(3) and Article 25(2) of the Constitution.

11. Article 5; Para 1.

12. Article 5, Para 2.

13. Ibid.

14. Article 6, Para-1.

on the last date of fiscal year following that during which such an instrument was deposited.(15) The structure of UNIDO is discussed in chapter-III of the Constitution. The principal organs of UNIDO (16) are:-

1. The General Conference(referred to as the "Conference").
2. The Industrial Development Board(referred to as the Board).
3. The Secretariat.

A programme and Budget Committee assists the Board in the preparation and examination of the programme of work, the regular budget, the operational budget as well as other financial matters.(17)

The subsidiary organs are technical committees and such other which may be established by the conference of the Board giving due regard to the principles of equitable geographical representation.(18)

The General Conference consists of representatives of all Members. It generally meets once every two years unless it decided otherwise. Special sessions can be convened by the Director General at the request of the Industrial Development Board or of a majority of all Members (19)

15. Article 5 Para-2
16. Article 7 Para-1
17. Article 7 Para-2
18. Article 7 , Para-3
19. Article 8, para 1 & 2

The other functions of the Conference specified in the Constitution are to determine the guiding principles and policies of the organisation, consider the reports of the Board of Director General and subsidiary organs, approve the programme of work regular budget, operational budget, establish the scale of assessment, approve the financial regulations and supervise effective utilisation of finances. Every member has one vote and decisions are made by a majority of members present and voting. (20)

The Industrial Development Board consists of 53 members elected by the members for a four year period, with due regard to the principle of equitable geographical distribution. (21)

The Board acts under the authority of the Conference, reviews the implementation of the approved programme of work and of corresponding regular budget and operational budget as well as other decisions of the Conference. The Industrial Development Board recommends to the Conference a scale of assessment for the regular budget expenditures as well as reports to the conference on the activities of the Board. It prepares the provisional agenda for the Conference. (22)

The Secretariate comprises a Director General, five Deputy Directors General and the staff. The Director General is appointed by the General Conference upon to

21) Article 9 para 1: The distribution is 33 members from list of developing countries; 15 from the market economy countries and 5 from the centrally planned economy countries of Eastern Europe.

*20. Article 9, para.3

22. Article 9, para.3

recommendation of the Board for a period for four years. He may be reappointed for a further term of four years after which he is not eligible for appointment. Being the Chief administrative officer of the Organisation, he has the overall responsibility and authority to direct the work of the Organisation. The Director General and staff have to maintain their position as international officials responsible to the organisation, without seeking or receiving instructions from any Government. (23)

The Programme and Budget Committee is a subsidiary body of the Industrial Development Board. It consists of 27 members elected by the Conference with due regard to equitable geographical distribution. It assists the Board in the preparation and examination of the programme of work, the regular budget and other financial matters pertaining to the Organisation. The Committee, elected for a two year term, holds at least one session every year. Additional sessions may be convened by the Director General at the request of the Board or Committee. (24) Programme of work and financial matters are dealt in Chapter-IV.

UNIDO was converted into a specialised agency in order to increase its administrative independence and financial autonomy. Before it acquired this status, its financial requirements were met by the regular budget of the United Nations for administrative and research activities. The operational programmes were financed by voluntary contributions

23. Article 11.

24. Article 10

pledged by the states directly to the organisation as well through participation of the Organisation in the United Nations Development Programme on the same basis as other participating agencies.

In the deliberations of the Committee of the whole, various groups put forward their own views. Regarding the assessed contribution, need to specify the criteria to be adopted by the conference for making the scale of assessment in the article itself was emphasised by the Swiss representative. The industrialised countries held that scale of assessment should be based on the scale adopted by the General Assembly on the recommendations of its Committee on contributions. The developing countries wanted that expenditure which is not covered by voluntary contributions should be borne by members according to respective scales of assessment adopted by the Conference by a two thirds majority.(25). But United States opposed the proposal that it was against the General Assembly resolution 2152 (XXI) and the general UN approach. USSR supported the developing countries but wanted the scale to correspond to one used by UN for the immediately preceding financial year.(26).

Despite these differences, there was agreement reached. Each member and observe shall bear the expenses of its own delegation to the Conference (27) to the Board and other organisations. The expenses of the Organisation shall be divided into two categories:

25. Working Resume of the Second Session of the Inter-Governmental Committee of the whole to draw up a Constitution for UNIPS. (A/C. 100/6) page.20.

26. Ibid.

- (a) Expenditure to be made from assessed contribution (referred to as "regular budget") dealing with expenses for administration, research and other regular expenses.
- (b) Expenditure to be made from voluntary contributions and other incomes known as "Operational budget") This consisted of expenditures for technical assistance. (28)

The Director General shall prepare and submit a programme of work along with estimates from the regular budget as well as from operational budget. The programme and budget committee considers these proposals which are submitted to the Board after it is passed by a majority of two thirds present and voting. It is then submitted to the Conference by the Board. The Conference shall consider and approve the budgets by two thirds majority. (29) Amendments can be made in the programme of work and regular budget and operational budget. (30) Regular budget expenditure shall be borne by Member. This appointment is done according to the scale of assessment established by the Conference by a two thirds majority of members present and voting after it has been recommended by the Board on the basis of a draft prepared by Programme and Budget Committee. (31) The scale of assessment is based on the scale employed most recently

27. Article 12

28. Article 13

29. Article 14

30. In accordance with Article 14 page 6

31. Article 15 para 1

by the United Nations provided no member is assessed more than twenty five percent of the regular budget of the Organisation .(32) The voluntary contributions were accepted in order to increase the resources of the Organisation as well as to meet promptly and flexibly the needs of the developing countries. The Organisation shall have an Industrial Development Fund which will be financed through voluntary contributions. The Director General shall administer the Industrial Development Fund (33).

The largest source of financing for the technical cooperation activities is United Nations Development Programme (34). The 48 nation Governing Council of UNDP estimates the financial resources which are likely to be available to it over a five year period which is then divided for the countries which are to be assisted.(35) Some other projects are financed from the United Nations Regular Programme of Technical Assistance. The Special Industrial Service Programme is financed by the UNDP and the Governing Council determines the level of resources to be made available to special Industrial Services Programme for a given five year programme cycle.(36) Industrial partners in the developed and developing countries are taking the help of UNIDO to undertake trust fund projects which are financed either by the recipient company or organisation(Self financed) or by a third party donor which may be development finance institution, a development aid agency or

32. Article 15 Para 2

33. Article 17

34. UNIDO: Handbook for UNIDO field staff. Vienna 1980 page 45

35. These are called indicative planning figures. These are based on each countries population and its per capita gross national product.

36. UNIDO: Handbook for field staff: Vienna 1939 page 45

large Corporation. Such trust fund schemes which are self financed or third party financed prove very effective in complementing UNIDO technical cooperation activities funded by multilateral sources as UNDP and IDF (36 a). The UNIDO thus works in cooperation and coordination with many organisations.

UNIDO's relationship with United Nations as a specialised agency (37) is according to arrangement approved by the General Assembly (38). This agreement also requires the approval of the Conference, by a two thirds majority of the members present and voting upon the recommendation of the Board.(39) The relations with other governmental and non governmental organisations are established by the Director General with the approval of the Board subject to guidelines established by the Conference.(40)

The final chapter of the Constitution deals with the legal matters. Vienna is the seat of the Organisation. In the territory of each of its members, the Organisation enjoys such legal capacity and privileges as are necessary for the exercise of its functions and fulfilment of its objectives. (40 a). In case of dispute among two or more members shall be referred to the Board or another mode of settlement through International Court of Justice, Arbitral Tribunal or Conciliation Commission as per agreement between the parties.(41)

36(a) Ibid: page 48-49

37. Referred to in Article 57 of the Charter of United Nations.

38. Article 63 of Charter of United Nations.

39. Article 18 of Constitution of UNIDO

40. Article 19 (40 a) Article 21 page 1

41. Article 22

The Constitution of UNIDO can be amended when any member proposes an amendment and communicates it to the Director General who informs all the members. After 90 days the General Conference considered the amendment. After the Board recommends to the Conference which approves it by a two thirds majority and two thirds members deposit instruments of ratification, acceptance and approval with the depositary the amendment comes into force .(42) Two thirds majority of the Board is also needed in some cases (43)

"The Constitution shall enter into force when at least 80 states had deposited instruments of ratification acceptance or approval notify the Depositary that they have agreed, after consultations among themselves that this Constitution shall enter into force.(44) The Constitution was expected to ensure the strengthening of UNIDO as a professional body providing technical assistance and cooperation for the industrialisation of the developing countries.(45)

The ratification of the constitution by 80 states was

42. Article 23 para 1

43. Article 23 para.2 In case of Article 6,9,10,13,14 or 23.

44. Article 25.

45. S.Nanjundan- 'The New UNIDO, Expectations versus Realities.
'Economic and Political Weekly'. August 31, 1985

obtainted by mid 1985. The secretary General were duly notified. UNIDO assumed its functions as a specialised agency on 1st January 1986. The performance of UNIDO after its conversion underwent significant expansion and diversification which forms the subject matter of the next Chapter.

CHAPTER-4

PERFORMANCE OF UNIDO AS A
SPECIALISED AGENCY

INTRODUCTION:

After becoming a specialised agency on 1 January 1986 the perspective of UNIDO on global industrialization was reshaped to fulfil its new role. Within the framework of its constitution, the new agency undertook to formulate an "integrated, comprehensive, global and dynamic approach to development and industrialisation in the developing country".(1) This meant that focus was on promoting intersectoral linkages in industry as well as linkage between agriculture and other service sectors in technological, institutional, social and environmental areas so as to bring closer cooperation between North and South, within the South and East and West. UNIDO viewed its role as a catalytic agent in efforts to promote positive interactions between actual and potential partners in developing and developed countries. Most industries in developing countries need to improve their efficiency so UNIDO launched new initiatives to establish working relationship with well known industrial enterprises that provided expert advise on a broad range of subjects like plant

1. Annual Report of UNIDO 1986. Industrial Development Board, Third Session, 1987. pg.3

and equipment rehabilitation, management technology, marketing and financing. UNIDO took up programmes oriented towards intensifying cooperation at enterprise level, through greater direct foreign investment as well as transfer of appropriate technology.(2) Besides, delivering purely technical assistance, emphasis is given on programme on:

- (1) industrial technology
- (2) system of consultations
- (3) industrial studies and research (3)

Focus was laid on specific needs of individual developing countries so as to garner the widest range of practical focus of industrial cooperation in areas such as

- (1) agro industries
- (2) chemical industries
- (3) engineering industries
- (4) industrial planning
- (5) institutional infrastructure
- (6) factory establishment and management
- (7) training and feasibility studies

UNIDO analysed the current and future trends which is a crucial element for setting their own course of action and for achieving a smooth and harmonious industrial development on a world scale. UNIDO also undertook certain marked out areas for special attention which included:-

- (1) Industrial Development Decade for Africa
- (2) Assistance to least developed countries.

2. Ibid.

3. Industrial and Development: Global Report UNIDO 1986 pg.(vi)

(3) Industrial cooperation among developing countries.

(4) Integration of women in industrial development.

UNIDO thus interacts with multiple levels of aggregation and changing notion of public good from one level to another but its concentration is on policy studies and programme oriented research with a sharper country and sectoral focus to guide the policy for technical cooperation. UNIDO has not been established as an agency for capital assistance. It had to produce on interface of its technical cooperation instruments with financial institutions. It provided instruments of investment promotion and technical cooperation. It facilitated identification of investors as well as prepared preinvestment studies to promote closer cooperation of developing countries with financial institutions. UNIDO developed a variety of contacts with men, governmental bodies and enterprises through its investment promotion and technology transfer and information activities and its system of consultations.(4) For undertaking these activities UNIDO is acquiring new sources of funds while UNIDO is equipped with special facility called United Nations Development Fund to supplement the assistance provided by UNDP resources. By the new constitution, UNIDO's Director General got the right to accept voluntary contributions in the form of special trust funds. UNIDO is thus involved in the task of

combining multilateral resources with bilateral contributions.(5)

SURVEY OF UNIDO'S ACTIVITIES IN-VARIOUS FIELDS

After the reorganisation of the secretariat, the Studies and Research Division assumed a coordinating role in the work of the internal task force on new concepts and approaches for "formulating new lines of action directed towards harmonious and balanced industrial development with due consideration for the methods employed by countries with different socio economic system".(6) In 1986 there was assessment of short term outlook for world industry by Global Studies Branch alongwith impact of changing external conditions on the industrialisation process in different developing countries. Background studies undertaken in 1986 were (a) a policy analysis of local (7) content regulations in developing countries (b) an analysis of source of change in manufacturing value added over the period 1963-1980(8) (c) an examination of data needs for the study of structural change in the manufacturing sector.(9) (d) an analysis of energy sector in relation to industrialisation scenarios for the year 2000 (10). UNIDO organised the eighth international input output conference held at Sapporo in July/August 1986 (11) under country and

5. Ibid pg.224

6. Article 2(c) of the Constitution of UNIDO

7. UNIDO/IS. 606

8. UNIDO/IS. 591

9. UNIDO/ IS. 601

10. UNIDO/IS.593

11. Annual Report of UNIDO 1986 :Industrial Development Board.
Third Session 1987 IDB 3/10 pg.6

region specific studies for technical assistance 13 country reviews were done in 1986. For instance a study of industrial sector of democratic Yemen, Phillipines, Turkey was made. Focus on industrial strategies and indentification of prospects for manufacturing sector was done in Zimbabwe, Guinea Bissau and Mozambique. A study financ ed under special industrial services programme provided policy advice on Mexico Technical Advice was provided by Regional advisers in 30 countries sectoral studies were undertaken to strengthen support to technical cooperation activities and open new areas for assistance. Taking the case of fisheries industries in Peru documentation of a special methodology for assessing and programming integrated production/ consumption systems was conducted. Sectoral studies branch focused on capital goods and agricultural machinery in Latin America Carribbean and South East Asia. In industrial statistics there was extension and improvement in UNIDO data base specially designed to meet the data needs of users both within and outside UNIDO. (12)

In 1986, a total of 1693 projects were implemented.

IMPLEMENTATION OF INDUSTRIAL OPERATIONS FIELD OF ACTIVITY:

UNIDO undertakes a very broad range and diversity of tasks in the fields of technical cooperation, advisory missions, investment promotion and consultation on industrial matters. As a consequence of deepened

interdependence between various economic activity, an approach embracing all the diverse issues and related national interests is unmanageable. Therefore UNIDO focuses on more "realistic" strategy on "action oriented" specific areas with a sharper country and sectoral focus(13). Identifying new opportunities for joint ventures, technology transfer and other forms of industrial cooperation ensuring appropriate national and international support to remove obstacles. A vital link in this integrated approach is UNIDO systems of consultations. These consultations concentrated on concrete problem of specific groups of developing countries keeping in mind the industrial policy so as to initiate and promote country and sector specific cooperation projects.

To build up an institutional infrastructure, technical cooperation was provided to establish and strengthen institutions and servicing facilities for small and medium scale industries. The integrated approach to developing institutional infrastructure was applied two fold, namely, through coordinated assistance at the policy making, institution building and entrepreneurial levels, as well as through mutually supportive projects at the inter regional regional and national levels. The project also provided planning and coordinating of establishment of industrial estates, service industries and sub contracting exchanges. In 1986 "Analysis of Technological complexity"(A CT)

13. Industry and Development Global Report UNIDO 1986 pg. 221

method was developed by UNIDO as a practical tool to serve in technological diagnosis of existing enterprises and infrastructure with particular reference to mechanical and electrical industries.(14) Projects were implemented to create standardization, quality control and metrology for ensuring compatibility of manufactured products.

In line with the aim of the recognition of the secretariat and in accordance with high priority attached to member States to the rehabilitation and rationalization of existing industrial capacity of developing countries, assistance was provided mainly to "ailing industries" which were of diagnostic and rehabilitative nature. In the area of industrial management, computers and management information system and consultancy services were eared up.

UNIDO programme responded to the need of the developing countries to have tailor-made training programme for managerial and technical personnel of industrial projects. The training branch carried activities that involved group training, training of trainers, production of training material and building up industrial training centres by equipping them with required inputs. Regional cooperation was given a new impetus as a result of growing awareness for human resource development and

14. Annual Report of UNIDO 1986 Industrial Development Board.
Third Session 1987 p. 37

its incidence on the industrial activities of a region or subregion advisory services were provided to Governments, regional and inter regional organisations on matters relating to manpower planning for industry, training needs assessment, interface between education training and industry, inservice training for public and private sector, financing institutions and development of experts and consultancy. In 1989, the training branch was renamed Industrial Human Resource Development Branch (15) after the findings and recommendations of the Director General (16). The purpose was to enable the Branch to assume its rightful role as a service and policy branch.

Under the heading industrial planning, UNIDO assisted countries in policy framework and planning and management of industrial sector. The assistance of UNIDO mainly consisted of identifying priority sectors and branches that offer opportunities for the creation of competitive industries serving national and international market: in formulating specific plans for the restructuring, development and organization of priority sectors: in designing a coherent and efficient policy and institutional framework that would promote industrial investment and improve investment climate. There was increasing emphasis on industrial restructuring, decentralisation of decision making and operations, privatisation and the need for an adequate information basis, planning tools and decisions support system.)

15. UNIDO/ DG/B 113

16. I DE. 5/Dec.21

In addition to the direct implementation of technical cooperation projects, Feasibility Studies Branch promoted the application of a standardized methodology for the preparation and evaluation of preinvestment studies by means of help to ministries development agencies, industrial banks in strengthening their project preparation capacity, training on Application of Computer Model(17) for feasibility Analysis and Reporting (COMFAR). By 1986 Manual for preparation of industrial feasibility studies had been translated into 15 languages (18).

In specific areas as agrobased industries, metallurgy, chemical and engineering industries, UNIDO provided technical cooperation in various sub sectors and branches.

Agro industries projects covered the following : products and wood processing, textile production and garment making, food processing and packaging- leather and rubber products, raw materials, by products and waste utilisation.

The activities of chemical industries Branch concentrated on building materials and construction industries, petrochemical industries and basic chemicals, fertilizers, pesticides, pharmaceuticals, pulp and paper biofuels, synthetic fuels and organic chemicals, environmental protection in industry and recycling. In metallurgical industries, projects showed tendency towards more sophistication as production of electronic material magnetic material and premetals, ferrous and

17. Annual Report of UNIDO: Industrial Development Board Third Session, 1987 pg.40

18. Ibid pg.41

non ferrous. There was establishment of mini steel plants appropriate to market size and strengthening of metal mechanics sector including founding, forging, heat treatment, welding and finishing operations.

In the field of engineering, priority areas were industrial production, industrial technology and the development of human resources. Technical cooperation activities covered agricultural machinery and implements, electronic and electrical machinery and products, computer and computer related equipment and metal working and energy related equipment.

Various other projects were undertaken in Asia and Pacific region, Latin America and Caribbean Africa and Arab States and Europe. Since UNIDO is assisting various countries, its focus is country specific so that structure of industrial institute varies from one developing country to another depending on national target and stage of industrial development attached and local conditions. Table 3 in Appendix discusses the member of various projects UNIDO has undertaken since it became a specialised agency. Over the years the projects undertaken by UNIDO have increased gradually.

UNIDO launched new initiatives for international cooperation and special working relationships were established with well known industrial enterprises. As a result of trust fund arrangements established by UNIDO through its network of international contacts, new forms of cooperation came about. Access to high level expertise with major international enterprises like Bechtel Cooperation of United States,

Ishikawajima harima heavy Industries of Japan, Energoprojekt or Yugoslavia were signed in 1986.

INDUSTRIAL PROMOTION: In 1986, system of consultations Division was created which enabled the creation of inter linkages and synergy between industrial investments, consultations and development and transfer of technology which could significantly contribute to the acceleration of international industrial and technological cooperation. There were consultations covered on various aspects of industry like consultation on Iron and Steel Industry took place in Vienna from 9 to 13 June 1986 and on agriculture machinery industry took place in Belgrade in 1986(20). In 1987 there was consultation on training of industrial manpower in Paris from 14 to 19 September 1987. Consultation on pharmaceutical industry was held from 5 to 9 October 1987 while another new ferrous metals took place in Budapest from 30 November to 4 December 1987 (21) Consultation on food processing industry in Tbilisi in September 1989 aimed at integrating the subsector into the agro industrial system of the country. Consultation on small and medium scale industries and electronics industry and capital Goods industry was held in Vienna from 4 to 8 December 1989(22). Regional consultation on industrial rehabilitation/ restructuring with special focus on food processing subsector in Africa. Another consultation on

20. Annual Report of UNIDO 1986 Industrial Development Board
Third session, 1987 pg. 42

21. Annual Report of UNIDO 1987 Industrial Development Board
Fourth session 1988 pg.53

22. Annual Report of UNIDO 1989 Industrial Development Board
Sixth Session 1990 pg. 59

wood and wood products in industry was done in the same year.(23) There was a follow up to earlier consultations both during and after the consultations every year.(24) The activities of the Division of Development and Transfer of Technology were directed to assist developing countries in acquisition and development of technology, consistent with their particular conditions and capabilities and also to prepare them for changes in global technological scene by strengthening their technological capabilities in appropriate area. To meet these objectives UNIDO encouraged enterprises to make direct foreign investments and enter into mutually beneficial joint venture agreements as well as self financing agreements in countries like Yemen, Egypt, Nigeria, and Saudi Arabia, India and Iran. In an effect to revamp the system of policy formulation and coordination an Executive Management Committee was constituted.(25) By setting of a country focus within the organisation moves were made to enhance the effectiveness of UNIDO's continuous field presence. A field Representation Advisory Committee (FRAC) was established in August 1987 to develop and formulate guidelines for the selection, classifications, recruitment, appointment, location, reporting,

23. Annual Report of UNIDO 1990 Industrial Development Board, Seventh Session 1991 pg. 54.

24. Annual Report of UNIDO 1991 Industrial Development Board, Eight Session 1992 pg. 59

25. Annual Report of UNIDO 1986 Industrial Development Board, Third Session 1987 pg. 4

administration and performance evaluation of Senior Industrial Development Field Advisors(26) the work of the Division focussed on the theme of advanced technology, technologies for new renewable sources of energy and technology for rural and small industries.

Industrial Investment Projects and Investement Promotion Service was provided. Information systems contained records on various projects, proposals, potential partners, development finance and special sponsors. A project for Appraisal sector started functioning with the purpose of appraising complete draft project proposal. Special areas which were given greater attention are discussed below:

INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA: At the third General Conference of UNIDO held in new Delhi in 1980, a resolution proclaiming the 1980's as the Industrial Development Decade for Africa was recommended by the Industrial Development Board of UNIDO to the General Assembly(27). In 1983-84 subregional meetings were held with Organisation of African Unity where an "initial integrated industrial promotion programme was drawn up.(28) The initialintegrated programme for- the Eastern and African subregion contained 18 core and 9 support projects; that for West African sub-region contained 35 core and 17 support projects; and central Africa 24 core and 13 support projects and

26. Annual Report of UNIDO 1987 Industrial Development Board
Fourth Session 1988 pg.1

27. Resolution 35/668. December 1980

for North Africa 19 core and 8 support projects. Assistance was provided in the formulation and implementation of these programmes by UNIDO. The assistance was in the form of technical advisory services adjustment of industrial strategies & politics establishment of industrial institutions preparation of studies, development of pilot and demonstration plants; strengthening of industrial manpower and technological capabilities. Investment promotion activities including investment forms and meeting were organised. A task force for Industrial Development Decade for Africa initiated an action plan for enhanced support to the industrial development of the region.(29) In 1989 which was bridging year for the first Decade for Africa and second, a programme was drawn on the findings of the mid term evaluation report (30) which underscored the important role to be placed on industries supporting agricultural development.

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28. Handbook of UNIDO Field Staff (Vienna October 1989)
pg.227
29. Annual Report of UNIDO 1987 Industrial Development Board
fourth session 1988 pg. 2
30. CAM 9/20/Add 1

ASSISTANCE TO LEAST DEVELOPED COUNTRIES

Within the ambit of the fact that least Developed Countries themselves carry primary responsibility for their over all development and acceleration of their industrialization, UNIDO directs the technical assistance programmes, promotion of small and medium scale industries using indigenous raw materials, industrial planning and programming and the preparation of pre feasibility and feasibility studies for investment projects. Group training schemes, field missions and consultancy services were provided. In the investment promotion, programmes, profiles of some 130- 180 industrial investment projects are distributed and discussed with participants from industrialised countries, financial institutions and private investor. In 1987 task force was set up for the Latin American and caribbean Region designed to plage a coordinating role in acturties taken up by UNIDO (31). As policy reform and economic effort found way in this region with trade and investment liberalization , privatization and fiscal orthodoxy, Regional Cooperation Programme for Industrial Recovery of Latin America and caribbean got full underway. A second project called regional programme for the industrial automation of capital goods sector entired operational stage.(32)

31. Annual Report of UNIDO 1987 Industrial Development Board, Fourth Session 1988. pg.2

32. Annual Report of UNIDO 1991 Industrial Development Board eighth session 1992 pg. 4.

In the Asia and Pacific region, some 15 projects worth \$ 2.6 million were approved during 1991 for the special programme.(33) There is a special programme for Industrial Development in Arab countries also.

UNIDO is progressively issuing a series of industrial development reviews for individual Least Developed Countries. UNIDO's operational activities for Least Developed Countries are financed from various sources: the UNDP indicative planning figure (IPF), the Industrial Development Fund (IDF) the Special Industrial services Programme and UNIDO's regular programme of technical cooperation.(34)

INDUSTRIAL COOPERATION AMONG

DEVELOPING COUNTRIES

UNIDO emphasised "Strengthening of Economic and Technical Cooperation among Developing Countries " at the second session of the General Conference of UNIDO held at Bangkok in November 1987 (35). This meant rational use of human, national, financial and technological resources available in the developing countries for the benefit of their individual as well collective welfare in order to strengthen their self reliance.

33. Annual Report of 1991 pg.4

34. Handbook of UNIDO field staff pg.237

35. Handbook of UNIDO field staff(Vienna 1989) pg. 238

Step taken in this direction were :

(a) Solidarity Ministerial Meetings whereby more advanced developing countries can assist in implementing specific industrial projects in the least developed countries in the Form of loans, grants, transfer of technology and know how training, industrial research and provision of expert services.?

(b) Round table ministerial and high level meetings for cooperation in the promotion of industrial development focus on specific industrial sectors.

(c) Expert Group Meetings: Taking some examples like Expert Group Meeting for the Exchange of Information among Developing Countries on Available Technologies in the field of small and medium scale industries at Ljubljana, Yugoslavia in 1988, another at Buenos Aires on production and Application of Machine Tools one finds that they strengthened cooperation and capabilities of developing countries.

Technical cooperation, system of consultations, establishment of industrial capabilities were other vital steps in the same direction.

INTEGRATION OF WOMEN IN DEVELOPING COUNTRIES:

After becoming a specialised agency, the first session of the General Conference adopted a decision which stressed the essential role UNIDO should play in advancement of women. In 1986, a unit for the integration of Women in

Industrial Development was established in UNIDO (36). Technical projects were taken up specifically designed to upgrade women's capabilities and improve technologies used by women. Women-in-Development experts were attached to project identification and formulation missions in order to propose effective measures for ensuring the consideration of women from the project design stage onwards. Women were sent to training programmes. Analysis of sector by sector participation of women in industrial development was carried out by UNIDO.

Thus, UNIDO focussed attention on all these priority areas. It was realised that these were crucial factors in the development of industry in the developing countries.

SOURCES OF FUNDS FOR TECHNICAL COOPERATION

The integration of technical cooperation with capital backing has always been a difficult problem for intergovernmental programmes of industrialization. Though UNIDO has not been established as an agency for capital assistance, it has been innovative in producing an improved interface of its technical cooperation instruments with financial institutions(37). The largest sources for technical cooperation activities of UNIDO is United Nations Development Programme (UNDP). For programming purposes, UNDP uses an Indicative planning figure based principally on each country's population

36. Handbook for UNIDO field staff(Vienna, 1989) pg.248

37. Industry and Development Global Report UNIDO 1987 pg.223

and its per capita gross national product (GNP). Approximately 18% of estimated resources are set aside for establishing IPF for regional interregional and global programmes.

The special Industrial Services programme was established to respond to specific short term requests of an urgent nature relating to industrial development. The level of SIS resources for a given five year programme cycle is determined by the Governing Council. The allocation for 1987-91 is \$ 15 million to finance about 70 projects.(38)

Other sources of financing were the Industrial Development Fund, the UNIDO regular programme of technical cooperation and Industrial Development Decade for Africa both within the regular budget, Trust Funds and self financing arrangements by developing countries, the United Nations for Drug Abuse Control and United Nations Capital Development Funds. Activities other than technical cooperation projects were financed from the regular budget of UNIDO(39).

UNIDO experienced services cash flow problems in 1986 as a result of delayed receipts and withholding of contributions from Member states. 1987 was also a difficult year financially for the organization. The sharp and sudden drop in the value of the dollar precipitated a steep rise in cost to the

38. Annual report of UNIDO. 1986 Industrial Development Board.

Third Session 1987 pg.70

39. For details of Expenditure of UNIDO, refer to tables 3,4,5 in the Appendix

Organization and the programme of innovation and revitalisation was adversely affected. There was reduction in posts, programme cuts and related economies. Since external factors govern technical assistance delivery, there was a decrease from \$ 99.6 million 1986 to \$ 97.7 million in technical cooperation expenditure in 1987. (40) As the financial difficulties continued in 1988, steps were taken to stabilise the situation with the introduction of split currency system governing payment of assessed contributions under which member states had to pay 72% of their contributions in Austrian schillings. (41) This helped to offset the dramatic drop in the value of the United states dollar which, in the previous years had led to cancellation and deferment of several programmes. Memberstates also made their contributions regularly which led to the improvement of UNIDO's financial situation. While technical cooperation expenditure was \$ 119,780 thousand in 1988 it rose to 133,782 thousand in 1989 which was an increase of 10.5 percent. (42) In 1990, prospects of financial stability, assured cash flow and large operational budget were again dashed due to depreciating value of the dollar and inability of members to pay their assessed contribution. This was reflected in the dwindling reserves of the organisation which were only \$ 2.4 million in its regular budget. Outstanding contributions of 105 out of 151 members amounted to 34.2 million representing 36.2 percent of 1990 assessment. Despite these cash flow constraints the organisation gave technical cooperation worth \$159.6 million in 1990 which was 19.3

40. Annual Report of UNIDO 1987 Industrial Development Board,

Fourth session 1988 pg.1

41. Annual Report of UNIDO 1988 IDB 5th session pg.1

42. Annual Report of UNIDO 1989 IDB 6th session 1990 pg.1

percent more than last year.(43) In 1991, more challenges confronted UNIDO due to unprecedented politico economic changes. Besides the democratization and move towards market economy in Central and Eastern Europe, collapse of Soviet Union at political level shifts in international trading system, regionalisation of markets structural transformation of global industry away from energy intensive and material based productive processes to flexible information and knowledge based activities, UNIDO recognised the need for reform to cope with these changes.

As a specialised agency whose role as "Centres of excellence" in respective areas was seen as important became means for meeting global challenges and growing areas of interdependence. Therefore UNIDO resolved to gain strong financial footing as well as take long postponed political decisions on the prioritisation of organisation's activities.

When UNIDO came into existence in 1967, it was a dependent member of the United Nations family designated by UNIDO as an "executing and participating agency" for the technical assistance programme.(44) Its funds were not autonomous but were derived from resources provided by UNDP, from regular United Nations budget and a special fund of \$6 million known as Special Industrial Services Fund. Due to these

43. Annual Report of UNIDO 1990. Industrial Development Board, Seventh session 1991 pg.2

44. Franz Plasil Wenger UNIDO: Problem child of the United Nation Family". Journal of World Trade Law Vo.8(2) March April 1974 pg. 188

close purse strings the programmes undertaken by UNIDO between 1972 and 1976 were only \$ 141.8 million as compared to \$ 451.2 million between 1982-86. But it must be observed that even after becoming a specialised Agency there was no significant increase in the number of technical cooperation programmes (45).

Reality of working of UNIDO was far from the expectations, though there was improvement to a certain extent due to exogenous and endogenous factors. (46) Besides technical cooperation activities relied more on providing equipment and experts rather than enhancing self reliance by building indigenous industrial capability.(47) Taking the example of pharmaceutical industry it is found that UNIDO could not offer assistance to produce drugs indigenously the various countries. Although small beginning was made by setting a pilot plant in India. Even in fertilizer and metallurgical, self sufficiency of developing countries could not be built, though raw material was in abundance in these countries. A report prepared by three experts from three different organs of the UN made a project-wise evaluation of technical cooperation offered by UNIDO (48) An assessment was made of the manufacturing

45. Refer to Table 4-In the Appendix.

46. S Naugundan " UNIDO: 'The Turn around' Economic and Political weekly Oct 28, 1989 pg.2419

47. Pravan N.Desai "Industrial Restructuring and Redeployment: Role of UNIDO in Industrial Development". Man & Development June 1990, pg. 38-39

48. Evaluation of UNDP-Financial Technical Cooperation Activities of the UNIDO in the field of Manufactures.(E/AC.511/1983 and add 1)-referred by Pravan N Desai in his article. Ibid.

projects on the basis of sample selected from all possible areas of UNIDO's interests such as industrial planning, infrastructure training feasibility, agro industry metallurgy, engineering and chemical industries at four different levels.

1. Problem identification and diagnosis
2. Project formulation and approval
3. Project implementation
4. Project completion.

The report stated that while providing assistance, the specific needs of the country were not properly assessed. The state of industrial technology and manufacturing process, sector planning at government level were not taken into account.

At the formulation level, no linkages were found between design and achievement. In implementing projects, quality of experts were less satisfactory. The staff resources were also scarce.

In the stage of project completion these project system did not define a clear functional linkage between the completion of project operation by UNIDO. Financial termination of a project and achievement of output and project objective. The impact of the project was not assessed.

Thus, weaknesses of UNIDO were of an organisational nature as it was not equipped to fulfil its mandate. There were inadequacy in designing, implementation and suitability of staff.

Nevertheless, technical cooperation remains UNIDO's bread and butter efforts have concentrated and continued to mobilise new resources, undertake new projects and expend its activities in large areas. In spite of all the difficulties UNIDO has continued with its functions as is reflected in the details provided by the Director General.

At the fourth General conference of UNIDO held at Vienna in November 1991. UNIDO's Director General Domingo L. Siazon said that technical assistance was expected to rise from 1986-87 level of \$194.3 million to more than \$300 million in 1990-91. The value of investment projects promoted during the same period could easily treble the \$ 371.3 million promoted in 1986-87. It goes to the credit of UNIDO that this was achieved despite disruptions in delivery due to political developments in a large number of programme countries. The volume of investment promotion would exceed 1 billion for 1990-91. (49)

An appraisal of the performance of UNIDO is done in the next chapter.

CHAPTER-5

CONCLUSION: PERFORMANCE APPRAISAL OF UNIDO AS A
SPECIALISED AGENCY

Upon becoming a specialised agency, United Nations Industrial Development Organisation received a new mandate and took on a role that extended far beyond "the promotion and acceleration of the development of the developing countries' Manufacturing sector" to encompass the " promotion of industrial development and cooperation on global, regional and national as well as sectoral levels." (1) From being an agency developing technical assistance, UNIDO began playing a catalytic role in mobilising the flow of technical, managerial and financial resources from enterprises in the developed countries to those in developing countries, facilitating contacts consultations and negotiations as well as transfer of technology & informations between developed and developing countries and most important of all, mobilising the flow of financial, technical and managerial resources. To bring effectiveness and efficiency, UNIDO developed a cohesive and integrated organisational structure. Efforts continued towards generating new and additional sources of funds which was the most crucial

1. Domingo L.Siazen." UNIDO's Concerns." International Affairs
December 1989. pg.21

factor in its performance. To make a performance appraisal of the working of UNIDO attention would be focussed on the following points.

- (a) Performance in relation to the objectives:
- (b) Required financial and organisation support.
- (c) Impact of its conversion to a specialised agency from a department of UN.

Performance of UNIDO in terms of Expectations versus Reality:-

The constitution of UNIDO provided a clear mandate to the specialised agency to undertake activities in the technological, training, social institutional and environmental aspects of industrial promotion and development in the developing countries. As a department of the United Nations UNIDO carried out its functions essentially on the basis of meeting the urgent needs of the developing countries in accelerating their industrial development through promotional and operational activities supported by relevant research. Operational activities were undertaken at the request of the Governments. Efforts were initiated through closer and direct contact with the developing countries to expand these activities while research activities were made more action oriented (2)

UNIDO also undertook survey of industrial development possibilities, formulation of industrial development plans preinvestment and feasibility studies assistance was provided in achieving efficient utilisation of new industrial capacity through technology transfer, training to persons, dissemination of information and strengthening of institutional structure. Assistance was provided to experimental projects designed to adopt existing technology and the establishment of pilot plants and experimental factories.(3) Though these operational activities were the very raison d' etre of the organization, its first Executive Director, Ibrahim Helni Abdel Rahman pointed out that during the formative period of UNIDO, the general climate for carrying out planned activities was far from favourable(4). It was a period of disappointment when critical appraisal was made, it came to notice that for the fifty five projects worth \$ 100 million undertaken between 1967-70, less than, half of the amount was provided by UNDP while rest of the expenditure was provided by the Government requesting the assistance. After conversion to a specialised agency, UNDP continued to be the major source of funds for technical cooperation. The resource outlook for UNDP improved with total pledges for 1986 voluntary contributions to UNDP amounting to \$774 million.(5) However as in the past, shortage of resources has forced UNIDO to adopt a cautious policy with

3. Ibid. p.15

4. Ibid. P. 23

5. Annual Report of UNIDO 1986. Industrial Development Board, Third Session refer to page 71.

regard to financing of projects. While the total expenditure of UNIDO technical programmes was \$ 536.8 million between 1977-81 it increased to \$ 709.4 million 1982-86 (6). To cope with problem of bureaucratic procedure and delay in providing aid, special industrial services programme was launched in 1966. After 1986, in view of the relevance and impact of SIS projects as recognised by recipient governments, the number of requests for SIS assistance increased. More projects concerned with short term urgent and unforeseen industrial needs were approved as these were found to be cost effective and useful. As a specialised agency, there were promising results under trust funds and self financing arrangements as support to industries was given in developing countries with emphasis on performance improvement, rehabilitation and maintenance, supply of expertise and technical knowhow. Along with increased project delivery project quality improved consistently after 1986. There was perceptible improvement in project performance and effectiveness as borne out by evaluation of technical cooperation project. There was enhancement of quality relevance, feasibility and sustainability of the organisations' projects.(7) Since attention was paid to inter-sectoral linkages, specifically of needs of the countries and action oriented programmes stressing cooperation between North and south and among the countries of the South, UNIDO was able to establish closer relations with

6. Appendix Table 4

7. Annual report of UNIDO 1991: Industrial Development Board, eighth session, pg.3

industries and enterprises, in both public and private sectors as well as with chambers of commerce and industry in many countries. Taking the example of human resource development, a large scale regional programme for selected Asian Countries was carried out based on a modular approach to build up coherent and sustainable system for upgrading their technological skills and entreprevensial capabilities . In Africa efforts were made to strengthen training capabilities and promote self reliance in a variety of fields ranging from foundry operations and brick making to the design and manufacture of agricultural machinery and development.

As laid in its objective, UNIDO's programmes were carried out at regional level also. The Third General Conference of UNIDO adopted a resolution recommending to the General Assembly that it proclaim the 1980's as Industrial Development Decade for Africa. UNIDO's assistance to implement programme for the Decade began after it was endorsed by Industrial Development Board of UNIDO. UNIDO's assistance consisted mainly of technical advisory services, the adjustment of industrial strategies and policies development of pilot and demonstration points; the strengthening of industrial manpower and technological capabilities; the establishment of industrial institutions and preparation of studies for eventual industrialisation of Africa .Investment promotion activities were organised as a means of assisting African countries to mobilize financial resources. Though UNIDO made every effort in

this direction, scope and magnitude of assistance was limited due to shortage of funds available to UNIDO. It was dependent only on the generosity of donor countries for the resources which were estimated to be approximately \$ 140 billion for the new industrial investments. The local resources could cover barely 40 percent of the resources while global economic crisis prevented external support so progress in general did not come to expectations and not all objectives were attained.(8) Similar was the case of special programme for industrial development of Asia and Pacific where 15 projects worth \$ 2.6 million were approved to strengthen the economic resilience of these countries in the face of global slowdown. The programme for industrial recovery of Latin America and Caribbean emphasised on a level of productivity and efficiency that would contribute to its international competitiveness. There was great discrepancy between the expectations of member states from UNIDO and its ability to meet those expectations with limited resources at disposal. To overcome these problems, UNIDO made efforts to ensure managerial efficiency and organizational innovativeness.

UNIDO promoted enterprise to enterprise industrial cooperation for which UNIDO got support from the cooperating parties either through trust fund financing or through self financing by public and private enterprises. These innovative policies of funding enabled UNIDO to expand its activities. While the expenditure on technical cooperation projects was US \$ 94.5 million in 1985 it increased US \$ 119.8

8. Annual Report of UNIDO, 1989. Industrial Development Board Sixth Session, 1990 pg.4

million in 1988 and US \$ 135.6 million in 1992.(9) Since the aim of UNIDO was to provide service to industry with emphasis on industrial enterprise, UNIDO provided services to direct manufacturing plants, diagnosing their problems, determining their needs and identifying a broad range of sources that can supply services at competitive prices and favourable terms. UNIDO provided terms of experts to operate and manage a number of plants in Egypt, Nigeria, Libya and Yemen Arab Republic in the area of steel, Cement, Textile, Petroleum refinery and petrochemicals.

UNIDO established close links with international financing institutions such as overseas Economic cooperation fund, Commonwealth cooperation Fund, African Development Bank, International Development Agency. These three have been changes in sources of funding for its operational activities. By establishing closer working relations with individual companies as well as industrial associations such as chambers of commerce or federations of industry in the developed countries. This enabled UNIDO to secure " seed money" for the identification development and formulation of joint projects.(10) Ensuring the flow of financial resources to appropriate projects is one of tasks of UNIDO investment

9. See Table 4 in Appendix.

10. Domingo L Siazon, " UNIDO's Concern" International Affairs, December 1989 pg.24

promotion network. UNIDO maintains nine Investment Promotion Services in Cologne, Milan, Paris, Seoul, Tokyo, Vienna, Warsaw, Washington D.C. and Zurich to provide developing countries with direct access to technological, managerial and financial resources in industrialised countries.

Thus, the various promotional and other activities that UNIDO has taken up reflect its gradual transformation from an agency delivering technical assistance to one that is endeavouring to fashion a coordinated approach to industrial development and cooperation in an integrated and comprehensive manner. The realistic and pragmatic policies enabled UNIDO to deliver the goods. The policies and initiatives which brought the above mentioned achievements are the following.

The organisation has turned from being perceived as of the developing countries to that of all the member countries. This was a distinction ensured by the constitution of UNIDO which required the programme and budget to be approved by a two thirds majority of 27 members of the Programme and Budget Committee, as compared with previous rule of a simple majority of UN members which meant domination of the developing countries. The Director General also made consultations continuously with different regional and political groups of member countries. This confidence building measure resulted in the doubling of voluntary contributions to Industrial Development Fund. Further, donor countries evinced continuous interest in the execution of projects financed through their contributions.

UNIDO's programmes shifted as a result of conscious and deliberate effort of the director general. In 1975, Lima objective of international redistribution of industrial capacity was valid. In the eighties, technological changes in terms of micro-electronics, computer aided design and manufacture, robotics made it necessary for UNIDO to deemphasise industrial redeployment and accentuate the development and application of technology, training and resource oriented industrialisation for the developing countries(11). UNIDO programmes proved useful as they were tailor made training programmes for managerial and technical personnel of industrial projects. Programmes shifted from sectoral consultations and negotiations to promotion of technology cooperation and development in genetic engineering development of new materials. After becoming a specialised agency greater operational flexibility was brought about due to clear country focus responsive to the needs of the country. These were the successes of UNIDO in view of its objectives.

FINANCIAL AND ORGANISATIONAL POSITION OF UNIDO

When the role of UNIDO is viewed in the perspective of nature and magnitude of the needs of industrialised countries, the resources deployed by UNIDO fall greatly short, while Lima Declaration and plan of action laid a

11. S Narjundan. 'UNIDO: The Turnaround, 1985-89' Economic and political weekly. October 28, 1989. pg. 2419.

target of 25% contribution of developing countries to world industrial production, the share of developing countries was barely 14.2% in 1990 (12). Instead of viewing such a result as the sign of failure of the Lima Plan of Action, UNIDO views it as an indication of the outstanding task before it. Undoubtedly, actual progress made by developing countries is more substantial than indicated by a mere aggregate picture, the gains of some have been much more than others. Many developed countries, on the other hand have started taking industrialisation in developing countries as a challenge to their industries. This has led to inhospitable global economic climate. One of the depressing tasks before UNIDO is to garner the support of the developed countries. The developing countries, on the other hand were beset with problems of mass deprivation, falling price of primary commodity, rising burden of debt servicing, net capital outflows, capital flight, local production overwhelmed by import protectionist barrier against entry into markets of developed countries and urgent demand for meeting rising needs of the people. In such a scenario where developed countries are resorting to ill-concealed protectionism while developing countries are striving to implement structural adjustments and liberalise their economics the performance of a specialised agency like UNIDO faces many challenges, since world economy was stagnating burden of debt of developing countries increased, raising of resources become a difficult task.

Prior to becoming a specialised agency UNIDO's expenses were met from (a) voluntary contributions in cash or kind by governments of member states (b) participation in the United Nations Development Programme on the same basis as other participating organizations (c) utilisation of appropriate resources of the United Nations regular programme of technical assistance (d) Regular budget of the United Nations. There were constraints on increasing the allocations of United Nations resources in favour of UNIDO developed countries like United States, Belgium and West Germany would not support the move through developing countries reiterated reallocation in favour of UNIDO (13). After conversion to a specialised agency there was a regular budget of UNIDO where expenditure was met by assessed contributions of the member states. Operational activities were met by voluntary contributions, UNDP main programmes, UNDP administered trust funds and self financing methods. UNIDO faced financial crisis due to delayed payment of assessed contributions by some members as well as due to dramatic fall in the value of United States dollar against Austrian schilling. The sharp and sudden drop in value of dollar in 1986-87 precipitated a steep rise in costs to the organisation and adversely affected the programme of revitalization and innovation introduced after its conversion to a specialised agency. In an effort to preserve the capacity of the organization for effective technical cooperation, number of

staff was reduced and prudent management of scarce resources had to be introduced. Programme cuts and related economies of the order of \$ 15 million had to be incurred.(14) UNIDO's technical cooperation programmes were diluted due to effects of inflation and currency exchange rate fluctuations.

Besides, with the enlargement of organisation's membership, there were additional beneficiaries of the organisation's services without being in a position to enhance its resource base.

The 1980's also witnessed massive politico economic upheaval taking place in the world. The soviet Union gradually collapsed leading to disruption in Eastern and Central Europe along with a shift towards a pluralistic society and wider acceptance of market economy in the erst while socialist economics. This rapid transition to market economies increased the demands for urgent assistance which imposed inordinate burden on the organisation. This was accentuated as members failed to honour their financial commitments. At the end of 1992, 113 countries had not paid their assessed contributions in full and 37 countries had lost their voting rights. At the commencement of 1993, payments outstanding to the organisation was more than 40 percent of the organisations annual regular budge.(15) Non payment or partial payment had wrought havoc on UNIDO's cash flow.(16) This resource crunch places UNIDO in an untenable position ^{as} its resources do not match demands and

14. Annual Report of UNIDO, 1991: Industrial Development Board
Eighth Session 1992 pg.1

15. IBId pg.5

16. General conference: Facts- and figures: UNIDO Update. Winter
1991 pg.2

expectations of member states. Besides, the resources deployed by UNIDO are miniscule compared to those deployed by investment agencies like World Bank, regional development bank or multinational enterprises. But it goes to the credit of the organisation that instead of working at cross purposes with world bank. UNIDO established close cooperation with it. An example to substantiate this statement is the world bank financed training project for sugar industry in Sudan and a mechanical workshop in Nigeria. The World Bank and UNIDO deliberated on the applicability of the strategic management approach developed by UNIDO as a complement to the Bank's activities. Thus, while the World Bank contributes to the macro economic setting liberalising economics and inducing competitiveness, UNIDO ensures that entrepreneurial initiative is stimulated through appropriate technological and institutional policies at the micro-economic level. UNIDO also complemented its action by improving coordination with international financial organisations like African Development Bank, Asian Development Bank in order to mobilise more financial resources. (17)

The Industrial Development Board which is the main decision making body of UNIDO, confronted the problem of priorities which meant taking decisions on the type of industry suited for the advancement of industries in developing countries. The industries could range from consumer industries

which might yield products earlier than agro industries but would not solve the food problem in the long run. Such consumer industries would earn foreign exchange for some developing countries but would make them more dependent on certain imported machinery and technology. Thus, more crucial decisions before the Industrial Development Board were matters of furnishing appropriate technical assistance which could set in motion an organised flow of technology know how, transfer of financial expertise, managerial and planning techniques, formulation of request for aid and implementation, execution of projects and programmes as well as training of manpower. Working within financial and administrative constraints, UNIDO could only create conditions conducive to investment rather than build individual plants and establish vast industrial complexes in the developing world.

The personnel policy of UNIDO differed from other international organisations. UNIDO need practitioners of industries, practical technologist, organizers and managers. Financial constraints led to reduction in the staff and pruning of the organisational structure. While industries of developed countries had skilled and technical staff, it was difficult for UNIDO to give equal geographical representation of personnel to the changing of developing countries. (18) Deputy Director

18. Walter M Ketsching. The UN Instruments. Economic and social Development in Gardner and Millikaned: Global partnership. International Agencies and Economic Development (New York 1968) pg. 36-37

Generals suited to meet the requirements of UNIDO as it confronts new challenges in the future?

The United Nations Industrial Development Organisation is the youngest of the specialised Agencies in the United Nations System. With 154 member states, as discussed in previous pages, UNIDO devoted all efforts to promotion and acceleration of industrial development in the developing countries. But mere conversion to the status of a specialised agency did not enable it to fulfil all the functions. UNIDO had taken a vast array of functions of industrial cooperation covering entire project cycle from the original conception of project idea to the final completion of manufacturing plan and its operation as a viable industrial unity. In view of this the resources at its disposal fell short.

Soon after its conversion to a specialised agency, it faced crippling financial crisis that affected every aspect of the organizations activities, significant economies had to be introduced in the operations while preserving its capacity to carry out its mandate. Though there was a growing demand for the organizations services there was reduction in posts. But a sharper focus was given to UNIDO programmes and a cleaner delineation of departmental responsibilities and functions were the hall marks of the moves to restructure and consolidate certain Departments.(19)

The advantage of conversion to a specialised

19. Annual Report of UNIDO 1988: Industrial Development Board, fifth session 1989, pp 1-2

agency was the flexibility and autonomy UNIDO obtained to reform and restructure itself in the face of challenges that it confronted. It also reevaluated and reassessed its performance time and again. The findings and recommendations arising out of reviews were reported to the Industrial Development Board through the programme and Budget Committee. Such services were not concerned so much with evolving a survival strategy as with ensuring that the organisation is so structured and staffed as to carry out its mandate more effectively. Throughout the 1980's UNIDO made all efforts to ensure an assured cash flow and appreciably large reserves under operational budget. But in the 1990 these prospects were dashed due to rapidly depreciating dollar and inability of member states to pay assessed contributions as well as unpredictable changes in the external environment. (20)

UNIDO AND THE EXISTING INTERNATIONAL SCENERIO

UNIDO's efforts were further hindered due to instability in the political economic situation in the world characterised by frustrated efforts to secure the benefits of economic reform and structural adjustment, slugging performance of developed market economies, high interest rates, particularly in Europe and growing protectionism everywhere the collapse of central planning in countries of central and Eastern Europe and former Soviet Union with absence of a substitute market mechanism reduced income and productivity

levels. These developments had a direct bearing on the working of UNIDO.

In view of these developments the Director General prepared the reform of the organizational and staff structure of UNIDO in order to equip it better to fulfil its mandate in a changing and more demanding world. Need was felt to reduce the number of departments and combine the programme instruments of the organization so as to provide more holistic responses to the needs of Member states within the specificity of country strategies.(21) Efforts were needed to enhance programme and project quality through improvement of project designs short comings in project design hundred technical cooperation activities. Efforts were needed to mobilise extrabudgetary resources and to translate priorities into operational activities and to provide a point of reference for reporting and evaluation purposes.(22).

NEED OF THE FUTURE.

The current decade demands more innovative approaches to international cooperation so as to bring a broader and more resident industrial base in the developing countries that an withstand recurrent turbulence in the international economic environment and achieve greater harmony with their basic resource endowments. Industrialisation is a long term

21. UNIDO Update: Winter 1992 No.21

22. Annual Report of UNIDO 1992- Industrial Board session, Ninth session, 1993 Pg.4

process of structural transformation which UNIDO is committed to promote by focussing its assistance on most important problem areas and on the neediest members of the world community and stimulating concerted efforts to the same effect throughout the world for this UNIDO will have to maintain its technical edge and enhance the quality and relevance of its industry related activities by combining policy advice, technical cooperation investment promotion, technological and techno economic information. Enhancement of cost competitiveness and shortcoming the response time for those services will also lead to qualitative improvement.

Therefore the Organization has to become a more dynamic instrument of both technical and political significance for supporting world wide efforts to accelerate industrialisation. To cope with the efforts to industrialise in the face of complexities UNIDO has to act on several levels simultaneously and fashion tools and tactics to suit a variety of circumstances. Industrial development takes place at multiple levels of aggregation. There are industrial products, clusters of products bound together by backward and forward linkages embracing different levels of institutional aggregation ranging from a firm to network of firms under transnational cooperation or cooperative revalue. Regional, national and international level of public policy are affected by changing patterns of industrial organisation and competitive interaction of agents of innovation. This multilevel of interaction requires UNIDO to adopt measures and institutional forms flexible enough to interact with these diverse entities. This will enable it to

exercise its influence over them as an international public policy organization. To restructure the existing international industrial situation, UNIDO's role requires to be strengthened.(23)

UNIDO should keep abreast of new developments in frontier of technologies to ensure the extension of their benefits to developing countries. There is competitive interdependence between countries at different stages of industrialisation. The changing global pattern of industrialisation makes it imperative for UNIDO to enhance its capacity of monitoring the market forces that change how to trade, foreign direct investment and technology and policy changes in different countries that affect direction and pace of these flows.

UNIDO also needs to bring its influence within the United Nations system in order to create conditions conducive for its successful working. The technical and potential difficulties of restructuring appear insurmountable until they are weighed against the perceived costs of not changing with the times.(24)

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23. Pranav N. Desai: "Industrial Restructuring and redeployment: Role of UNIDO in Industrial Development." Man & Development June 1990 pg.38
24. D.B.Steel : " The case for global economic management and UN system reform:" International Organistion Vol. 39(3) Summer 1985.

APPENDIX-A

TABLE - 1

DATE OF RATIFICATION BY SOME IMPORTANT COUNTRIES

Participant	Signature	Ratification accession(a) Approval(AA) acceptance(A)	Notification Under Article 25
1. Australia	3 March 1980	12 July 1982	10 June, 1985
2. Brazil	8 April 1979	10 Dec 1980	5 June, 1985
3. Canada	31 Aug. 1982	20 Sept. 1983	10 June, 1985
4. China	6 Sept 1979	14 Feb. 1980	17 June, 1985
5. France	5 Oct 1979	30 Mar. 1982	10 June, 1985
6. Germany	5 Oct 1979	13 July 1983	10 June 1985
7. India	16 Nov 1979	21 Jan. 1980	10 June, 1985
8. Japan	18 Jan 1980	3 June 1980	10 June, 1985
9. USSR	8 Dec 1980	22 May 1985	22 May 1985
10. U.K.	5 Oct. 1979	7 July 1983	10 June, 1985
11. U.S.A.	17 Jan. 1980	2 Sept. 1983	10 June, 1985

In ratifying the constitution many countries assumed that agreements on the establishment.

SOURCE: Multilateral Treaties deposited with Secretary General Status as at 31 Dec.

1991: New York 1992 (E.92 V.4)

UNIDO Organization Chart
as at 31 December 1992

TABLE-2

APPENDIX B

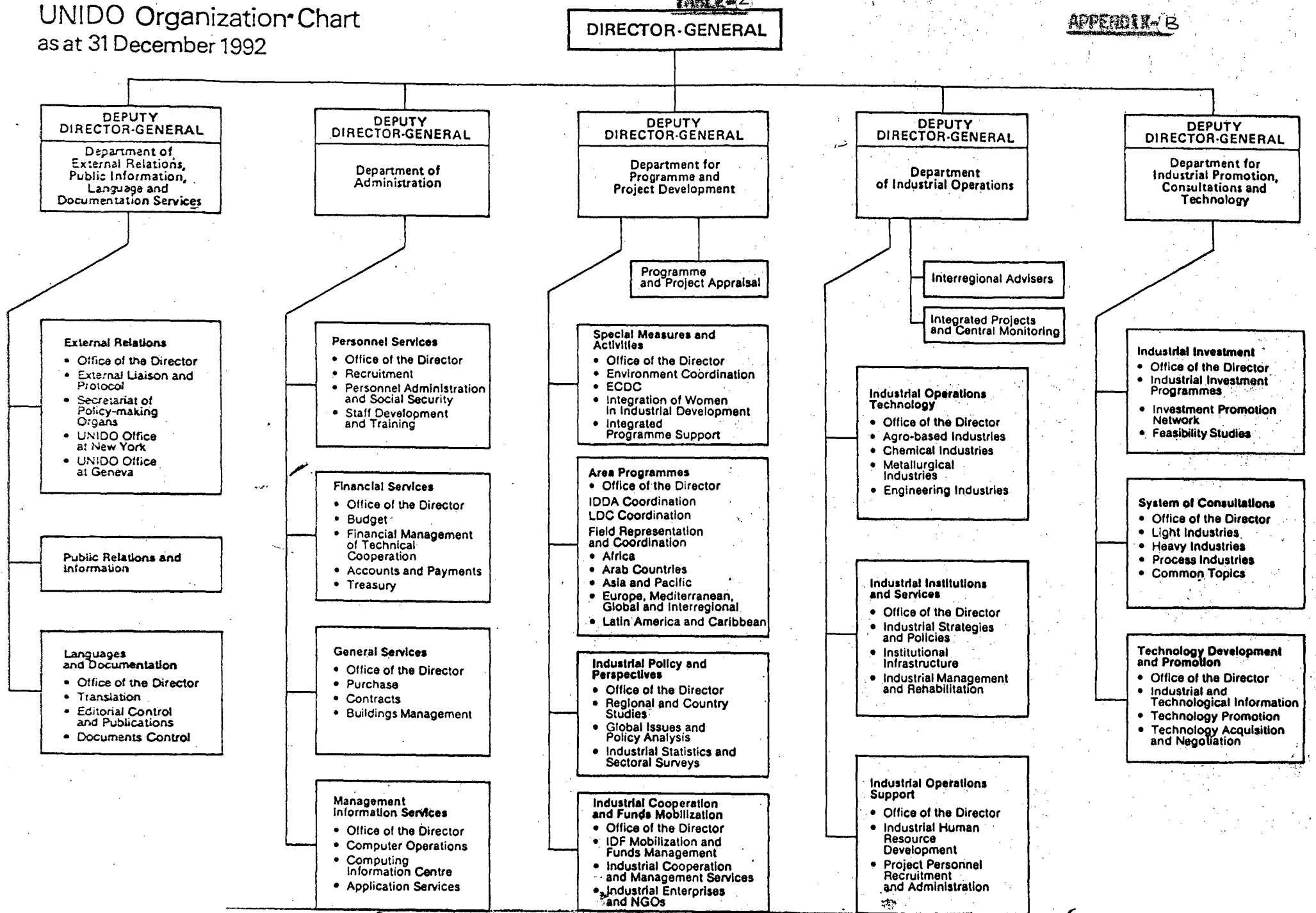


TABLE - 3

APPENDIX - C

NUMBER OF TECHNICAL PROJECTS UNDER IMPLEMENTATION BY FIELD OF ACTIVITY

Field of activity/Year	1986	1987	1988	1989	1990	1991
Institutional Infrqstructure	152	186	191	202	271	232
Factory establishment rehabilitation and management.	54	60	115	103	98	96
Training & human resources developepment.	183	200	176	179	141	146
Industrial planning	88	92	89	113	115	117
Feasibility studies	94	101	106	125	120	112
Agro based industries	200	223	136	162	152	147
Metallurgical industries	150	142	135	130	120	123
Chemical industries	364	368	349	359	351	337
Engineering industries	184	193	198	210	209	204
Others	224	257	289	310	377	413
Total	1,693	1,822	1,784	1,896	1,896	1,927

SOURCE - Annual Reports of UNIDO 1986 - 91.

APPENDIX - D

TABLE - 4

REGIONAL DISTRIBUTION OF TECHNICAL COOPERATION EXPENDITURE

(Percentage)

Region/ Year	1986	1987	1988	1989	1990	1991
Africa	33.9	33.3	32.1	36.7	34.9	37.1
Latin America and the Caribb- can	10.6	9.5	9.0	9.0	13.5	12.8
Arab States	3.4	12.9	15.0	14.4	31.0	29.03
Asia and the Pacific	37.2	38.8	36.7	32.6	3.3	3.3
Europe	3.2	2.7	3.5	03.2	7.0	6.5
Inter Regional Global	9.7	12.6	14.3	14.3	19.6	21.2
Total	100	100	100	100	100	100

SOURCE - Annual Reports of UNIDO 1986-91

TABLE - 5

APPENDIX - E

Expenditures, 1972 to 1992
(In millions of US dollars)

	1972-1976	1977-1981	1982-1986	1987	1988	1989	1990	1991	1992
Technical cooperation programmes	141.8	334.4	451.2	97.7	119.8	133.8	159.6	147.5	135.6
United Nations regular programme/ UNIDO regular budget	8.7	15.2	23.6	2.1	2.5	6.3	4.5	5.8	a/ 2.4
UNIDP/IPF and cash counterpart	98.7	229.9	291.3	66.5	74.0	76.8	88.7	75.3	55.6
UNDP/SIS	14.3	17.2	14.4	2.8	3.0	3.0	5.2	1.0	1.8
UNDP/special programme resources and special measures	3.1	5.3	3.1	0.3	0.0	0.2	0.4	b/	
UNDP - administered trust funds	0.0	3.4	12.9	1.1	1.0	2.3	1.7	(0.2)	1.5
Other trust funds	6.2	17.9	34.7	6.1	14.2	16.5	25.7	31.2	34.8
UNIDF/IDF	10.8	41.9	63.4	16.6	19.8	23.0	27.9	27.7	29.3
United Nations International Drug Control Programme (UNDCP)	0.0	0.0	2.2	0.6	2.8	1.2	2.2	2.6	4.4
Non- UNIDO funds	0.0	3.6	5.6	1.6	2.5	4.5	3.3	4.1	5.8
Headquarters	100.5	202.4	258.2	76.1	71.7	97.7	95.9	106.8	103.8
Regular budget	85.2	160.7	199.8	60.7	56.9	82.1	76.3	85.1	81.4
Overheads	15.3	41.7	58.4	15.4	14.8	15.6	19.6	21.7	22.4
Total expenditure	242.3	536.8	709.4	173.8	191.5	231.5	255.5	254.3	239.4

a/ Includes regular programme and Industrial Development Decade for Africa (see appendix C).

b/ Special measures expenditure included in UNDP/IPF and cash counterpart.

TABLE : 6APPENDIX - F

NET APPROVAL OF PROJECTS (In \$)

1986	-	\$	93.3	Million
1987	-	\$	117.8	Million
1988	-	\$	161.4	Million
1989	-	\$	171.5	Million
1990	-	\$	162.7	Million

SOURCE - Annual Reports of UNIDO , 1986 - 90 .

TABLE : 7

VALUE OF PROJECTS SCHEDULED FOR IMPLEMENTATION

1987	-	\$ 175.4	Million
1988	-	\$ 217	Million
1989	-	\$ 252	Million
1990	-	\$ 255.6	Million

SOURCE - Annual Reports of UNIDO, 1987-90.

APPENDIX I

Table 8 Technical cooperation programmes: project budget approvals and expenditures, 1972 to 1992

(In millions of US dollars)

	1972-1976	1977-1981	1982-1986	1987 a/	1988	1989	1990	1991	1992
A. All sources of funds									
1. Residual value of projects brought forward	37.4	72.8	136.4	155.9	175.4	217.0	252.5	255.6	238.5
2. Value of project budgets approved in the year (net)	177.2	398.0	470.6	117.2	161.4	169.3	162.7	130.4	113.6
3. Total of approved projects under implementation	214.6	470.8	607.0	273.1	336.8	386.3	415.2	386.0	352.1
4. Expenditures in the year	141.8	334.4	451.1	97.7	119.8	133.8	159.6	147.5	135.6
5. Residual value of projects carried forward	72.8	136.4	155.9	175.4	217.0	252.5	255.6	238.5	216.1
B. United Nations regular programme b/ / UNIDO regular budget									
1. Residual value of projects brought forward	0.0	0.0	0.0	1.2	0.0	4.6	0.0	3.8	0.0
2. Value of project budgets approved in the year (net)	8.7	15.2	24.8	0.9	7.1	1.7	8.3	2.9	7.3
3. Total of approved projects under implementation	8.7	15.2	24.8	2.1	7.1	6.3	8.3	6.7	7.3
4. Expenditures in the year	8.7	15.2	23.6	2.1	2.5	6.3	4.5	5.8	2.5
5. Residual value of projects carried forward	0.0	0.0	1.2	0.0	4.6	0.0	3.8	0.0	4.8
C. UNDP/IPF, cash counterpart and special measures									
1. Residual value of projects brought forward	29.7	59.8	105.8	99.3	116.0	151.5	153.3	146.0	118.7
2. Value of project budgets approved in the year (net)	128.8	275.9	284.8	83.2	109.5	78.6	81.4	48.0	9.6
3. Total of approved projects under implementation	158.5	335.7	390.6	182.5	225.5	230.1	234.7	194.0	128.3
4. Expenditures in the year	98.7	229.9	291.3	66.5	74.0	76.8	88.7	75.3	55.6
5. Residual value of projects carried forward	59.8	105.8	99.3	116.0	151.5	153.3	146.0	118.7	73.1
D. UNDP/SIS c/									
1. Residual value of projects brought forward	5.3	5.8	2.8	3.1	2.1	2.5	4.7	4.8	2.7
2. Value of project budgets approved in the year (net)	14.8	14.2	14.7	1.8	3.4	5.2	5.3	(1.1)	1.9
3. Total of approved projects under implementation	20.1	20.0	17.5	4.9	5.5	7.7	10.0	3.7	4.6
4. Expenditures in the year	14.3	17.2	14.4	2.8	3.0	3.0	5.2	1.0	1.8
5. Residual value of projects carried forward	5.8	2.8	3.1	2.1	2.5	4.7	4.8	2.7	2.8
E. UNDP/special programme resources and special measures									
1. Residual value of projects brought forward	0.0	1.7	0.9	0.3	0.0	0.0	0.5	d/	d/
2. Value of project budgets approved in the year (net)	4.8	4.5	2.5	0.0	0.0	0.7	0.3		
3. Total of approved projects under implementation	4.8	6.2	3.4	0.3	0.0	0.7	0.8		
4. Expenditures in the year	3.1	5.3	3.1	0.3	0.0	0.2	0.5		
5. Residual value of projects carried forward	1.7	0.9	0.3	0.0	0.0	0.5	0.3		
F. UNDP-administered trust funds e/									
1. Residual value of projects brought forward	0.0	0.0	4.7	1.5	0.1	0.1	0.6	0.2	1.0
2. Value of project budgets approved in the year (net)	0.0	8.1	9.7	(0.1)	1.0	2.8	1.3	0.6	1.4
3. Total of approved projects under implementation	0.0	8.1	14.2	1.4	1.1	2.9	1.9	0.8	2.4
4. Expenditures in the year	0.0	3.4	12.9	1.3	1.0	2.3	1.7	(0.2)	1.5
5. Residual value of projects carried forward	0.0	4.7	1.5	0.1	0.1	0.6	0.2	1.0	1.1

Table 8 (continued)

	1972-1976	1977-1981	1982-1986	1987 a/	1988	1989	1990	1991	1992
G. Other trust funds f/									
1. Residual value of projects brought forward	0.4	1.3	5.7	28.7	26.4	24.0	48.8	50.3	59.1
2. Value of project budgets approved in the year (net)	7.1	22.3	57.7	3.7	11.8	41.3	27.2	40.6	45.5
3. Total of approved projects under implementation	7.5	23.6	63.4	32.3	38.2	65.3	76.0	90.9	104.6
4. Expenditures in the year	6.2	17.9	34.7	6.0	14.2	16.5	25.7	31.2	34.7
5. Residual value of projects carried forward	1.3	5.7	28.7	26.4	24.0	48.8	50.3	59.1	70.3
H. UNIDF/IDF g/									
1. Residual value of projects brought forward	2.0	4.2	14.6	17.6	22.3	28.9	37.6	40.5	40.3
2. Value of project budgets approved in the year (net)	13.0	52.3	66.4	21.3	26.4	31.7	30.8	27.4	32.1
3. Total of approved projects under implementation	15.0	56.5	81.0	38.9	48.7	60.6	68.4	67.9	72.4
4. Expenditures in the year	10.8	41.9	63.4	16.6	19.8	23.0	27.9	27.7	29.3
5. Residual value of projects carried forward	4.2	14.6	17.6	22.3	28.9	37.6	40.5	40.3	43.0
I. UNDCP									
1. Residual value of projects brought forward	0.0	0.0	0.0	0.3	0.1	0.9	1.4	1.4	2.2
2. Value of project budgets approved in the year (net)	0.0	0.0	2.5	0.4	3.6	1.7	2.2	3.4	6.0
3. Total of approved projects under implementation	0.0	0.0	2.5	0.7	3.7	2.6	3.6	4.8	8.2
4. Expenditures in the year	0.0	0.0	2.2	0.6	2.8	1.2	2.2	2.6	4.4
5. Residual value of projects carried forward	0.0	0.0	0.3	0.1	0.9	1.4	1.4	2.2	3.8
J. Non-UNIDO funds h/									
1. Residual value of projects brought forward	0.0	0.0	1.9	4.0	8.4	4.5	5.6	8.2	13.5
2. Value of project budgets approved in the year (net)	0.0	5.5	7.6	6.0	(1.4)	5.6	8.7	8.5	9.8
3. Total of approved projects under implementation	0.0	5.5	9.5	10.0	7.0	10.1	11.4	16.7	23.3
4. Expenditures in the year	0.0	3.6	5.5	1.6	2.5	4.5	3.2	4.1	5.8
5. Residual value of projects carried forward	0.0	1.9	4.0	8.4	4.5	5.6	8.2	13.5	17.2

a/ Some of the 1987 figures differ slightly from those reflected in document IDB.4/10 owing to minor accounting adjustments.

b/ Excludes the value of projects approved but not implemented within the year (prior to 1978) or within the biennium (after 1977) as appropriate.

c/ Includes SIS trust funds prior to 1973.

d/ Included in UNDP/IPF, cash counterpart and special measures.

e/ Includes United Nations Trust Fund for Sudano-Saharan Activities, United Nations Financing System for Science and Technology for Development, UNDP trust fund for projects financed by the United Nations Development Fund for Women, United Nations Capital Development Fund, and third-party trust funds.

f/ Includes special-purpose trust funds financed by recipient or third parties, government cash counterpart contributions paid to UNIDO, United Nations Population Fund and projects financed from World Bank loans.

g/ Includes UNIDO General Trust Fund.

h/ Includes projects executed by other agencies for which UNIDO is the associated or cooperating agency.

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