

REFORMING THE UN SYSTEM

NIJHOFF LAW SPECIALS

VOLUME 49

The titles published in this series are listed at the end of this volume.

Reforming the UN System

UNIDO's Need-Driven Model

by

Carlos A. Magariños

George Assaf

Sanjaya Lall

John D.-Martinussen

Rubens Ricupero

and

Francisco Sercovich



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION



KLUWER LAW INTERNATIONAL
THE HAGUE / LONDON / NEW YORK

A C.I.P. Catalogue record for this book is available from the Library of Congress.

ISBN 90-411-1669-9

Published by Kluwer Law International,
P.O. Box 85889, 2508 CN The Hague, The Netherlands.

Sold and distributed in North, Central and South America
by Kluwer Law International,
101 Philip Drive, Norwell, MA 02061, U.S.A.
kluwerlaw@wkap.com

In all other countries, sold and distributed
by Kluwer Law International,
P.O. Box 85889, 2508 CN The Hague, The Netherlands.

The views expressed in this publication are those of the authors and do not necessarily reflect the views of the Secretariat of the United Nations Industrial Development Organization. The description and classification of countries and territories used, and the arrangements of the material, do not imply the expression of any opinion whatsoever on the part of the Secretariat concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries, or regarding its economic system or degree of development. Designations such as "developed", "industrialized" and "developing" are intended for statistical convenience and do not necessarily express a judgement about the state reached by a particular country or area in the development process. Mention of firm names and commercial products does not imply the endorsement of the United Nations Industrial Development Organization.

Printed on acid-free paper

All Rights Reserved

© 2001 UNIDO

Kluwer Law International incorporates the publishing programmes of
Graham & Trotman Ltd, Kluwer Law and Taxation Publishers,
and Martinus Nijhoff Publishers.

No part of the material protected by this copyright notice may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, without written permission from the copyright owner.

Printed in the Netherlands.

*Dedicated to all those who fight to attain
the ideals of human dignity, freedom,
democracy, peace and development for all.*

CONTENTS

	<i>Page</i>
Abbreviations	x
Notes on Authors	xiii
Acknowledgements	xiv
Foreword by Clare Short	xv
Preface by Carlos A. Magariños	xvii
 INTRODUCTION	 1
Changes in the global landscape	1
Dealing with globalization	3
The role of the UN	4
 1. THE CASES FOR REFORM	 7
The changing international political environment	9
Uneasy consensus	10
Shift in policy priorities	11
Emergence of new partners	12
The role of the UN: normative vs operational	13
How the UN's normative functions evolved	14
Quest for a new economic order	15
Backlash against multilateralism	16
The Brundtland Commission: sustainable development	17
The South Commission: poverty and human needs	18
Evolution of the UN's operational functions	20
Early reform proposals	22
The UN Charter: hindrance and asset	25
Financial crisis	25
Tackling the budget: the Group of 18	26
Pragmatic adjustment: the Childers-Urquhart proposals	27
Major recent reform proposals	28
The main themes of reform	35
<i>Annex: The UN reform dossier</i>	38
 2. THE NEED FOR REFORM	 41
The key role of technical progress	43
The rise of market-based capital flows	44
Growing disparities	45
Manufacturing as a driving force	46
Concentration of benefits	48
Concentration of FDI inflows	49
Human resources: a core factor	51

	<i>Page</i>
Acquiring the technology: imports and domestic effort	53
Strategy options	55
Beyond liberalization	56
The role of government and public goods	58
Global public goods and international institutions	60
 3. SUSTAINABLE INDUSTRIALIZATION AND DEVELOPMENT: THE ROLE OF UNIDO	 63
Missing links in the Development Agenda	63
Industrialization and development	67
The need for policies to promote industrialization	71
A varied record	74
The role of UNIDO	74
Creation and diffusion of knowledge	76
 4. THE EVOLUTION OF UNIDO.....	 81
The beginnings	81
UNDP and UNIDO	82
UNIDO as a specialized agency	86
Beginning of reforms and looming crisis	88
 5. FROM CRISIS TO THE DANISH ASSESSMENT AND THE BUSINESS PLAN..	 93
United States withdrawal	93
The motives behind the 1997 crisis	95
The response	97
Developing the Business Plan	98
The Business Plan: objectives, structure and priorities	100
Lessons of the Business Plan	103
The importance of the Danish Assessment	104
<i>Annex: The Business Plan as key players saw it</i>	106
 6. THE TRANSFORMATION OF UNIDO.....	 111
Phase I	113
Phase II.....	119
UNIDO's global forum function	129
System-wide cooperation	131
The lessons of UNIDO's transformation process	133
A final comment	139
<i>Annex I: A parallel case: the evolving role of UNCTAD</i>	140
<i>Annex II: UNIDO after the transformation: relevance and challenges</i>	144
 7. CONCLUSIONS	 149
Limits to reform.....	149
Changing setting for development	150
Learning from UNIDO's trajectory	151

