



United Nations Industrial Development Organization

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High-Level Segment of  
**ECOSOC 2002**

**The contribution of human resources development, including in the areas of  
health and education, to the process of development**

**Statement of UNIDO Director-General  
Mr. Carlos Magariños  
at the General Debate**

**“Human resources and industrial development”**

(1-3 July 2002, New York)

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Draft/ May 2002

The Millennium Declaration clearly reflects the centrality of human resources development (HRD) for the development process, contributing to poverty eradication and long-term economic growth through improved health, education and human capacity building. Being the moving force for development, human capital is the most valuable asset we have.

It is significant that many highly developed countries, enjoying high standards of living and affluence, are countries with little or no natural resources. Countries like Japan and Singapore are prime examples. Clearly their success is due to a high level of human resource development, the full use of modern technology and efficient organization. There is no doubt that one underlying key to social development and specifically to employment generation, poverty alleviation and social integration lies in human resources development. The achievement of the Millennium Declaration Goals in a large extent will depend on how and for what purposes we shall use this asset.

Today we gathered here to discuss how to better use human resources development for the process of development.

As an executive head of the international organization dealing with industrial development I would like to refer to the role of industrialization for human resources development and activities of UNIDO in this regard.

Industry is one of the biggest contributors to human resources development. It is industry more than any other sector that creates employment and skills, disseminate knowledge and information. The rapid pace of industrial development driven by technological progress implies continuous learning and education, dissemination of knowledge and skills.

As the industrial sector grows more complex and sophisticated, the challenge of providing better and more appropriate human resources becomes more important. As the pace of technical change accelerates, and competition becomes more open, specialized state-of-the-art skills become even more critical to competitive success. Traditional methods of education and training are often inadequate. New institutions

need to develop and firms must become more conscious of the importance of employee training. In the traditional setting, industrial development required simply improving the quantity and quality of primary schooling and basic technical education, and encouraging all forms of in-firm training. In the future, there has to be greater emphasis on high-level, specialized training, with close interaction between education and industry to assess and communicate evolving needs.

Manufacturing industry is a vital source of new skills and work attitudes known as industrial culture. There are several elements to this contribution:

- The creation of an industrial tradition and work ethic, with the spreading of discipline and organization required in modern societies.
- The fostering of entrepreneurial capabilities, with small and medium-sized manufacturing enterprises providing the seedbed of the skills needed today.
- The development of managerial and technological capabilities, the core of modernization and competitiveness. These capabilities are created mainly by on-the-job experience and problem solving. Manufacturing provides the widest and most relevant ground for such capability development.
- The creation of skills by enterprise training. Enterprises invest increasingly in enhancing the skills of their employees, by both in-house training and external courses. In countries like Japan, investments in enterprise training are even larger than the expenditures of the higher-education sector.
- Interaction between industrial enterprises and educational institutions. As skill needs change more rapidly, and become more specialized, there is closer interaction between the users and providers of formal education, creating beneficial synergies for the economy.
- Transfer of foreign skills. This is a growing feature of globalized production (also very important in modern services). Manufacturing enterprises with international operations move highly skilled manpower around the globe as needed, in the process filling specific gaps in different locations and providing beneficial training and spillover effects.

Both the technological and skill benefits of manufacturing have large beneficial externalities. Technical change and skill creation by industry stimulate productivity growth in other activities: agriculture gains by having better equipment and inputs, improved storage, transport, distribution and processing facilities, and richer consumers; services gain from better equipment and skills. While agriculture and services can be improved without local manufacturing of inputs, the presence of an efficient industrial sector capable of providing equipment and intermediate goods is likely to promote more rapid technical change and adaptation. More broadly, however, it is the general ‘modernizing’ effect of industrial growth that helps all other activities in a developing economy to upgrade.

Industry has an important supporting role in cooperating more closely with educational system and training institutions, by providing financial assistance, scholarships, apprenticeship schemes and developing in-house facilities for upgrading skills. Industry can equalize employment opportunities through personnel policies and human resource management strategies. In this context, industry also makes a vital contribution to transferring and diffusing knowledge and information, which is indispensable for the technological upgrading, required in an increasingly knowledge- and information-based international economy.

Given the critical role of industrial development for HRD, UNIDO undertakes continuous efforts to provide an important contribution in this regard. UNIDO upgrades national technological capabilities and skills through facilitating access to information, new knowledge and modern technology and through facilitating their efficient adoption, adaptation and utilization.

A well-trained human capital and supportive institutional capacities are essential for sustainable industrial development. To increase productivity of the industrial sector, countries need professional advice and assistance on industrial policies as well as knowledge and skills on the level of enterprises. It can be achieved through proper training and dissemination of knowledge and experience. UNIDO provides necessary services in this regard.

Actually UNIDO is in a large extent a training and knowledge dissemination agency. Training has become an integrated part of UNIDO technical services based on the integrated programme approach. By now UNIDO has developed 44 integrated programmes covering 40 States. Training and skills are an important component of every integrated programme.

For example, more than 600 people received training as part of Uganda's integrated programme in areas such as fisheries , leather products, textiles and micro, small and medium-sized enterprises. In the United Republic of Tanzania, 100 women entrepreneurs received training in textile products, while 400 artisans were trained in the manufacture of leather products. At this session we have distributed materials with some selected stories on UNIDO training programmes and their impact. I believe that one case is worth mentioning here. The Master Craftsman Programme initiated by UNIDO in Uganda was formally included in the curriculum of the Uganda Nakawa Vocational Training Institute and in the Uganda Secondary School Curriculum. It was praised by our partner on the programme – Japan International Cooperation Agency (JICA) as one of the most successful examples of UNIDO/JICA technical cooperation.

UNIDO has substantial experience in upgrading skills and knowledge through training programmes for national experts, seminars and workshops, study tours, training by learning and training by doing, organizing systematic learning process in the fields related to industrial development, establishing data bases, introducing UNIDO's software, adapting UNIDO's methodologies, training manuals and tools to the local needs. Only in the year 2001 alone UNIDO implemented more than 200 Group Training Programmes with 7877 participants of which nearly a half (3588) were from Africa and nearly one third women (2494). Nearly 1000 individual fellowships and study tours, over 100 expert group meetings symposia, seminars, workshops, courses took place during the year.

UNIDO helps its counterparts – governments, ministries, chambers of commerce and industry as well as other bodies – to build capacity by providing knowledge on how to

assist industries and enterprises in management, cost reduction, quality, restructuring, products safety, market access and other issues related to industrial development.

The Secretary-General's report "The contribution of the human resources development, including in the areas of health and education to the process of development" refers to the results and conclusions of the round-tables of ECOSOC high-level segment held in February and March 2002. UNIDO made a presentation at the Round-Table on Education held on 14 February 2002 with focus on human resource development in quality and trade facilitation. This presentation with reference to the Case of Victorian Lake Project gives a clear picture on what UNIDO is doing in the field of HRD. The conclusion made by the round-table confirms that training and skills are essential to meet the growing competitive demands of the global economy.

Promoting human resources development UNIDO is not working alone. It actively cooperates with other organizations, private sector and research institutions. For example, UNIDO entered into a programme of cooperative research with University of Oxford with the aim of enhancing and disseminating knowledge and skills which foster Africa's economic performance, particularly through promotion of sustainable industrial development.

UNIDO is open for a constructive partnership in human resource development. Only by working together we would be able to make a real difference.