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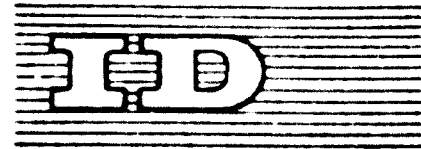
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Expert Group Meeting on the Development of Small-Scale
Industries in Arab Countries of the Middle East

Beirut, Lebanon, 11-15 November 1968

REPORT OF THE EXPERT GROUP ON THE DEVELOPMENT OF SMALL-SCALE
INDUSTRIES IN ARAB COUNTRIES OF THE MIDDLE EAST 1/

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I. INTRODUCTION

Organisation and attendance

1. The Expert Group Meeting on the Development of Small-Scale Industry in Arab Countries of the Middle East was held in Beirut, Lebanon, from 11 to 15 November 1968. The Meeting was sponsored jointly by the United Nations Industrial Development Organization (UNIDO) and the United Nations Economic and Social Office in Beirut (UNESOB).
2. The Meeting was attended by eleven participants from five countries - Iraq, Jordan, Lebanon, Saudi Arabia and Syria; by staff members and consultants of the United Nations Industrial Development Organization and the United Nations Economic and Social Office in Beirut, and by representatives of the International Labour Organisation and of the Food and Agriculture Organization of the United Nations. A list of participants is given in Annex I.
3. Mr. Jean-Pierre Martin, Director, United Nations Economic and Social Office in Beirut, welcomed the participants. Mr. Ihsan Beydoun, Director-General, Ministry of National Economy, Government of Lebanon, delivered the inaugural address on behalf of the Minister of National Economy. Mr. Igor Krestovsky, Chief, Small-Scale Industry Section, United Nations Industrial Development Organization, served as Director, and Mr. Fran-Lé Quang, Regional Adviser in Industrial Development, United Nations Economic and Social Office in Beirut, served as Co-Director, of the Meeting.
4. The report of the Expert Group was adopted on 15 November 1968. The closing addresses were delivered by the Director of the United Nations Economic and Social Office in Beirut and by the UNIDO Director.

Closing addresses

5. Mr. Ihsan Beydoun, Director-General, Ministry of National Economy, Government of Lebanon, expressed his satisfaction that the Meeting was being held in Beirut

and extended a hearty welcome to the participants. He felt that since the greatest part of the manufacturing sector in the region consisted of small-scale industries, the deliberations of the expert group would be of great value for the promotion of industrial development in the Middle East. He thanked UNIDO and UNESOB for organizing the Meeting and extended his warmest wishes for its success.

6. Welcoming the participants, Mr. Jean-Pierre Martin, Director, United Nations Economic and Social Office in Beirut, pointed out that this was the second meeting on small-scale industry organized in Beirut for the same group of countries. The first meeting, held two years ago, dealt primarily with industrial areas and industrial estates for small-scale industries. The present Meeting would consider problems of small-scale industries within a broader framework. It brought together senior government officials from a group of countries facing similar problems, United Nations experts on assignment in those countries, and staff members and consultants of the United Nations Industrial Development Organization, the United Nations Economic and Social Office in Beirut, the International Labour Organisation and the Food and Agriculture Organization of the United Nations, all of whom were actively engaged in various aspects of the development of small-scale industry. He expressed the hope that the deliberations would lead to practical conclusions for the promotion of this important sector of the economies of the countries participating in the Meeting.

7. The following message from Mr. I. H. Abdel-Rahman, Executive Director of the United Nations Industrial Development Organization, was conveyed to the Meeting:

"I am very glad to extend my warmest welcome to participants attending this meeting of experts on the development of small-scale industries in Arab countries of the Middle East. The United Nations Industrial Development Organization has been closely co-operating with the United Nations Economic and Social Office in Beirut in assisting the countries of this region in their efforts to accelerate industrialization. The present meeting is a follow-up of the Consultative Group on Industrial Areas and Industrial Estates for the same group of countries which met in Beirut two years ago. I am happy that the agenda for the present meeting is broad-based and includes, besides a review of policies, programmes, institutions and facilities for the development of

small-scale industries, measures for the promotion of entrepreneurship, provision of technical services and financing of small-scale industries, as well as regional and international co-operation in this field. Modern small-scale industries will have to play an increasingly important role in the economies of the countries of the region, not only for providing increasing employment at a higher level of income, but also for filling critical gaps in the industrial structure of these countries and for accelerating the rate of growth. I hope the conclusions of this meeting will be pragmatic and realistic and will lead to increased efforts - regional and international - for the development of small-scale industries in the region.'

8. Mr. I. Krestovsky, Chief, Small-scale Industry Section, United Nations Industrial Development Organization, pointed out that the major theme of the Meeting would be the promotion of small-scale industries through the establishment or strengthening of industrial extension services and of financing facilities. Having regard to the considerable role of the traditional sector - artisans and handicrafts - in the countries of the participants, the Meeting would also consider the problems of this sector and the measures required for integrating it in a modernizing economy. It was expected that the Meeting would provide expert knowledge and experience on the conditions prevailing in the region and on the needs of small-scale industries; this would make it possible to draw up conclusions on the measures required - at the national, regional and international levels - for the establishment of new small-scale industries and the modernization of existing ones in the countries of the participants. It was further expected that the conclusions of the Meeting would provide authoritative guidance to the Governments of the countries of the participants as well as to United Nations technical assistance experts working in these countries. It was probable that the conclusions of the Meeting would be of more than regional significance, and would be applicable in other countries at a similar level of development.

Adoption of the Agenda

9. The provisional agenda was adopted. The agenda is given in Annex II. A list of discussion papers, background papers and country papers presented to the Meeting is given in Annex III.

II. POLICIES, PROGRAMMES, INSTITUTIONS AND FACILITIES IN THE COUNTRIES OF THE PARTICIPANTS

10. The debate of the Expert Group opened with a discussion of the definition of small-scale industry. There was agreement that small-scale industry should be distinguished from medium-sized and large industry on the one hand, and from cottage industries and handicrafts on the other, because its problems were distinctive and called for special measures of promotion and assistance. Small-scale industries were characterized by shortage of capital, inadequate level of technological and managerial skills, frequent use of inefficient machinery, difficulties in marketing and distribution and other factors associated with small size which explained the low level of productivity of their workers. The purpose of a definition of small-scale industry was to identify that part of the manufacturing sector which would be entitled to certain measures of promotion and assistance provided by the Government.
11. The Expert Group agreed that small-scale industries should be defined to include those industries using modern technology, but in which employment and investment in fixed capital were modest. The actual quantitative limits adopted to distinguish small-scale industry from handicrafts on the one hand and from medium-sized and large-scale industry on the other varied from one country to another. The determination of these limits should be made with a view to encouraging development and growth. The ceilings on employment and investment should not be too low in order to foster both industries using labour-intensive methods of production and industries using modern equipment and machinery.
12. In the countries of the participants, the small-scale industry sector coincided very largely, though not exactly, with the group of establishments employing more than 5 and less than 50 persons per establishment. More information should be collected on fixed capital invested in industry if a more exact statistical picture of the group were to be drawn.
13. A review of small-scale industries in these countries brought out the fact that, compared with large industry, they showed lower average wage and output levels per employee, lower average value added per engaged person, and less capital per

worker. It also brought out the fact that small-scale industry was almost exclusively a private enterprise activity in most of the countries of the area. Small-scale establishments were mostly owned by individuals and partnerships, or, in the few cases where they were incorporated, they tended to be closely held by a few persons.

14. It was noted that small-scale industry shared with industry of all sizes such problems as narrowness and structural weakness of the market, insecurity of investment, low management and labour skills, shortage and high cost of capital and generally high cost of production. However, small-scale enterprises suffered more acutely from these problems in most groups of industry, though not in all of them. They suffered particularly from the inadequacy of specialized management assistance and of supporting advisory and research services in such fields as economics, planning, accounting, marketing, technology, production methods and so on. Sources of funds available to small-scale industries, whether for capital investment or to supplement working capital were far from adequate; commercial banks, development corporations, government or foreign investors tended to provide financing by preference to large industry. The narrowness of the domestic market limited the possibilities of growth of both large and small-scale industry, and the slow growth of large industry itself limited the extent of growth of ancillary small-scale industries which could supply them with component parts or with specialized products. Small-scale industries were less capable of independently overcoming weaknesses in the marketing structure or of making efficient use of marketing techniques or of specialized marketing services. These problems of small-scale industries were reflected, in the final analysis, in lower average output and lower average value added per engaged person.

15. The Expert Group emphasized that the government had a primary role to play in drawing up plans and programmes for the development of small-scale industry. It noted that in the countries of the participants, the existing legislative framework within which industry was to be developed had no distinct provisions for the promotion of or assistance to small-scale industry. Similarly, economic development plans rarely concerned themselves specifically with small-scale industries. On the other hand, the need for government assistance was more strongly felt in the small industry sector which was both weaker than the large one and was at the

same time less capable of resolving its problems with its own limited resources. Government assistance was particularly needed at the early stages of industrial development and until small industries grew strong enough to help and support themselves.

16. It was noted that the promotion of small-scale industry in the Arab countries of the Middle East depended to an important extent on the achievement of an atmosphere of security and confidence in the private sector. While this was a negative condition, it seemed to be a necessary one. Measures which helped to increase the confidence of private entrepreneurs in the future growth of the economy and the security of investment were essential elements in any promotion policy.

17. The Group recommended that each government should promote the establishment and expansion of small-scale industry by creating an appropriate agency, if need be within an industrial development authority of broader scope, and by co-ordinating the programmes and facilities offered by various specialized institutions which could contribute towards the development of small-scale industry. The various industrial development authorities in the countries of the participants would seem to be natural candidates for undertaking certain tasks relating to small-scale industry development in such fields as planning and programming, carrying out economic studies and co-ordinating, in conjunction with the planning authorities, the activities of the various specialized institutions dealing with specific aspects of industrial development, such as industrial credit institutions, urban planning and industrial estate authorities, industrial research institutes, industrial management training centres, vocational schools and so on.

18. The Expert Group noted that while small-scale industry was subject to the general legislation and regulations affecting industry, in particular to the general tax and tariff legislation, it enjoyed few of the specific measures of support which large industries benefited from, such as financial aid, tariff exemptions, concessionary conditions, preference in government purchases, supply of land, aid in undertaking feasibility studies and facilities for management training.

19. In no countries were special privileges given by law to small-scale industry in respect of income tax exemptions; on the contrary, various legislative provisions excluded many small-scale industries from tax benefits. Thus, in three

countries of the region, very small establishments were not entitled to various tax exemptions and in one of these countries income tax exemption was granted only to large industry. In addition, the criteria and conditions embodied in the laws and which were to be taken into account when granting various privileges were clearly designed to favour those industries that created considerable employment and/or which introduced new products into the market, characteristics which were more likely to be attached to large rather than small industries. Furthermore, the entitlement to tax exemption generally required approval of the relevant industrial development authority and ministry and the presentation of well-prepared feasibility studies; small-scale industries were generally less capable in practice of satisfying the administrative requirements or of presenting a satisfactory feasibility study.

20. The Expert Group, while emphasizing the primary responsibility of the government in promoting and assisting small-scale industries, pointed out that government assistance should not preclude or hamper private initiative or self-help, two factors of considerable importance in countries having an active private sector.

21. There was a brief discussion of the role which co-operatives could play in promoting and assisting small-scale industry; it was felt that the question deserved more serious examination and study, particularly in the light of the actual experience of co-operative development in the countries of the region.

22. The Expert Group noted that as compared with the more industrialized developing countries of Asia and Latin America, the industrial structure in the countries of the region was characterized by extremes of size - very large on the one hand and very small on the other - and the relative smallness of the modern small industry sector. This indicated the urgency of the need for support and assistance to small industries and the appropriateness of setting up distinct policies, programmes, institutions and facilities specially attuned to their needs.

23. It was felt, in particular, that industrial areas and industrial estates could play an important role in the promotion and assistance to small industries. While urban planning had been undertaken and industrial zones had been set up in most countries of the region, only two countries had so far established or started to establish industrial areas and three other countries of the region had studied setting up areas but had not acted further.

24. The reduction of the burden of overhead costs was of particular importance for the development of small-scale industry. In this respect, industrial estates could supply inexpensive factory space, conveniently tied to the transport network, and cheap electricity, water and fuel, and other facilities. Because industrial estates brought together small-scale industries on common sites, they permitted the co-ordination or integration of various measures of support. Concentration in a given area could also lead to some economies of scale and some benefits of specialization to the industries themselves. Common service facilities became possible as well as inter-trading and co-operative organization of production and trade. Industrial areas could also encourage industries of all types to locate their plants in the region and could stimulate the development of sub-contracting relationships between large and small enterprises.

25. The Expert Group expressed its conviction that the rate of progress in industrial zoning in urban areas and in planning and setting up industrial areas and industrial estates should be considerably accelerated if small industry development were to be given the encouragement it deserved.

III. THE FUTURE OF THE TRADITIONAL SECTOR IN A MODERNIZING ECONOMY

26. The Expert Group considered three main subjects under this heading: definition of the traditional sector; the major problems faced by small enterprises in this sector; and the policy questions to be considered by governments as regards their future in a modernizing economy.

27. It was generally recognized that the traditional sector in the Arab countries of the Middle East was the dominant sector and accounted for an overwhelming proportion of all manufacturing establishments. The Expert Group felt that this sector was as little known as it was important and that clarification in concepts, statistics and other information was required. It was agreed, however, that most artisan and handicraft activities, cottage industries and rural industries, which were part of the traditional sector could be identified by qualitative features - predominant use of hand tools and importance of manual skill, organization and manpower centred on the family, concentration in certain trades such as pottery and weaving - as well as by quantitative characteristics - low employment (usually 10, 5 or less by establishment) and small capital investment. A special characteristic of handicrafts was that production called for artistic skills and that products had an aesthetic or decorative value.

28. Foremost among the problems relating to the traditional sector in the Arab countries of the Middle East was the inadequacy of information about industrial or semi-industrial activities in this sector. Several participants drew attention to the lack of knowledge about the major artisan and handicraft activities and conditions relating to their production and marketing. The Expert Group concluded that high priority should be given to a systematic programme of gathering information through detailed surveys on the major industrial activities in the traditional sector. Such a programme of improving knowledge about artisans and handicrafts would help to identify those that merited special attention and would form the basis for corresponding policy measures.

29. Besides information, the Expert Group singled out three other problems facing activities in the traditional sector: the problem of financing; the problem of the limited size and of the remoteness of existing and potential markets (it was

noted that ~~markets~~ were often in distant regions); and the indifferent quality of the products of this sector which could not often withstand competition from more modern industries.

20. On the policy side, one issue over-shadowed all others in the discussions on this item. This was the question of the need for a policy of selectivity in dealing with industrial activities in the traditional sector. The Expert Group felt that it was necessary to study existing artisans and handicrafts and on the basis of the studies to identify those that should be strengthened, those that should be transformed into small industries - in the same or in different lines of business - those that should be preserved in a transitional period, and finally those that did not deserve any form of support. More than one speaker underlined the point, however, that such a policy of selectivity could be meaningfully applied only if there were comprehensive and accurate information on the nature of activities in the traditional sector, which was at present not the case. Accordingly, the Expert Group reiterated the need for carrying out, with international assistance if required, country surveys on the nature, extent and future of industrial and semi-industrial activities in the traditional sector.

21. However, the Expert Group cautioned against selectivity based only on economic considerations. Several speakers emphasized the importance of social factors in arriving at the crucial decisions with respect to the selection of traditional activities. It was noted in particular that small agricultural processing plants, artisan undertakings and handicrafts were a source of considerable employment and any programme relating to traditional activities should pay attention to the employment aspect. In many cases inefficient and obsolete traditional undertakings which were clearly not defensible on economic grounds should, nevertheless, be maintained, perhaps even subsidized, for various reasons, principally of a social nature. In many of the Arab countries of the Middle East there was already considerable pressure of population on land, employment opportunities in rural areas were few, and the elimination of traditional activities could thus add to existing unemployment and under-employment, especially in the short run, before alternative forms of employment in the modern sector had been provided. Moreover, employment in the modern industrial sector often required elaborate preparation and re-training of workers which had proved to be a very difficult proposition.

32. The social aspect in the maintenance of even inefficient undertakings was also seen in the perspective of urbanization. Inasmuch as rural-to-urban migration and growing urbanization had been very expensive in social as well as economic terms, traditional activities which helped to keep people in the villages should be given some priority.

33. On the other hand, the Expert Group was conscious that there were possibilities of employment in new modern small industries in rural areas and that it was an error or an over-simplification to present employment and productivity as competing objectives in development. It pointed out that many new kinds of modern small industries could be developed or existing ones improved, particularly in the area of agriculture and food-related industries and service industries, especially if effective co-operative societies could be formed for this purpose. Rural small industries processing agricultural commodities could often supersede existing cottage industries which were concerned only with production for immediate consumption at the family level. Service industries, too, which had the added advantage of utilizing the manual dexterity of traditional craftsmen and of maintaining traditional social values such as individuality and family ties should be encouraged. Since these new agriculture-based industries and service industries in rural areas were labour-intensive, the danger of temporary unemployment or of migration to urban areas could be minimized.

34. There was some discussion on regional planning - within a given country - as an approach for maximizing the effectiveness of governmental services for the development of small-scale industries and the upgrading of artisan activities in rural areas. It was felt that the services for small industries and artisans provided by the relevant ministries of the government could not go down directly to the village level; some intermediate level between the central or state level and the village level was necessary. It was suggested that the district or Mohafazat level government might be a convenient one at which to organize in an integrated fashion the services necessary. Special mention was made of the possible role that rural market towns or other medium-sized towns could play as "service centres" in which rural craftsmen from the traditional sector could be given special aid and encouragement. The rural towns had the added advantage that they had within them the necessary development of infra-structure and a dynamic environment in which

craftsmen from the traditional sector could not only work more efficiently and productively, but could also stand a better chance of evolving into small-scale industrial operators. The question of the possible use of industrial areas and industrial estates for fostering artisan activities was raised but not fully discussed. The general conclusion appeared to be that estates might be used for small undertakings in rural areas provided the cost of such estates could be brought down.

35. One participant suggested that there was a basic distinction between traditional activities in the rural areas and traditional activities in urban centres and that policies also had to vary accordingly. He felt, in particular, that traditional industrial activities in rural areas faced less competition than those in urban areas; the risks of elimination were greater for those in the main towns, and the surveys and selective policies should be principally carried out in urban locations. At the same time, it was noted that the distinction between the urban and rural traditional sectors tended to be blurred by the vast rural-to-urban migration taking place and by virtue of the fact that very often industrial or semi-industrial activities in urban areas were an extension of similar activities in rural areas and urban workers were indeed more often than not recent rural migrants, who carried over into the urban environment their traditional rural background, attitudes and pre-dispositions. Too much should not, therefore, be read into the rural/urban dichotomy in the Arab countries of the Middle East.

36. Finally, there was general agreement that policies aimed at restricting production in, and levying special taxes on, modern manufacturing industries for assisting or subsidizing artisan or handicraft activities were not justified since they would penalize and perhaps hamper the development of the most dynamic factors of industrialization.

IV. PROMOTION OF ENTREPRENEURSHIP

37. The group noted that, in a broad sense, the concept of promotion of entrepreneurship covered all activities tending to induce and facilitate the establishment of new, and the expansion of existing, manufacturing enterprises. For the purpose of the discussion, however, the Group considered the subject in a more narrow sense, covering on the one hand, preparation and dissemination of pre-investment surveys, studies and information to attract entrepreneurs towards industrial activities, and, on the other hand, provision of assistance and facilities at the pre-investment stage in setting up new enterprises or expanding and diversifying existing enterprises.

38. In spite of the shortage of entrepreneurship in the countries of the region - particularly for developing small-scale industries - some new sources of entrepreneurship had been emerging in recent years. The traditional sources were still mainly either artisans or traders. The new sources were trainees from vocational schools, skilled workers from large-scale enterprises, both public and private, immigrants with skills in particular trades, employees of small-scale industries, relatives from families with a tradition of entrepreneurship and partners or employees from large-scale industries.

39. While the need for stimulation of new entrepreneurship was appreciated, the consensus was that in view of the shortage of resources in the countries of the region, the main objective should be, in the short run, the improvement and modernization of existing small-scale enterprises and the transformation of those traditional artisan activities having prospects for modernization. However, in some cases it would be advantageous to stimulate entrepreneurship for the manufacturing of new products involving new or sophisticated techniques; the establishment of new enterprises would also be of high priority in relatively underdeveloped or depressed areas. In urban concentrations where small-scale industry existed, the improvement of existing enterprises would by itself provide an incentive for the establishment of new small-scale enterprises.

40. It was recognized that in the countries of the region very little had been done in respect of pre-investment surveys and studies for the stimulation of entrepreneurship in small-scale industry. The Group stressed the need for carrying out and publicizing such surveys and studies.

11. The Group recommended that the following studies and surveys be carried out by appropriate institutions in the countries of the region. These studies should be related to the objectives, priorities and requirements of each country's overall industrial development plan. The studies required were the following:

(i) Market surveys providing information on the outlets for given products open to existing and potential entrepreneurs. Such information was needed not only to improve distribution and to expand sales but also to assess the feasibility of potential industries. The surveys should include information on the size and location of markets and distribution centres, marketing channels, pricing policies and practices of wholesale and retail dealers and middlemen, distribution costs, characteristics of competing products, standardization and quality specifications, branding, packaging, publicity and advertising and consumer acceptance of existing or new products. Such surveys should also provide information on the potential size of the market, the long-run effect of substitute products and the elasticity of demand.

(ii) Area surveys of the industrial potential of a given area, which might be the whole of a country, a region, a province, a district or a town. A survey of this type should contain an orderly, systematic investigation and analysis of the resources and assets of the area and analyse its competitive advantages or disadvantages for each potential industry as related to alternative sources of supply. The preparation of an area survey involved four types of inter-connected analyses: firstly, an analysis of existing and potential demand for manufactured goods within and outside the area that might be met economically from industrial enterprises to be located in the area; secondly, an assessment of resources, human as well as material, available in the area, or that could be imported from outside at reasonable cost and that were required for setting up manufacturing enterprises in specific industrial sectors; thirdly, an appraisal of the existing and prospective infra-structure development of the area, that is, its economic overhead facilities and social services, and the extent to which they could support industrial development; and finally, recommendations on these industries which were feasible and desirable considering the demand, the resources and the infra-structure development of the area. The area survey should be carried out against the background

of development plans of the country or of the area, and should take into account the implications for industrial development of projects in the field of agriculture, natural resources, power irrigation, transport and so on. A carefully prepared area survey should provide the basis for a phased programme of industrial development, pin-pointing short-run and long-run industrial possibilities and the necessary measures of promotion and assistance.

(iii) Industry feasibility studies concerned with the economic prospects of establishing and expanding a particular industry or manufacturing a specific product or group of products. Such studies should evaluate and measure all the relevant factors - import, export, domestic demand, competition, raw material availability, capital, labour skills, production processes etc. They should provide conclusions and recommendations on the number and size of enterprises to be encouraged and their location, production, financing and marketing, investment required, cost of production and profitability, and policies and measures for establishment or expansion of the industry. Where an industry was not considered feasible, either in the short run or in the long run, the study should analyse the reasons for such a conclusion and recommend either that the industry be discouraged or that measures be taken to improve the long-run prospects.

(iv) Model schemes or industry fact sheets for industries offering - on the basis of area surveys or industry studies - good prospects of development. These were short pamphlets which contained basic information for establishing and operating an industrial unit and manufacturing a product: size of plant, type of equipment, production processes, prospective markets, requirements in fixed and working capital, estimates of income, expenditure and profitability.

42. It was agreed that the above studies for small-scale industries should be carried out on a regular and continuing basis by a central organization, preferably an industrial development centre or an industrial extension agency. In carrying out such studies, close co-operation and co-ordination should be maintained with central planning agencies, where these existed. While the central planning agency would determine the role of small industry in over-all industrial development and the proportion of national resources to be allocated to it, the centre for industrial development should be free to carry out studies and to determine priorities within the small-scale industry sector.

43. The Group strongly recommended that an industrial development centre or an industrial extension agency, set up for the promotion of small-scale industries or for the promotion of industry in general, should enjoy full autonomy in its financial and administrative operation. While it would depend on public financing, it should be able to function independently within the policy directives of the government. Only under such circumstances could it play an active role and take the initiative in stimulating entrepreneurship. In this connexion, there was a consensus of opinion that a government department could not function effectively as an industrial extension or an industrial development centre. There should however be effective co-ordination with the government agencies responsible for macro-planning and policy formulation. The implementation of promotion activities for small-scale industry should be left to the autonomous industrial development centre or to the industrial extension agency.
44. The methods and techniques of "intensive promotion campaigns" jointly undertaken by extension, financing and other public or private agencies in India were discussed by the participants. The Group recognized that this was a new technique of industrial extension, which, under certain circumstances, could accelerate and expand entrepreneurship. It was considered, however, that in general the countries of the participants did not have well-established technical counselling and financial assistance services for small-scale industries to be able, in the short run, to undertake such campaigns. In the larger countries of the region the organization of such campaigns could be considered for the promotion of small industry in relatively under-developed areas.
45. Some of the participants expressed the view that intensive campaigns for modernization of existing small-scale industries would be worthwhile. The organization of such campaigns might be considered for particular categories of small-scale industries. These participants were of the view that United Nations technical assistance would be needed in organizing and conducting them.

V. TECHNICAL SERVICES FOR SMALL-SCALE INDUSTRIES

Industrial extension services

46. The Group recognized the need for and importance of integrated industrial extension services for small-scale industry providing not only technical and managerial assistance, but also facilitating the financing of small-scale industries, co-ordinating training and research activities, facilitating access to modern technology, promoting the development of sub-contracting arrangements with large industries, stimulating markets through government procurement programmes and other measures, promoting the establishment of industrial estates and so on. However, in view of the limited resources of the countries of the participants, comprehensive industrial extension services could be established only over a period of time. The immediate priority requirements were in respect of technical and managerial assistance surveys and studies, financing linked to technical assistance and training of national extension personnel.
47. Institutions of broad scope for assistance to industry in general existed in practically all the countries of the participants. These included Industrial Development Centres, Industrial Research Institutes, Industrial Development Banks and Management Development and Productivity Centres. Some of these institutions were beginning to assist small and medium industries through technical and managerial counselling. The Group was of the view that, to begin with, countries of the region should wherever possible set up separate departments within existing institutions for assisting small industry. Some participants felt that an industrial development bank was not the best suitable agency for providing extension services to small-scale industry, although it should strengthen its pre-investment and follow up services. They felt, however, that where no other agencies existed, the Industrial Development Bank should take the initiative for setting up industrial extension services. One participant preferred the setting up of specialized institutions for research, financing, marketing, feasibility studies etc. along with a central co-ordinating and policy-making agency.
48. Participants from countries where the public sector and government ownership played an important role in industrial development, and some other participants, felt that licensing schemes could be applied for regulating and promoting small industry development.

49. In view of the limited resources of the countries of the region, the problem of financing the establishment and operation of industrial extension services engaged the attention of the Group. It was felt that while major support should come from the government, consideration should also be given to contributions from private industry and to charging fees for services. In many cases, assistance from international agencies would be of critical value for establishment and operation in the early stages.

50. Concern was expressed over the acute scarcity of qualified and experienced national personnel in the countries of the region for running an industrial extension service. Besides international assistance for training of national personnel either on-the-job or through the award of fellowships, consideration should be given to setting up a regional training centre for extension officers or to including such training as an important function of the multinational industrial development centre referred to below (Section VII).

Technical counselling

51. Technical counselling covered advice and guidance on the selection and utilization of materials, machinery and equipment, on plant layout, production processes, production planning and control, maintenance, inventory control, cost reduction and general housekeeping.

52. There was a consensus of opinion that among industrial extension activities, technical counselling to small-scale industries presented a particular importance in the region. At present whatever modest assistance was available was in most cases provided in a passive manner and at the request of the entrepreneurs. Personnel was scarce and scarce funds. The Group felt strongly that industrial extension agencies or development centres should take initiative and show leadership in organizing outgoing extension services. Factories should be visited at the initiative of the centres and diagnosis and solutions provided in the plant. To begin with, such activities might be carried out in selected industries or in selected locations having a concentration of small industries. Other methods of providing technical counselling included preparation and dissemination of technical bulletins written in Arabic and in simple language, with sketches and pictorial reproductions.

Exhibition of feature films prepared from case studies of live situations, the use of the radio and television and audiovisual aids, could be extremely useful.

53. Among other obstacles to the modernization of small-scale industries were the under-utilization of equipment and the use of obsolete or unsuitable plant and machinery. The causes of this situation were identified as improper planning of the enterprise, insufficient demand, improper choice or use of equipment, insufficiently skilled operatives etc. Also, it was not always possible in the region to operate small-scale industries on a two or three shift basis. The Group felt that the solutions to this problem consisted of providing intensive technical counselling; giving training to operatives in the use of machines, if possible in large-scale industries; preparing market surveys and extending market promotion assistance; and, in some countries, applying licensing restrictions in a more rational way.

54. As regards the use of second-hand machinery in small-scale industries in developing countries, some participants felt that it should not be encouraged because it was inefficient and involved excessive maintenance, repair and operational costs. In fact, in a few countries of the region industrial financing was not provided to enterprises for the purchase of second-hand machinery and equipment. However, another strong view expressed in the Group was that individual cases should be considered on their merits; not all second-hand machinery was unusable and some reconditioned and certified second-hand machinery could be put to good use; having regard to the scale of production in certain types of small-scale industries, the size of market for their products, the relative importance of capital costs and labour costs, there could be definite advantages in the use of second-hand machinery. If such machines were selected after proper investigation, their use would not in any way detract from the efficiency of small-scale enterprises.

55. The Group considered the question of securing the co-operation of manufacturers or agents of imported machinery in providing after-sales services and training of operatives in the use of machines. While this was done to some extent when complete plant was imported for large-scale industries or for government-owned enterprises, such facilities were not available, as a rule, for small-scale enterprises. It was thought that while governmental authorities in the countries of

the region should seek arrangements with manufacturers or agents of imported machinery to provide after-sales services and training of operatives, this might not always be achieved.

56. In the countries of the region different governmental agencies were involved in vocational and technical training but there was insufficient co-operation between them and the agencies in charge of industrial development. The Group recommended that the industrial development or extension agency should take the initiative in seeking the co-operation of training and educational institutions, not only for ensuring the training of operatives and supervisors for small-scale industries, but also for utilizing the specialized technological expertise in these institutions for providing counselling to small-scale enterprises.

Management development, training and assistance

57. It was recognized that while the basic functions of management were the same in large-scale and small-scale industries - decision-making on the part of the manager on alternative choices available to him, planning, organizing, co-ordinating and controlling of operations of the enterprise - there were important differences between the two groups in the manner in which these functions were carried out, because of the lack of specialization and the concentration of managerial functions in the small enterprise. On the other hand, the small enterprise could have advantages in regard to greater flexibility in operations, possibility of taking quick decisions and easier communications within the enterprise.

58. The Group agreed that, having regard to the special characteristics of small enterprises, training programmes for small-scale industries should be dovetailed into in-plant assistance programmes. In view of the difficulties of small industrialists to attend formalized training courses, such programmes should be related to the problems of a firm or of a group of firms. These problems should be identified through a diagnostic or in-plant study. Training in general management carried out in or near the location of the small enterprises would be most effective. Priority needs in the field of specialized training appeared to be financial and cost accounting, improvement of productivity and marketing. Courses should be in the Arabic language.

59. The Group noted that there was a shortage of extension personnel able to provide management training and assistance to small enterprises. In view of the special requirements of small enterprises of persons who could provide at the same time management assistance in the plant and training, the need was for a particular kind of generalists having experience in both training and consultation. Regarding institutional arrangements, the Group was of the view that training could be provided by existing institutions, whether they be management development centres or industrial development centres or an industrial promotion agency of the government. One participant suggested that in countries where private consultants existed, their services could be utilized on the basis of retainer fees. When a country established an industrial extension agency exclusively for small-scale industry, management improvement and management training should form an integral part of its functions.

Training of foremen and workers

60. The question of basic training of workers or foremen provided in vocational training centres and technical schools was outside the scope of the Meeting. The Group considered the subject from the narrower angle of up-grading the skills of operatives and supervisory personnel in small-scale enterprises. It noted that skilled workers for small-scale industries in the countries of the region mainly came from the traditional apprenticeship system and not from the vocational training system. The graduates of vocational training schools were readily absorbed in large industries and were able to obtain better wages in these industries. Small-scale industries were unable to compete with them. Regarding supervisors and foremen, these were mostly promoted from skilled workers and did not come from an outside institution such as the technical training school. Another problem in some countries of the region was the considerable proportion of expatriates working as skilled workers and foremen.

61. The Group recommended that wherever training institutions existed for the up-grading of skills of workers and foremen, special efforts should be made to provide training to operatives of small enterprises. Small enterprises should be given an incentive to send operatives and foremen for training. The minimum incentive should be for the government to bear the expenses of training and pay

the wages of the workers during the period of training. Training of young engineers for short periods under fellowship programmes in foreign countries was recommended for increasing the availability of suitable supervisory personnel for small-scale industries. It was also recommended that where industrial extension agencies existed, specialized training of skilled workers and foremen of small industries should be organized for short durations in different trade skills.

Common service facilities

62. There was a consensus of opinion that common service facilities were a very useful promotional device in areas of concentration of small-scale industries. Common facilities provided certain types of machinery and equipment which could not be afforded by any single enterprise. They were aimed at improving production methods, productivity and product quality; encouraging product diversification or the manufacture of new products, and reducing costs of production. While certain common service facilities, such as a tool-room with design and drawing office and heat treatment equipment, were expensive many other facilities such as an electroplating shop or a workshop with a few special machines were not too costly. It was agreed that common service facilities should be set up only if there was sufficient demand, present or prospective, for their services, and if they did not compete with commercial undertakings; the need for common service facilities should be thoroughly assessed through techno-economic surveys. There should be proper selection of machines and equipment, in order to ensure a satisfactory rate of utilization.

63. While common service facilities should in most cases be established by a government or a semi-government agency, efforts should be made, wherever possible, to encourage groups of small enterprises to set up such facilities by themselves, with financial assistance from a government agency or an industrial development bank. It was noted that in one country of the region such efforts were being made for setting up a galvanizing shop, an electroplating shop, a callendering, sizing and finishing plant for textiles, an aluminium drawing unit. The Group recommended that even where the government initially set up common service facilities, the objective should be to turn over these facilities in the course of time to a co-operative or an association of small enterprises or to a private enterprise.

64. The Group expressed differing opinions on the desirability of charging fees for services rendered by a common service facility centre. While it was recognized that there was a tangible element in the services provided which could be related directly to the benefits derived by the small entrepreneur, it might be desirable in many cases to provide free or subsidized services as an encouragement for the use of improved methods and improvement of quality. Some participants argued that the facilities should be provided free especially in relatively under-developed areas, as an incentive to industrialization. In general, it was felt that each country should decide the best course of action having regard to its needs, requirements and resources, but that eventually all services should be paid for at cost.

Marketing and export promotion

65. The small size of the market and the generally low quality of small industry products were two factors which gave considerable importance to the problems of marketing assistance. The Group was of the view that marketing assistance, ranging from national market surveys and dissemination of information, publicity and advertisement, improvement of design, quality and standards to regional marketing arrangements and export promotion were indispensable if consumer preference for the imported product was to be overcome, and new foreign outlets established.

66. Certain handicraft products had good artistic quality, but needed improvement in design in order to be able to capture the touristic and export markets. Certain semi-processed products based on agricultural resources were also of good quality, but export earnings could be increased through further processing, better packaging, market promotion and other improvements. Training of personnel in techniques of market survey and advertising would be useful.

67. The Group recommended that a thorough study should be made of measures to increase intra-regional trade of small industry products and to expand their exports from the region. It was likely that such measures would involve a fair degree of regional co-operation. In this connexion, it should be examined whether some relaxation should not be made of the heavy protection now enjoyed by many industries in the countries of the region and more competition introduced as an incentive to improve product quality and reduce production costs.

68. Part of the discussion was concerned with the desirability of raising the rate of substitution of indigenous industrial products for imported articles. It was pointed out in this connexion that import substitution was no substitute for export promotion and that both objectives should be pursued concurrently.

69. There was a brief discussion of the value of government purchasing schemes and other systems giving preference to products of small-scale industries. Some participants thought that such systems might raise difficulties if they were exclusively reserved for small-scale industries. A study of this device would, however, be useful.

VI. FINANCING OF SMALL-SCALE INDUSTRY

Financial assistance and technical assistance (supervised credit)

70. The meeting expressed its conviction that, to be effective, financial assistance to small-scale industries should be closely linked to technical and managerial assistance.
71. Technical assistance should complement financial assistance at three main stages: (i) the pre-investment stage where assistance would be needed to evaluate the profit-earning potential of new industries, on the basis of the technical and commercial soundness of the project, i.e., location, market prospects, technical feasibility, commercial and economic viability and competence and credit-worthiness of the promoters. Such assistance would therefore be aimed at identifying the needs of the enterprise and formulating a credit application; (ii) the implementation stage involving direct use of funds, for instance for the purchase and installation of machinery; and (iii) the follow-up stage in the form of assistance and counselling in the operation of the enterprise.
72. It was felt that the best arrangement would be to achieve co-operation between separate institutions - the financial institutions on the one hand and industrial extension centres, on the other. In countries where technical personnel was limited, and no extension agency existed, an industrial development bank could take the initiative of providing technical services, until an industrial extension centre was created.
73. Where the establishment of two separate institutions was possible, maximum co-operation and co-ordination of their activities was indispensable. The financing agency needed the technical support of the extension centre, and conversely, the extension centre would not be able to stimulate entrepreneurship or modernize existing industries without the support of the financing agency. The implementation of suggestions made by technical experts as part of the extension service often led to changes in production technology, layout, waste recovery, development of new products, and re-organization of marketing techniques. These changes involved financial outlays on the part of the entrepreneur, and, consequently, required recourse to the financing agency.

74. The Group expressed the view that both institutions should be established as government agencies and that formal relationships, such as cross-representation at various committee levels, should be established between them. Both should be closely connected with the relevant technical ministries. It was stressed that an industrial extension centre should extend its services to commercial as well as to industrial development banks, including assistance in the preparation of requests for commercial bank loans. The industrial extension centres should, therefore, be organized in such a way as to invite and enjoy the confidence of commercial banks. An important task of the extension centres was to set up an adequate accounting system in industrial enterprises in order to facilitate the evaluation of the credit-worthiness of small industrialists.

75. The Group discussed the hire-purchase scheme, its advantages and the obstacles to its establishment, its organization and the criteria for accepting or rejecting applications for industrial machinery and equipment. It took note of the Indian experience with the hire-purchase scheme and the favourable impact which the scheme had had on the development of small industries, in particular on growth in employment, output, and the mobilization of resources and the development of ancillary and rural industries. Several participants felt that there was little need in their countries for a hire-purchase scheme such as the one that had been applied in India. The scheme, might, however, be applied on a limited scale for those entrepreneurs who had no access to other methods of financing. Some of these participants thought that a hire-purchase scheme might contradict the principle of promoting independent entrepreneurs and might make small industrialists wholly dependent on financing institutions. There was general agreement, however, that the hire-purchase scheme deserved a thorough study with a view to ascertaining its applicability to the Middle East.

76. The question of whether rental of machinery could be used economically by extension service agencies or as part of common services facilities was raised in this connexion. It was suggested that this question also deserved a separate study.

Public financing institutions and methods

77. Public financing of industry included indirect and direct financing. The indirect method of financing covered such measures as tax exemptions on income and retained profits, export subsidies and various other types of incentives. The direct method included direct government participation in equity capital and direct lending by specialized financing agencies. Government participation in the equity capital of a variety of industrial enterprises was prevalent in Iraq, Jordan, Kuwait, Saudi Arabia and Syria. Lebanon was the only Arab country of the region where industrial ventures were undertaken completely by the private sector. Direct public lending was carried out mainly through the industrial development banks. Such banks existed in Iraq, Jordan and Syria. Kuwait and Lebanon had developed specialized financing institutions which were not purely industrial banks, but catered for the credit needs of all economic sectors. The industrial development banks of Iraq and Syria and the Credit Bank of Kuwait were fully government-owned while the Industrial Development Bank of Jordan and the Agricultural, Industrial and Real Estate Credit Bank of Lebanon (BCAIF) were mixed enterprises. The nominal capital of most of these banks ranged between the equivalent of US\$8.4 million and \$28 million. The Credit Bank of Kuwait had a capital of US\$56 million. The organization, operation and range of services performed by these specialized financing institutions differed from one country to the other. Some of these banks had equity capital in a number of industrial enterprises and undertook or participated in the preparation of economic and feasibility studies and assisted in the establishment of new industries. In general, however, these public financing institutions were not adequately equipped with regard to technical personnel, and, largely because of this, their operations resulted in a high rate of default. This fact was clearly indicated by the performance of the predecessor of the Industrial Development Bank of Jordan - the Industrial Development Fund - whose services were terminated in 1965 due to the exhaustion of its credit resources. The Group took notice of the fact that in some countries, little attention had in many cases been paid to the financing of working capital. This had resulted in a number of failures due mainly to inadequate planning of this form of industrial financing.

Commercial and co-operative financing

78. Although the impact of the above-mentioned public financing institutions on the process of industrial development had been considerable, the fact remained that the greater portion of industrial credit was supplied, in all countries mentioned above except Iraq, by the commercial banks rather than by these agencies.

79. In all countries except Iraq, commercial bank credit was in 1964 six to eight times higher than that provided by public institutions. In terms of total credit, the proportion of industrial credit provided by the commercial banks ranged from 6 to 12 per cent while the percentage of industrial credit to total credit which was provided by public institutions ranged from 1.3 to 2.0 per cent in Jordan, Kuwait and Lebanon. In Iraq, the latter ratio amounted to 9.3 per cent. Most of commercial bank credit was short-term, usually less than one year, but because the short-term credit was revolving and subject to continuous renewals it was in fact given on a medium and long-term basis. The cost of financing this type of credit was normally higher than other long-term credit, a fact which emphasized the need for strengthening the activities of the public institutions in the provision of medium and long-term credit. The Group recognized the importance of commercial banks as suppliers of short-term credit for working capital. Commercial banks were also capable of making long-term loans as indicated by the structural and institutional changes that had taken place in commercial banking activities, e.g. resort to central banks, deposit composition, etc. Commercial banks were especially important in developing countries because of the absence of capital markets. Whenever necessary, subsidiary banks could be established by commercial banks for the issuance of long-term loans should the existing regulations controlling commercial banks prove to be too strict to allow for a certain degree of liberalization. Alternatively, commercial banks might be required to lend up to a certain limit in long-term loans. What was needed was flexibility in the operations of the commercial banking system and adaptability to new conditions and requirements.

80. The ability to extend credit depended on the availability of savings, both public and private. Private savings should be encouraged in any event and for that purpose a number of governmental and monetary measures should be taken. These included (1) promotion of habits with respect to savings through educational campaigns and incentives designed to encourage saving habits;

(ii) improvement of banking facilities especially in the rural areas; (iii) adaptation of the rate of interest to actual needs; and (iv) encouragement of other methods and institutions such as postal savings, savings and loans associations, insurance schemes, social security and provident fund schemes. It was important to encourage and invite the private sector to divert savings to industrial development banks through deposits. Since these banks were specialized in the financing of industries, such savings would be wholly utilized for this particular purpose.

81. On the question of savings and the payment of interest, note was taken that, in a few countries of the region, difficulties and objections arose with respect to the moral implications of interest payments and life insurance schemes.

82. The Group noted that, in many countries of the world, including several developing countries, central banking instruments, especially those related to rediscounting facilities and multiple reserve requirements, were widely used to influence the lending policies of commercial banks. These instruments were in many cases adapted to assist in the process of industrialization. In many countries of the Middle East orthodox banking practices by most commercial banks resulted in a high liquidity ratio which rendered unnecessary for commercial banks to resort to central banks for rediscounting purposes. Furthermore the absence or inadequate operation of reserve requirements restricted the ability of the central banking system to influence the lending policies of commercial banks. The Group recommended that, wherever necessary, consideration should be given by appropriate authorities to introducing legislation enabling the central banks to play a more significant role influencing the credit policies of the commercial banking system.

83. While some participants suggested that central banks could assist indirectly either by making funds available to industrial development banks and/or to commercial banks or by devising other policies aimed at raising the level of lending, e.g., the introduction of guaranteed or insured schemes for industrial loans, others expressed the view that central banks should not intervene in industrial financing, the latter being confined to industrial development banks. What was actually needed, the latter group of participants argued, was the establishment of industrial banks in countries where they did not exist and the strengthening of such institutions in other countries.

84. With respect to co-operative industrial financing, it was recognized that the region had little experience in this field and that the question required an independent study. Some participants thought that inasmuch as industrial development banks had been satisfying the credit needs of industry, there was little need for co-operative financing.

VII. REGIONAL AND INTERNATIONAL CO-OPERATION

Regional co-operation

85. Regional co-operation was discussed with regard to two main issues: the implications of the proposed Arab Common Market on the development of small-scale industries in the countries of the participants; and the need for the establishment of a multinational centre for industrial development, including the promotion of small-scale industries.
86. There was agreement that the provisions of the Common Market would and should apply to industry irrespective of size. The Group was not in favour of restricting the application of trade liberalization to the larger industries and considered that the progress achieved by setting up a Common Market should not be reversed by increasing or re-introducing duties and quantitative protective measures in favour of small-scale industries.
87. Some participants considered that the reduction of tariffs and quantitative restrictions among countries belonging to the Arab Common Market would stimulate healthy competition among industrial producers. This might benefit primarily the strongest elements in the industrial structure, that is, the large-scale and medium-sized industries able to benefit from the economies resulting from an expansion of the market. On the other hand, it might expose many marginal producers, especially among small-scale industries, to considerable pressures or hardships both on the domestic and foreign markets.
88. In the view of the Group, the only means of strengthening the position of small-scale industries within the framework of the Common Market was to provide them with the measures of assistance and the services referred to in the present report. These measures would strengthen their competitive position, both on national and foreign markets, since they would have the effect of raising their productivity, improving the quality of their products and reducing their production costs.

39. As regards the establishment of a multinational centre for Arab Countries of the Middle East there was general agreement that it would be very useful. The Expert Group noted that a Centre for Industrial Studies for the four countries of the Maghreb had been set up with assistance from the United Nations Development Programme (Special Fund), and that a Centre for Industrial Development was being established by the League of Arab States. The Group felt that there would be great merit in establishing for the Arab countries of the Middle East a Centre comparable to that established by and for the Maghreb countries which would give special attention to small-scale industries, in view of the importance of such industries in the area under consideration. Such a Centre, like the one in the Maghreb, would not only supplement the work of other centres in the area but would also assist them. Reference was made in this connexion to the compatibility of the National Centre for Industrial Studies of Tunisia with the Maghreb Centre of which Tunisia was a member.

90. The compatibility of regional or sub-regional centres with national promotion institutions was ensured by their respective terms of reference. The Expert Group was in agreement with the functions in the fields of technical co-operation, training, economic research, dissemination of information and co-ordination envisaged in the document which formed the basis for the discussion on this point. This document "Fostering the Development of Small-scale Industries through a Multinational Centre for Industrial Development" (ID/WO.17/16) is included in Annex IV.

91. Some participants supported the establishment of the proposed centre as a new institution. It was observed however, that transforming an existing national centre already enjoying a measure of support from the United Nations into a multinational centre would make it possible not only to achieve economies in financing and personnel but also to have the multinational centre become a going concern in a much shorter period. Some participants suggested, in this connexion, that consideration be given to expanding the Development Centre of Jordan into such a multinational centre.

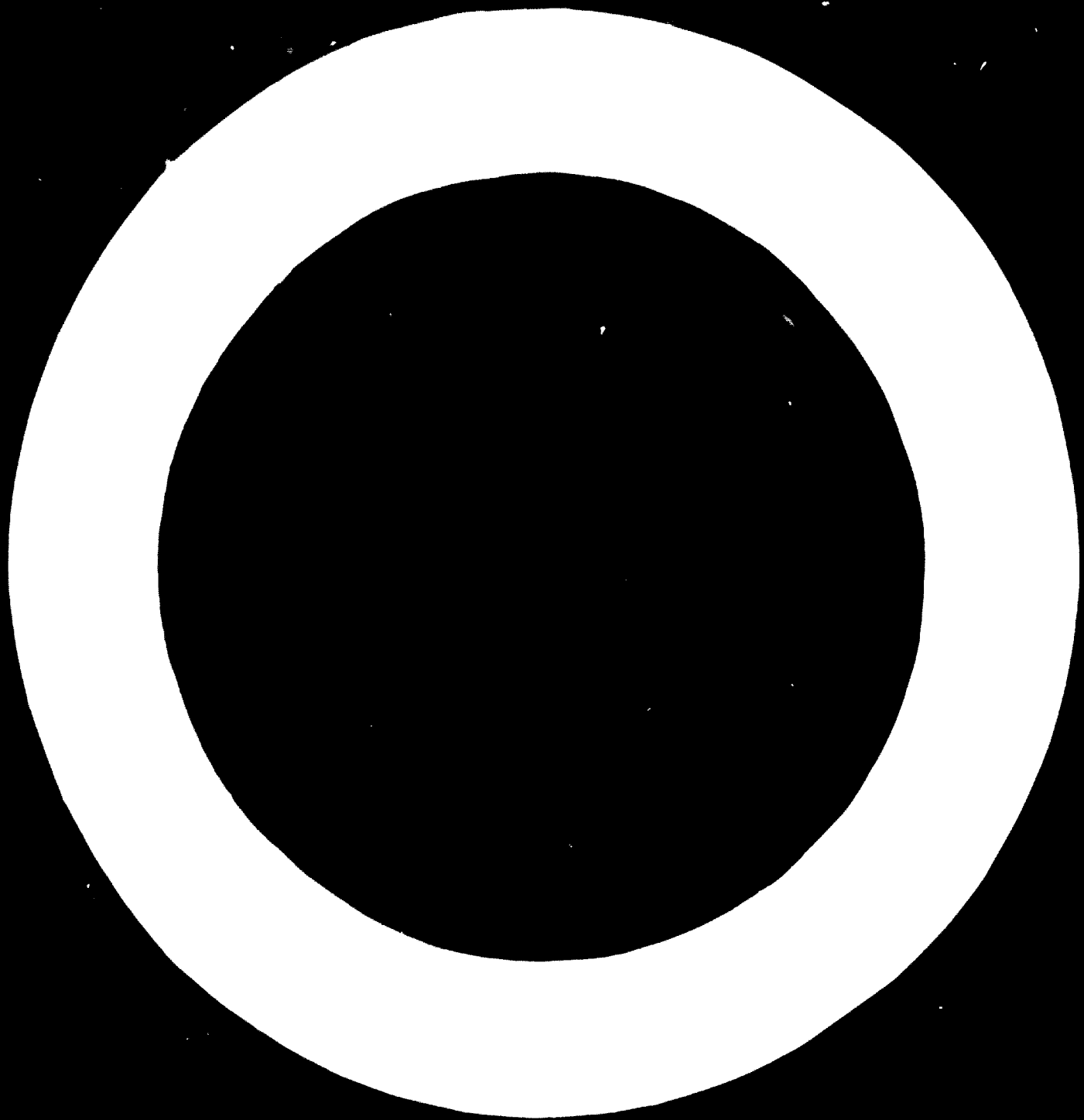
92. In any case, there was general agreement that a multinational centre should pay special attention to the specific problems of small-scale industry and to this end should comprise a special department with appropriate financial and staff resources.

93. It was also suggested that the Secretariats of UNCTAD, UNIDO and ILO might formulate jointly the project in the form of a draft request for assistance from the United Nations Development Programme (Special Fund). This draft might prompt several Governments to take joint action for setting up the proposed multinational centre and to seek assistance from the United Nations Development Programme to that end. In this connexion, the Secretariat drew attention to the fact that a project of this type should be sponsored by at least four Governments.

United Nations technical co-operation

94. The Expert Group concluded its work by a brief review of issues in the field of technical co-operation. It noted that few requests had been made by countries of the region for technical assistance in the various fields of small-scale industry development, and recommended that increasing use be made by Governments of expert services and fellowships which could be made available, upon request, by the United Nations under its various programmes.

95. The Group took note of the difficulties in recruiting experienced experts in the promotion of small-scale industry and the establishment of industrial estates. It agreed that, in the long run, the developing countries themselves would become a major source of expertise, and hope was expressed that, eventually, experts from the countries of the region would participate in technical co-operation projects. It was suggested that expanding the system of associate experts might increase the supply and the qualifications of technical advisers. A serious problem was that of shortage and sometimes of absence of national counterparts. The Group recommended that utmost efforts be made by Governments to provide technicians capable, after training by United Nations experts, to take over their functions after their departure.



ANNEX I

LIST OF PARTICIPANTS

1. Government representatives and advisers

- IRAQ**
- Mr. A. K. Hilmi, Director General, Industrial Planning and Development, Ministry of Industry
 - Mr. Abbas Abdul Hajid, Director, Technical Department, Industrial Bank
 - Mr. Egerton Paul, Industrial Economist, Consultant
- JORDAN**
- Mr. Chalib Arafat, Director, Jordan Centre for Industrial Development
 - Mr. Faik Daher, Director, Industrial Department, Ministry of National Economy
 - Mr. C. Weischer, Project Manager, Jordan Centre for Industrial Development, Consultant
- LEBANON**
- Mr. Fouad Abi Saleh, Director, Department of Industry, Ministry of National Economy
 - Mr. Edmond Askeur, Director, Bureau of Industrial Development, Ministry of National Economy
 - Mr. Imad Hwan, Department of Industry, Ministry of National Economy
 - Miss Munira Niyah, Administrative Assistant, Association of Lebanese Industrialists
- SAUDI ARABIA**
- Mr. Mahmoud A. Saib, Director General, Industrial Studies and Development Centre
 - Mr. Abdelsalam A. Ghann, Project Manager, Industrial Studies and Development Centre, Consultant
- SYRIA**
- Mr. Nasih Maslan, Director of Planning Section, Ministry of Petroleum, Electricity and Industrial Project Execution
 - Mr. Adib Zain, Director of Study Section, Ministry of Petroleum, Electricity and Industrial Project Execution
 - Mr. Hassan Alwani, Director, Directorate of Industrial Statistics, Central Statistical Office

II. Representatives of the United Nations Specialized Agencies

International Labour Organisation

Mr. P. K. Das, Regional Adviser in Small Enterprise Development,
ILO Beirut Office

Food and Agriculture Organization of the United Nations

Mr. J. B. Poliakoff, Regional Food Technologist, FAO Regional Office for
the Near East, Cairo

III. United Nations

United Nations Industrial Development Organization

Mr. Igor Krestovsky, Chief, Small-scale Industry Section

Mr. S. Nanjundan, Industrial Development Officer, Small-Scale Industry Section

United Nations Economic and Social Office, Beirut

Mr. Jean-Pierre Martin, Director

Mr. Quang Tran-He, Regional Adviser in Industrial Development

Mr. B. A. Hannush, Chief of Economic Section

Mr. V. J. Nam, Chief of Social Section

Mr. K. Kaminker, Chief of Administration and General Services

Mr. S. Nicowski, Economic Affairs Officer

Mr. S. Jowhari, Economic Affairs Officer

United Nations Development Programme

Mr. Hashem Jawad, Resident Representative in Beirut

Mr. Rateb Nahas, Office of the Resident Representative in Damascus

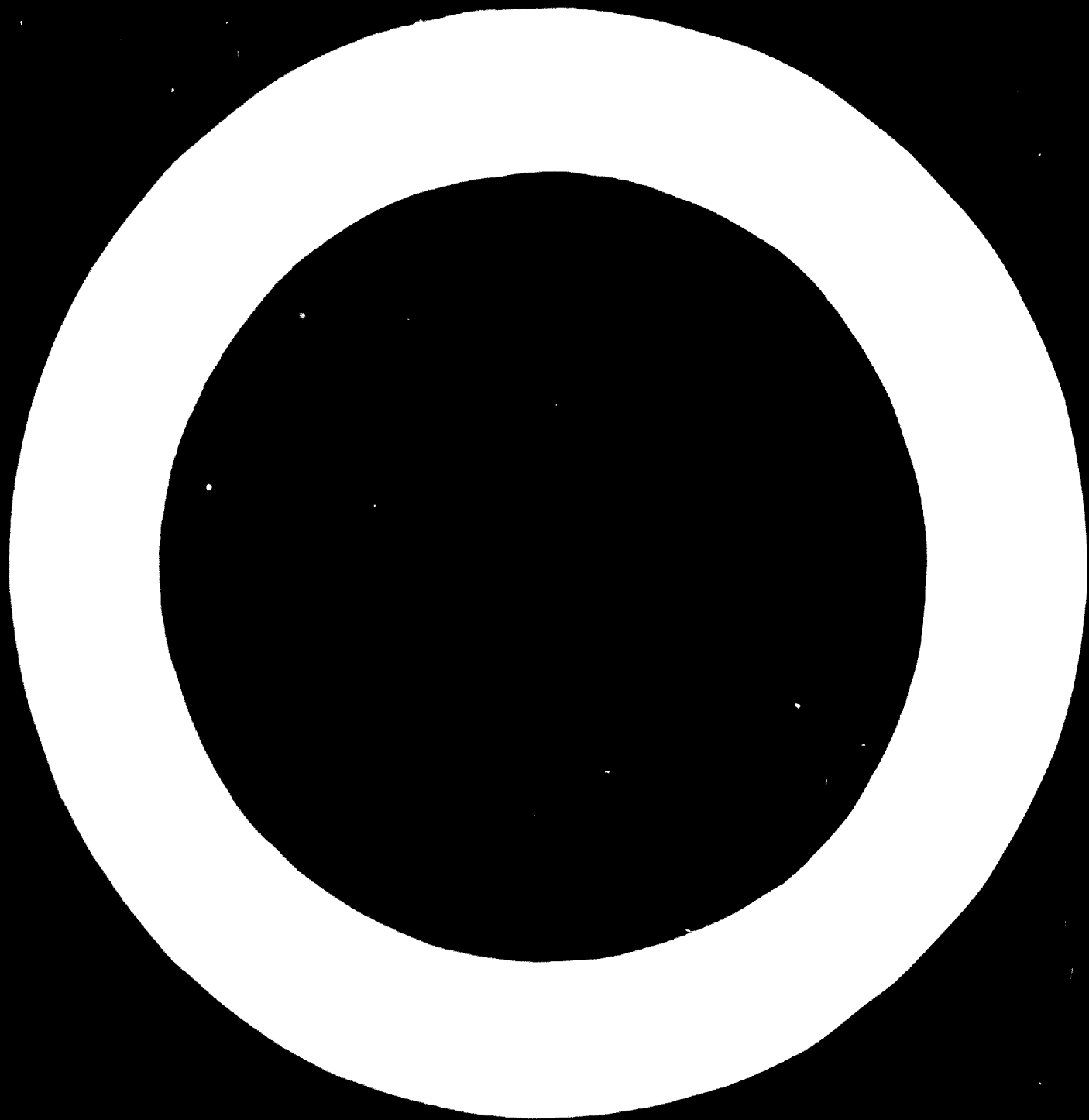
United Nations Information Centre

Mr. E. Cérin, Officer-in-charge

ANNEX II

AGENDA

- 1. Opening addresses**
- 2. Adoption of the agenda**
- 3. Review of policies, programmes, institutions and facilities, including industrial estates, for the development of small-scale industries in the countries of the participants**
- 4. The future of the traditional sector in a modernising economy**
- 5. Promotion of entrepreneurship**
 - (a) Preparation of area, industry and market surveys and "model schemes"
 - (b) Measures of assistance at the pre-investment stage
 - (c) Intensive promotion campaigns
- 6. Technical services for small-scale industries**
 - (a) Industrial extension services
 - (i) Technical counselling
 - (ii) Management development, training and assistance
 - (b) Training of foremen and workers
 - (c) Common service facilities
 - (d) Marketing, including export promotion
- 7. Financing of small-scale industry**
 - (a) Financial assistance and technical assistance (supervised credit)
 - (b) Public financing: institutions and methods
 - (c) Commercial and co-operative financing
- 8. Regional and international co-operation for the development of small-scale industry**
 - (a) Regional co-operation
 - (b) United Nations technical co-operation



ANNEX III

LIST OF DOCUMENTS

Discussion Papers

- | | |
|----------------------------|--|
| (1) ID/WG.17/1 | Agenda |
| (2) ID/WG.17/1/Add.1 | Annotated Agenda and List of Questions for Discussions |
| (3) ID/WG.17/1/Add.2/Rev.1 | Schedule of Meetings |
| (4) ID/WG.17/2 | Situation, Problems and Prospects of Small-scale Industries in Selected Countries of the Middle East, by E. Asfour |
| (5) ID/WG.17/3 | A comparative analysis of small-scale industries in Arab Countries of the Middle East and in selected other countries, by UNIDO |
| (6) ID/WG.17/4 | The future of rural industries in a modernizing economy, by FAO |
| (7) ID/WG.17/5 | The future of the traditional sector in an industrializing economy |
| (8) ID/WG.17/6 | A Summary List of Technical Services and Facilities for small-scale industries and related institutions, by UNIDO |
| (9) ID/WG.17/7 | The role of industrial extension services in small industry development programmes, by UNIDO |
| (10) ID/WG.17/8 | Sponsorship, organization and financing of technical services and facilities in the light of Indian experience, by P. C. Alexander |
| (11) ID/WG.17/9 | Operational Problems of Small Industry Service Institutes in the light of the Indian Experience, by G. Sain |
| (12) ID/WG.17/9/Corr.1 | Operational Problems of Small Industry Service Institutes in the light of the Indian Experience, by G. Sain |
| (13) ID/WG.17/10 | Stimulation of Entrepreneurship and Assistance to Small Industrialists at the Pre-investment Stage, by UNIDO |

- (14) ID/WG.17/11 **Industrial Extension Services for Small-scale Industries** by F. C. Alexander
- (15) ID/WG.17/12 **Services and Facilities for Small-scale Industries in Industrial Estates**, by A. B. Sahro
- (16) ID/WG.17/13 **Public Policies for Modernising Traditional Village Industries in developing countries**, by ILO
- (17) ID/WG.17/14 **Extension Service and Development Finance for Small Industry; and International Comparative Analysis**, by UNIDO
- (18) ID/WG.17/15 **Hire-Purchase Schemes for the Mechanisation of Small-scale Industries; The Experience of India**, by UNIDO
- (19) ID/WG.17/16 **Fostering the Development of Small-scale Industries through a Multinational Centre for Industrial Development**, by UNESCO
- (20) ID/WG.17/17 **Small-scale Industry and the Arab Common Market**, by A. Siouffi
- (21) ID/WG.17/18 **Institutions for Providing Technical Service for Small Industry**, by ILO

GENERAL PAGES

- (1) ID/WG.17/CP 1 **Promotion of Entrepreneurship in Iraq, Small-scale Industries**, by E. C. S. Paul
- (2) ID/WG.17/CP 2 **Small-scale Industries in Iraq**, by A. Abdul Majid
- (3) ID/WG.17/CP 3 **Promotion of Industrial Development and Entrepreneurship in Jordan, 1967-1968**, by H. Otto Reischer
- (4) ID/WG.17/CP 4 **Situation of Industry as a whole and of Small-scale Industry in particular, in Jordan**, by A. Laher
- (5) ID/WG.17/CP 5 **Small-scale Industry in Saudi Arabia**, by Mahmoud Faiba

(6) ID/WG.17/CP 6

Small Industries in Kuwait and Their Growth-Effect on the National Economy

(7) ID/WG.17/CP 7

Industrial Areas and Small Industries in the State of Kuwait

Industrial Issues

(1) ID/WG.17/BP 1

Policies and Programmes for the Development of Small-scale Industries by UNIDO

(2) ID/WG.17/BP 2

Technical Co-operation for the Development of Small-scale Industries (Sales No. (7.11.5.3))

(3) ID/WG.17/BP 3

Problems in the Application of Technical Assistance to Small-scale Industries in Developing Countries by A. Neilson

(4) ID/WG.17/BP 4

Conditions for setting up and operating Technical Services for Small-scale Industries on a Regional or a Sub-regional basis, in the Light of the Experience of ICAIPI, by E. Morales and S. Wittkowsky

(5) ID/WG.17/BP 5

United Nations Activities relating to Technical Services and Facilities for Small-scale Industries by UNIDO

(6) ID/WG.17/BP 6

Report of the inter-regional Symposium on Technical Services and Facilities for Small-scale Industries, Vedbaek, Denmark, 26 June - 6 July 1977, United Nations Industrial Development Organization (ID/CONF.2/19, 9 April 1977)

(7) ID/WG.17/BP 7

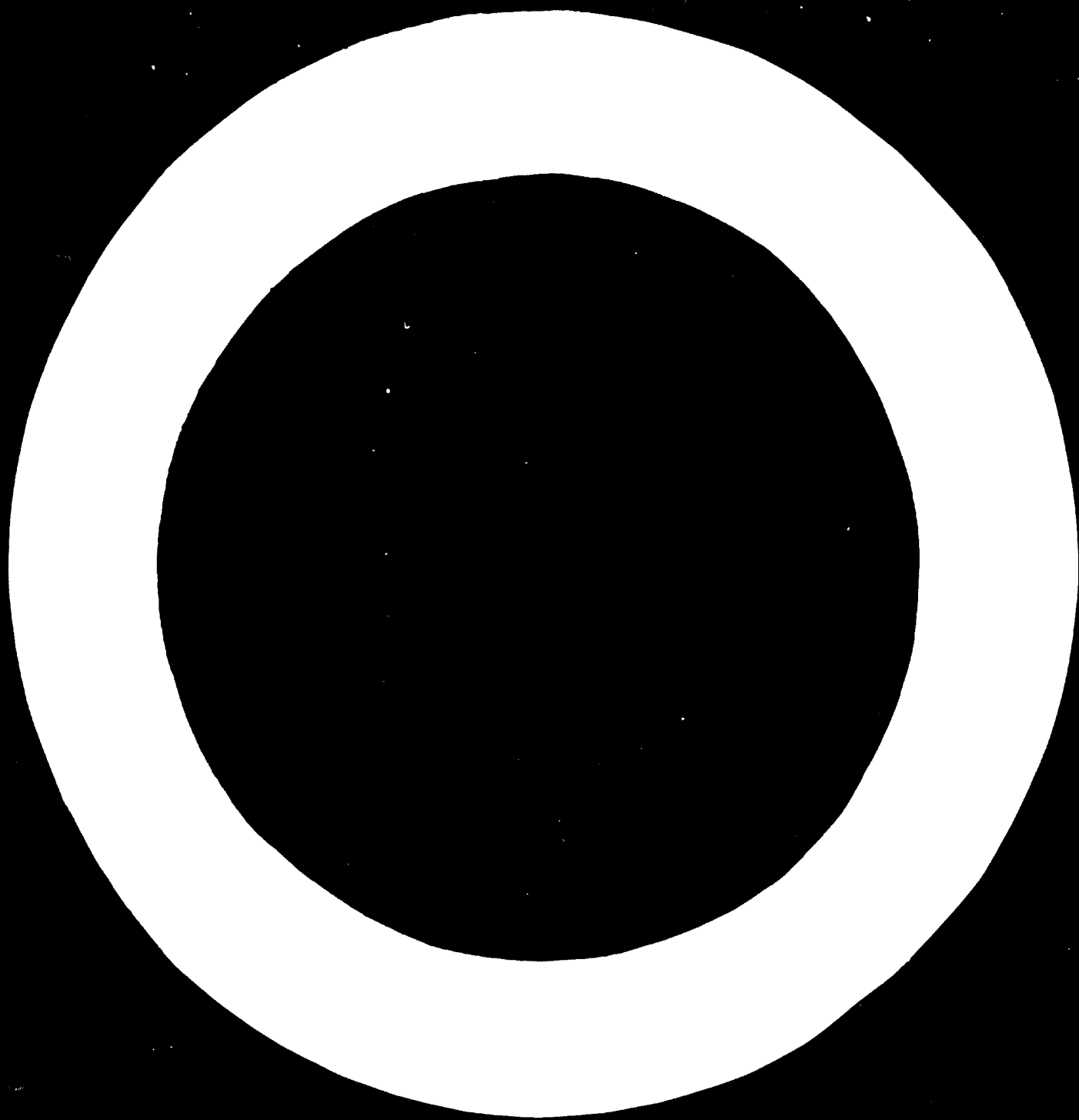
Industrial Estates in Europe and the Middle East, United Nations Industrial Development Organization, 1977 (ID/4)

(8) ID/WG.17/BP 8

Some Social Aspects of Industrialization in Selected Countries of the Middle East by UNESOB.

Draft Report

ID/WG.17/L.1 to 7



ANNEX IV

FOSTERING THE DEVELOPMENT OF SMALL-SCALE INDUSTRIES THROUGH A MULTINATIONAL CENTRE FOR INDUSTRIAL DEVELOPMENT

I. MANUFACTURING SECTOR AND SMALL-SCALE INDUSTRY IN THE DEVELOPING COUNTRIES OF THE MIDDLE EAST

1. The manufacturing sector as a whole still plays a modest role as a contributor to the national income of the developing countries of the Middle East. Income arising in the manufacturing industry sector of selected Middle East countries does not, on the average, exceed 14.3 per cent of the gross domestic product, while the corresponding figures for other developed and developing countries are estimated to range between 20 and 40 per cent. The still limited size of the industrial sector in these countries becomes obvious when it is observed that the percentage of the active labour force engaged in industry in most countries of the Middle East remains low, varying between 5 and 8 per cent.

2. In the developing countries of the Middle East, no less than elsewhere in the developing world, importance is being attached to problems of industrial development within the framework of development strategies. Industrial development is regarded as the most dynamic factor in the process of economic growth. It is expected to make a major contribution to the process of economic diversification and is considered as a particularly effective means of acquiring modern technology in conjunction with the development of new resources. In recent years governments have become acutely aware that industry not only exerts a direct influence on the level of income and an indirect influence on the levels of economic activity in other sectors, but also affects deeply the social and cultural life of society, causing a break-away from traditional methods of production and modes of living.

3. Characteristic of the early stage of industrial development in the countries in question is the fact that, within the manufacturing sector itself, small-scale industries loom very large in importance.

**Main indicators of manufacturing industries
engaging less than 50 persons in selected
countries in the Middle East**

(as a per cent of total)

	Iraq (1953)	Jordan (1955)	Kuwait (1955)	Lebanon (1964)	Saudi Arabia (1963/65)	Syria (1960/63)
Number of establishments	98.7	99.3	97.8	97.9	99.6	99.7
Number of persons engaged	49.4	80.3	54.3	65.7	84.2	....
Wages paid	30.6	60.2	....	40.2	....	....
Value of output	39.5	55.9	....	41.7	....	....
Value added	....	54.0	....	43.4	....	....

Source: National and international sources.

4. The table given above shows that manufacturing establishments engaging 49 persons or less are important in terms of both the number of establishments and the number of persons engaged as well as in terms of their contribution to wages, output and value added. It is safe to assume that, to a large extent, industrial development is contingent upon the sound growth of these industries.

11. CHRONOLOGY OF RELATED INSTITUTIONAL DEVELOPMENTS

5. The growing awareness in the Middle East of the importance of industrial development and, in particular, of the role that small-scale industries can play in it, has prompted initiatives aimed at improving the institutional framework for such development.

6. At the national level, an Industry Institute has been in existence for fifteen years in Lebanon, which provides advisory services in industrial research and development on a consultancy basis at the request of governments or private enterprises, both in Lebanon and abroad. In 1965, the Government of Saudi Arabia

established in Riyadh an Industrial Studies and Development Centre and in 1967, the Government of Jordan established in Amman a Centre for Industrial Development. These two Centres have begun functioning with the support of the United Nations Development Programme, which is providing US\$634,500 for the Centre in Riyadh, out of a total project cost of US\$2,634,500 over a period of three years, and US\$1,153,000 for the Centre in Amman over a period of five years.

7. At the multinational level, the Conference on Industrial Development in the Arab States, held in Kuwait from 1 to 10 March 1966 and attended by thirteen Arab countries and various Arab and international organizations, adopted inter alia Recommendation No. 60 aiming at the establishment of a centre for industrial development.^{1/} The final report of the Kuwait Conference also emphasized co-operation among the Arab States in the field of industrial development and suggested broad guidelines for the activities of the proposed centre, especially in the area of collective research on problems of industrial production, organization, integration and marketing. Similar recommendations were adopted by the International Symposium on Industrial Development which was held in Athens in December 1967.^{2/}

1/ Recommendation No. 60 states: "The Conference recommends to Arab States the establishment of a Centre for Industrial Development, with a view to accelerating industrialization, developing industry and co-ordinating effort in this field. The functions of this centre will be to:

- (a) undertake and support studies and research pertaining to the position and development of industrialization in the Arab States,
- (b) offer advisory services and technical aid to the Arab States in the field of industrial development and industrial planning, and in the general support of industrialization;
- (c) co-ordinate efforts in the field of industrial development in the Arab States by way of exchanging information and experience and by standardising industrial classification and terminology;
- (d) establish, co-ordinate and help executing research and training programmes on an Arab regional basis.

The Conference also recommends to the United Nations and its Specialized Agencies, particularly the Centre for Industrial Development (now the United Nations Industrial Development Organization) and the regional organizations, to co-operate with the Arab States and assist in the creation and operation of this centre, taking into consideration the regional centres already existing in the Arab States or proposed for establishment in the future".

2/ Report of the International Symposium on Industrial Development, held in Athens 27 November - 19 December 1967, No. ID/CONF.1/52 (ID/CONF.1/52) dated 2 February 1968: recommendations contained in Section II entitled "Final Act of the Plenary".

8. A Consultative Group Meeting on Industrial Estates and Industrial Areas held in Beirut from 31 October to 5 November 1966, referred to the above-mentioned recommendation of the Kuwait Conference and emphasized the advantages which might be derived from the setting up of a multinational centre for industrial development, with special reference to small-scale industries.

9. In May 1968, The Economic Council of the League of Arab States decided that a Centre for Industrial Development should be established under its auspices. The main features of this Centre, which were prepared by the Arab League Secretariat and approved by the Arab Economic Council, are summarized in the Appendix. These are set against the corresponding provisions of the plan of operations of a similar venture undertaken co-operatively by four Arab countries of the Maghreb (Algeria, Kingdom of Libya, Morocco and Tunisia) with assistance from the United Nations Development Programme in the amount of some US\$1.5 million out of a total project cost of approximately US\$2.5 million over a period of five years of operation.

III. FOSTERING THE DEVELOPMENT OF SMALL-SCALE INDUSTRIES THROUGH A MULTINATIONAL CENTRE FOR INDUSTRIAL DEVELOPMENT

10. Any Centre for industrial development in the Middle East should devote a great deal of attention to the development and growth of small-scale industries. Indeed, the question may be raised as to whether it is preferable to have a centre for industrial development devoted to the promotion of large-scale industry, with a special division or department concerned with small-scale industry, or the reverse, where the situation does not seem to justify a dichotomy and the setting of separate institutions whose activities would have to be closely co-ordinated. In any case, the multinational approach has the merit of permitting not only the pooling of scarce financial resources and expertise but also the provision of guidance and assistance to national centres or authorities concerned with industrial development at the policy or at the plant level. And a multinational centre conceivably can be established by enlarging the sponsorship and scope of operations of a national centre instead of being created ex nihilo.

1/ Industrial Estates in Europe and the Middle East.
United Nations Publication, Sales No. E.68.II.B.11, p.62

11. The functions of a multinational centre for industrial development including that of small-scale industry can be conceived as follows:

Technical co-operation: upon request of the participating countries, the centre might be expected to provide advisory services at the national, sub-national or sectoral level, concentrating on the following problem areas:

- (a) Stimulation of entrepreneurship and assistance to prospective entrepreneurs at the pre-investment stage;
- (b) formulation and implementation of schemes for financing the procurement of machinery, insurance and guarantee schemes etc.;
- (c) provision of fiscal and tariff incentives, concessions on freight and utility rates, preferential allocation of scarce raw materials etc.;
- (d) organization of extension services for technical, managerial and marketing assistance;
- (e) planning, construction and operation of industrial estates and common services facilities;
- (f) conducting technical research aimed at improving the products of small-scale industries, and provision of assistance to those industries for applying standardization and technical specifications;
- (g) organization and operation of training facilities for managers, foremen and workers;
- (h) promotion of sub-contracting relationships between small and large industries;
- (i) formulation and implementation of government procurement schemes;
- (j) conducting export market research;
- (k) development of procedures, systems and organisations for the formulation, execution, supervision and follow-up of programmes and projects;
- (l) preparation of comparative studies;
- (m) formulation and implementation of co-ordination policies.

Training: Training of managers, foremen and workers must be provided at the plant or national level. A multinational centre, however, could train government officials and officers of industrial development corporations and industrial banks, extension centres, industrial estate authorities and other senior personnel dealing with the formulation, execution, supervision and follow-up of policies, programmes and major projects. This training could take several forms: (a) in-service training under the centre's supervision, (b) training at the centre or at another institution co-operating with the centre; and (c) study tours and training at industrial extension agencies and industrial estates within or without the region.

Economic research: With special reference to small-scale industries a multinational centre should undertake action-oriented research on the needs for, and conditions of, industrial sub-sector development, especially on the prospects of developing small-scale industries in each industrial sub-sector. This would include surveys to be undertaken by the centre in co-operation with the countries concerned, with a view to assisting in the preparation, at a later stage, of detailed project feasibility and pre-investment studies by the national agencies concerned. In the initial stage of the centre's operation, economic research might usefully concentrate on the analysis and diagnosis of selected industrial sectors or problems in the countries concerned. The aim should be to formulate sectoral development strategies within the industrial development programmes of the countries concerned and to define the policies and measures best suited to the circumstances, such as the creation of industrial estates, the establishment of training centres and other facilities for the benefit of small-scale industries, wherever appropriate. Subsequently, the centre might undertake studies on the co-ordination or harmonization of national industrial development programmes, possibly sub-sector by sub-sector, with a view to promoting co-operation for overcoming the narrowness of national markets.

Dissemination of information: research studies of general interest prepared by the centre might usefully be given wide international distribution. Also the centre might collect information on economic, technical, legal and other aspects of industrial development for making it available to interested parties through bulletins, newsletters or other means, as part of its technical co-operation activities. It might also be within the functions of the centre to encourage the

exchange of experience between units and persons, especially public administrators and directors of financial, developmental or technical assistance institutions concerned through the holding of seminars and meetings on specific topics such as industrial financing, technical advisory services, regional programming, marketing, taxation etc.

Co-ordination: a multinational centre should act as a clearing house and liaison agent promoting the establishment of relations among industrial development institutions within and without the region for the purpose of co-ordinating studies and research, thereby fostering the effective utilization of available resources and helping to minimize duplication of effort and initiative.

12. The organizational structure corresponding to these functions can be conceived as consisting of four units as follows:

(a) A Technical Co-operation Unit responsible for co-ordinating all activities related to the provision of technical assistance to the participating countries. This unit should include expert and counterpart personnel specialized in the organization of industrial extension services and the formulation and execution of marketing and credit programmes, paying special attention to industrial estate projects where industrialists may enjoy various incentives. This unit should also be responsible for co-ordinating substantive services provided by the Economic Research Unit or the Training Unit. In the first few years of operation, however, the staff of the centre should not include specialists in distinct technological fields. Technological advisers serving in the participating countries under various technical assistance schemes could be resorted to for tackling specific technological problems. The centre would assist countries in identifying these sectors in which technical advice and technical know-how are needed and in formulating specific requests for obtaining corresponding advisory services through existing programmes of technical co-operation;

(b) A Training Unit responsible for all the training programmes, including the preparation of training material;

(c) An Economic Research Unit responsible for the carrying out of the research needed to support the provision of advisory services, for the collection and analysis of industrial statistics and other basic data of regional interest indispensable to national authorities for preparing feasibility studies of specific

projects. Such basic information and data may include prices of plants and machinery, prices and types of raw materials or semi-finished inputs and identify possible markets for the export of end-products;

(d) An Information Unit responsible for (i) preparing and distributing publications, studies, digests and material which may be of value to small-scale industrialists; (ii) operating a question-and-answer service related to technological, managerial and commercial queries from participating countries of the region.

APPENDIX

**Main Features of the Centre for Industrial Studies for the Maghreb
assisted by the United Nations Development Programme (Special Fund)
and of the Centre for Industrial Development being established by
the League of Arab States**

CENTRE FOR THE MACHINES

A. Number of countries served **4 countries**

B. Financing

1. UNDP allocation
Total (for 5 years) **US\$ 1,454,900**
Average per year **US\$ 290,980**

2. Allocation by the participating governments
(for 5 years) **US\$ 1,040,000**
Average per year **US\$ 208,000**

3. Total cost of project
(for 5 years) **US\$ 2,494,900**

4. Total cost of project
(average per year) **US\$ 498,980**

C. Terms of reference

1. Provide advisory services to governments and industries;
2. Train Government officials at the cost of Governments;
3. Prepare general industrialization surveys and specific feasibility studies, including market and location surveys, as well as studies on the integration of national industries and on comparative manufacturing and import costs;
4. Study standardization and quality control problems;

CENTRE OF THE LEAGUE OF ARAB STATES

A. Number of countries served **13 countries**

B. Financing

1. Total allocations by the participating governments
per year US\$ 92,000
plus (LE 40,000)
Fixed assets in the form of
buildings, land and furniture
to be contributed by the
Government of the host country
to the centre.

C. Terms of reference

1. Study existing or proposed plans and programmes of economic development in general and industrial development in particular with a view to co-ordinating these plans;
2. Provide advisory services and technical assistance to participating governments in the field of industrial development for the co-ordination and growth of industry on the basis of existing plans;
3. Assist the participating governments individually or collectively for drawing up a framework to be used as a means for guiding them when preparing their industrial plans;
4. Standardize planning definitions, terminology and statistics;

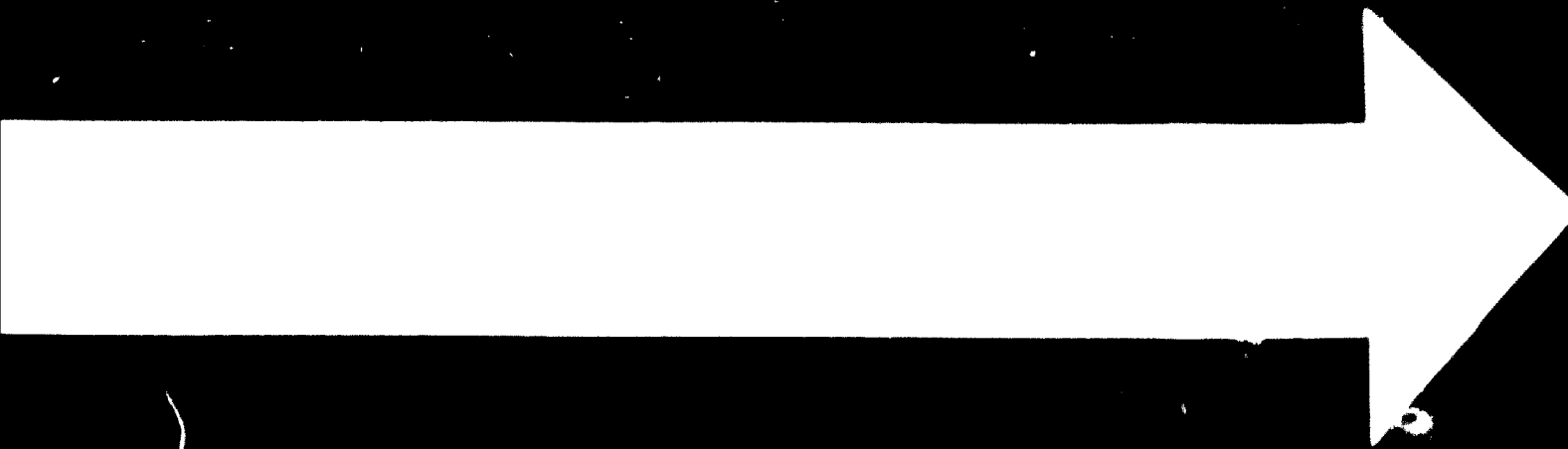
CENTRE FOR THE MAGHREB

C. Terms of reference (continued)

5. Disseminate information and data obtained in the course of the work of the Centre as well as of relevant international studies and publications;
6. Co-operate with the ministries of the Maghreb countries and with national agencies concerned with industrial development;
7. Other features:
 - (a) Co-ordinate the Centre's activities in the field of industrial development with those undertaken by the United Nations Economic Commission for Africa;
 - (b) Establish a system of periodic consultations with the ministries and agencies of the Maghreb countries with the purpose of exchanging views regarding their respective work programmes.

8. Status of the Centre

The Centre is an autonomous body.

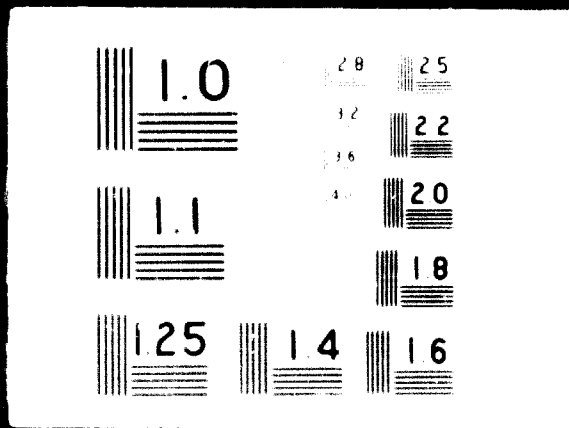


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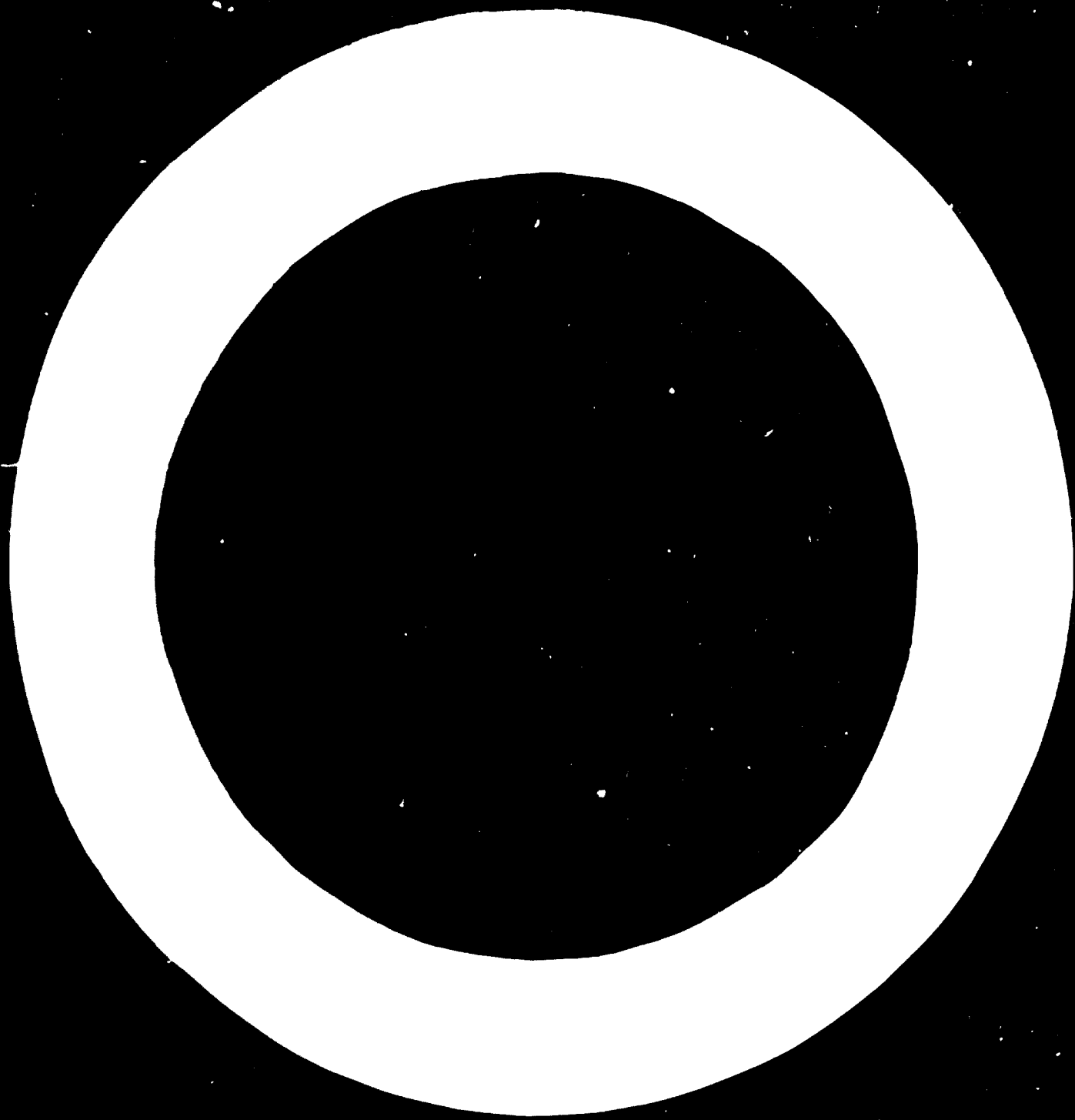


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CENTRE OF THE LEAGUE OF ARAB STATES

C. Terms of reference (continued)

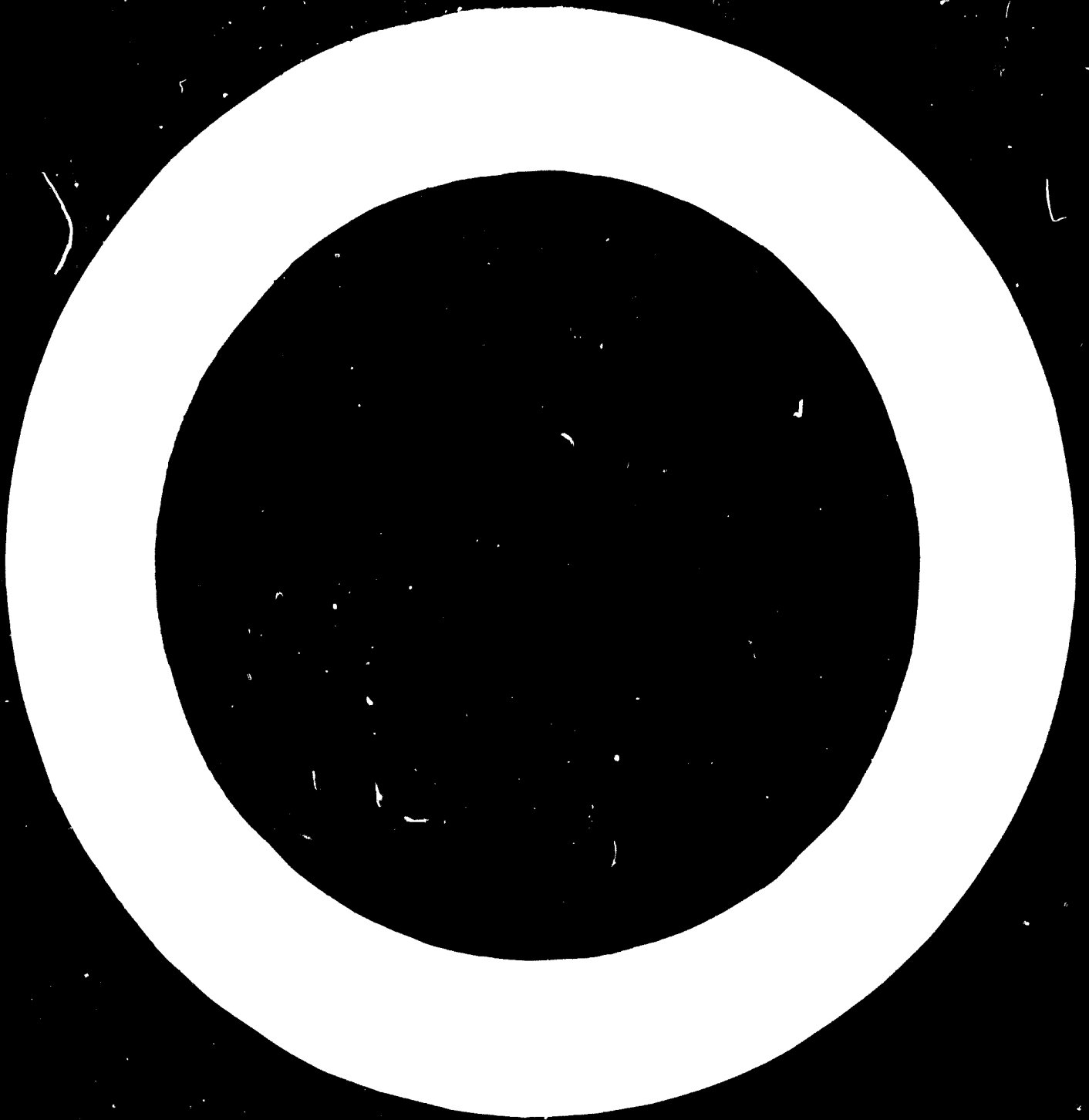
5. Standardize the bases for the study of industrial development projects in the participating countries and laying down of the bases for establishing priorities among the various projects in each country;
6. Standardize national accounts and industrial cost accounting methods and preparation of standard forms to guide participating countries;
7. Provide guidelines for the setting up of industries in locations most beneficial from the point of view of common interest taking into consideration the interest of each government on the basis of studies pertaining to the co-ordination of industries in the participating countries;
8. Study combined projects (between two or more participating countries) and provide guidelines for the financing and execution of these projects and the marketing of their products;



CENTRE OF THE LEAGUE OF ARAB STATES

C. Terms of reference (continued)

- 9. Study industrial development problems in general in the participating countries and the problems of financing and marketing in particular and provision of guidelines for solving these problems;**
- 10. Study standardization of products and co-ordination with organizations for standards and specifications;**
- 11. Assist participating governments in the evaluation of existing or proposed industrial projects from the technical and economic point of view;**
- 12. Create means of exchanging information pertaining to planning, statistics and scientific research among the participating governments;**
- 13. Collect and disseminate scientific information and research in economic and industrial planning and statistics with a view to feeding planning machinery in the participating countries;**
- 14. Publish periodic and non-periodic scientific documents containing the results of research and studies undertaken by experts in industrial development, planning and statistics in the participating countries;**



CENTRE OF THE LEAGUE OF ARAB STATES

C. Terms of reference (continued)

15. Co-operate with industrial research centres in the participating countries and with other regional or international research centres working in the field of industrial development;
16. Organize scientific conferences with a view to studying various aspects and problems of industrial development in co-operation with planning experts and planning machinery in the participating countries;
17. Co-operate with training institutions existing in the participating countries, other international organizations and bodies, devise with these institutions training programmes to serve the objectives of industrial development and suggest the establishment of new training institutions;
18. Facilitate the exchange of experts in the field of industrial development, planning and statistics between specialized agencies in the participating countries.

CENTRE FOR THE MAGHREB

D. Technical and Administrative Organization

1. UNDP contribution

(a) <u>International experts</u>	<u>Five-year period</u>
(i) Industrial economist (project manager)	60 man-months
(ii) Market survey and marketing expert	60 man-months
(iii) Industrial engineer	60 man-months
(iv) Industrial standard- ization engineer	48 man-months
(v) Information and documen- tation specialist	48 man-months
(vi) Short-term consultants specialized in indus- trial fields	216 man-months
Total	<u>492</u>
(b) <u>Fellowships</u>	
Industrial engineering, mechanical engineering, industrial economics and market research	120 man-months
(c) <u>Equipment</u>	
Library and technical materials, etc.	US\$ 50,000
(d) <u>Sub-contracts</u>	US\$ 150,000

CENTRE OF THE LEAGUE OF ARAB STATES

D. Technical and Administrative Organization

<u>1. Professional staff</u>	<u>Per year</u>
(a) Director-general	12 man-months
(b) Directors for	
(i) Economic and planning affairs	12 man-months
(ii) Engineering affairs	12 man-months
(iii) Administrative and financial affairs	12 man-months
(c) Specialized staff	
(i) Economics	12 man-months
(ii) Engineering	12 man-months
(iii) Administration and finance	12 man-months
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CENTRE FOR THE MACHREB

D. Technical and Administrative Organization (continued)

2. Allocation from the participating governments

(a) <u>Counterpart personnel</u>	<u>Five-year period</u>
(i) Director of Centre	60 man-months
(ii) Industrial economists and engineers	360 man-months
(iii) Technical documenta- tion specialist	60 man-months
(b) <u>Administrative staff</u>	
Total (administration, ac- counting, clerical, secre- tarial, drivers, messengers and translators)	1,500 man-months

CENTRE OF THE LEAGUE OF ARAB STATES

D. Technical and Administrative Organization

2. Non-professional staff

Accounting, library,
clerical, etc.

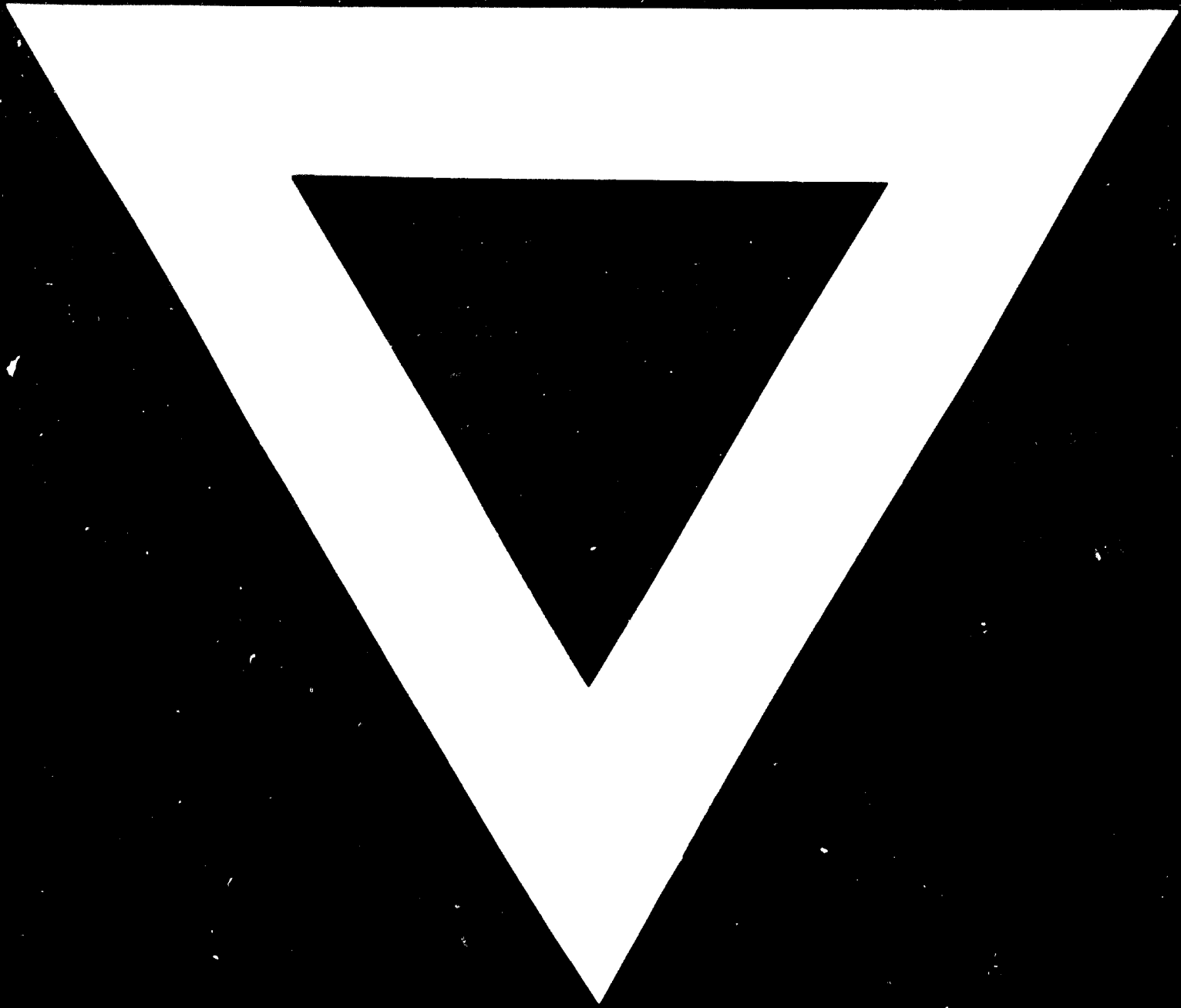
132 man-months

3. Specialized experts

To be determined on the
basis of an allocation
of US\$ 12,850 (LE5,600)
per year.



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