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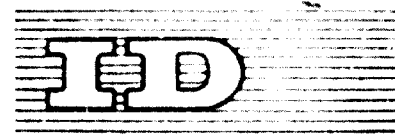
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Working Group of Experts on  
Industrial Project Planning

Beirut, Lebanon, 27 April - 1 May 1970

## OBJECTIVES, BACKGROUND AND PROPOSED AGENIA<sup>1/</sup>

Prepared jointly by  
UNIDO Secretariat  
and

United Nations Economic and Social Office  
in Beirut

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A. Main objectives

1. This meeting of the Working Group of Experts on Industrial Project Planning is being convened for the purpose of providing a working forum for senior officials of governmental and semi-governmental organizations concerned with industrial analysis, planning and plan implementation on the project level, in the countries within the UNESOB perimeter as well as several associated North African countries.
2. As a first priority, the Working Group is expected to:
  - Review the role of the several institutions involved in various phases of the industrial planning and project implementation process in each participating country;
  - Identify and appraise the effectiveness of the working systems, procedures, and techniques of industrial project development, evaluation and follow-up as currently practised by the various participating institutions, including those for the organization of supporting information; and finally,
  - Formulate, on the basis of the above, recommendations for steps to be taken to effect improvements in the technical and institutional arrangements for industrial project planning purposes in the individual countries concerned, as well as for the region taken as a whole.
3. As a second priority, the Group is expected to provide a groundwork for the particular programme involving comparative studies of industrial establishments which is being initiated under the auspices of the Industrial Development Centre for Arab States (IDCAS). This latter programme is further explained in paras. 5 and 6 below.

B. Background of the meeting

4. The joint UNIDO/UNESOB initiative in organizing this Working Group stems directly from the findings of the June 1969 Annual Meeting of Planners convened at UNESOB for which participants were drawn from various national and international organizations concerned with over-all economic planning. During the course of that earlier meeting, the basic issues of over-all industrial planning were discussed in general terms, without specific reference to planning and implementation activities at the project level. Concerning the latter, however, the June 1969 Meeting did note the necessity for:

- Strengthening the institutional arrangements for industrial project planning and implementation;
- The development of effective systems of project preparation and evaluation, consistently linked with those organizations responsible for establishing development priorities and policies; and
- The promotion of a concerted effort to meet industrial programming data requirements, at both national and multi-national levels.

5. A further stimulus for the organization of the Working Group on Industrial Project Planning, has been provided by the recent efforts on the part of IDCAS to promote industrial surveys and productivity studies for the purposes of strengthening, on both national and multi-national levels, the advisory services on productivity development and the information services for industrial development programming and co-operation in the member countries. To this end, IDCAS has proposed a programme entailing a detailed, cost-conscious, comparative evaluation of existing industrial establishments, as a first step in developing, at both the enterprise and the national levels, concrete proposals on productivity improvement, investment programming and development policies.

6. This IDCAS "Profiles-Productivity Programme" will thus receive the attention of the Working Group in relation to the over-all framework of industrial project planning and follow-up and related proposals for national and multi-national action. Specifically in connexion with the IDCAS programme, it is planned that a "Working Party on Industry Profiles" will meet in the week (14-20 May 1970) immediately following the meeting of this Working Group. This is meant for the first phase of the preparatory work for that specific programme and will be followed by a "Training Workshop on Industry Profiles", which is scheduled to take place at Cairo towards June 1970. Both of these subsequent meetings are being organized jointly by UNIDO and IDCAS, with UNESOP providing assistance as required. The specific task assigned to the Working Party on Industry Profiles is explained in a separate document, ID/WG.55/1: "Objectives, background and agenda".

7. In the field of industrial project implementation proper, it is further planned that the UNIDO follow-up assistance will be provided in the form of a Training Workshop, scheduled to be held in Beirut in July 1970.

Similarly to the "Inter-regional Training Workshop on Industrial Project Implementation" held in Amsterdam in 1969, this Beirut Workshop is expected to concentrate mainly on the basic techniques for the programming, scheduling and controlling of the implementation of individual investment projects.

C. General scope of the agenda

8. It is well known that industrial projects are seldom if ever conceived on the strength of a single-phased set of decisions taken at one point in time in the form of a unified and comprehensive project plan. Rather, in the developing and the developed countries alike, such projects tend to be realized as the result of a time-consuming progression of more or less explicit decisions, each of which should, ideally, be increasingly less speculative, increasingly more comprehensive as the project moves toward eventual realization. In institutional as well as in technical terms this process is a complex one requiring the participation of a considerable variety of individuals and organizations.

9. The planning of industrial projects may thus be regarded as an iterative process which can be conceptually identified as encompassing a succession of discrete decision stages which are based upon and include: assessments of the problems, shortcomings and expansion prospects of existing industries; tentative identification of investment opportunities; pre-feasibility evaluations of potential investment projects; technical requirement studies; technical and economic feasibility studies; commercial profitability analysis; over-all benefit-cost analysis, etc. It is clearly desirable that there be direct and effective linkages between each phase of project preparation and relevant policy considerations such as project financing and licensing, as well as fiscal, trade, monetary, employment and other specific regulations and policy instruments.

10. The primary role of the Working Group is to carry out a thorough-going review of the existing systems of co-ordination between the various institutions involved in the planning/implementation process, and to suggest improved, institutionalized techniques and information systems for industrial project programming. It is hoped that the exchange of information and professional views along these lines will lead to concrete policy proposals

and action programmes for the countries and institutions from which the Group is drawn. The deliberations and recommendations of the Working Group may also be useful in laying down specific guidelines for the subsequent meetings and workshops mentioned in paras. 6 and 7 above.

6. Meeting schedule and provisional agenda items

11. The Working Group of Experts on Industrial Project Planning is scheduled to meet at the Hotel Al Bustan, near Beirut, for the period from 21 April to 1 May 1970. A detailed daily schedule will be made available to participants in due course. The meeting is to be serviced jointly by the UNIDO Secretariat and UNESCO.

12. The specific agenda items by which the five-day sessions are to be guided are tentatively suggested as follows:

(i) Introduction - a brief review of medium- and longer-term industrial development plans (over-all and sectoral) with regard to:

- The extent of identification of potential projects, and follow-up proposals with regard to both actual and in-pipeline projects;
- The roles played by the various key development institutions in the preparation and follow-up of national, regional, and sectoral plans.

(ii) Project identification and preparation:

(iia) A detailing of the characteristics of and the techniques used by the institutions engaged in the "opportunity stage" activities, with particular attention to inter-institutional co-ordination and flows of information:

- Surveys of existing resources and problems;
- Structural projections and regional planning;
- Pre-feasibility studies of industrial branches;
- Preparation of tenders for technical consultant services and other investment promotion measures;

(iib) A detailing of the characteristics of and the techniques used by the institutions engaged in the "feasibility stage" activities, with particular attention to the underlying information systems:

- Market studies;
- Technical requirement studies;
- Locational studies;
- Techno-economic feasibility studies for financial evaluation.



(iii) Project evaluation

(iiia) A detailing of the institutional or administrative contexts in which individual projects are evaluated, particularly:

- Investment priorities and implementation scheduling, particularly for projects in the public sector;
- Investment and export licensing, investment incentives, applications and other specific controlling measures affecting the private sector as well as the public sector;
- Decisions on general and specific price policies (taxes, subsidies, import tariffs, interest rates, exchange rates, etc.)

(iiib) Extent of institutionalization of evaluation methods and criteria, particularly in regard to:

- Basic parameters to be studied for national profitability analysis;
- Reference parameters or norms to be used for priority consideration;
- Organization and transmission of technical information.

(iv) Project implementation and follow-up

(iva) Information requirements, particularly in terms of:

- Routine reporting on project implementation;
- Annual and monthly industry surveys and other statistics from development institutions;

(ivb) Annual plans and measures:

- Functional relationship between annual plans (budgets) and project implementation;
- Policy instruments for dealing with implementation problems;
- Feedback to longer-term development planning.

(v) Industrial programming data

(va) Reference data for industrial project planning - implications of UNIC projects, such as:

- "Profiles of Manufacturing Establishments"
- "Extracts of Industrial Feasibility Studies";

(vb) Indigenous data systems - implications of the "Industry File System" proposal.

(vi) Action proposals

Proposals for national and multi-national programmes and policies to assist the various stages of industrial project planning and follow-up.

9. Pre-meeting preparations

13. Members of the Working Group are urged to supply the meeting, preferably in advance, with copies of whatever technical documents or other material that they feel will be helpful in pointing out the particular procedures, problems and potentials concerning industrial project planning and implementation which are relevant from the standpoint of their own and related organizations. It will be of critical importance to the success of the meeting that each participant make an effort, prior to his attendance, to develop a clear picture of the "system" underlying the daily activities of the various institutions concerned with various phases of industrial development planning and implementation in his country, so that he is prepared to make the key issues clear to the meeting.

14. For this purpose, it would be advisable for each participant to locate within the system prevailing in his country relevant organizations, offices, units or teams, and to evaluate the adequacy with which they actually carry out their functions, with regard to each of the following specific steps:

- the development of project ideas, investment opportunity studies or pre-feasibility studies;
- the acquisition of offers and assistance from foreign technical sources for further studies or project potentials;
- the preparation of techno-economic feasibility studies;
- the evaluation of major investment projects for purposes related to diversification, priority planning and policy recommendations;
- the assembling and evaluation of data on actual and potential projects in connexion with the formulation or re-assessment of industrial development plans;
- the supervision of the execution phases of actual projects and/or assembly of information on project implementation and performance;
- advising the national legislative authorities on specific industrial policy measures to support planned development; etc.

15. In addition to being prepared to present an analytical review of the system as being practised in his country, the participant is encouraged to prepare, as far as possible, a technical note describing or evaluating in detail the methods and procedures followed in those particular segments of the system which fall within the special area of his professional competence.

16. In addition to the foregoing contributions which are anticipated from individual participants, the meeting secretariat will supply the Working Group with technical papers dealing with various aspects of the agenda. The following represents a tentative (still incomplete) list of the documents currently being prepared for pre-meeting distribution.

Agenda items (i) to (iv):

- Several country studies on the mechanics of industrial project planning (prepared by UNIDO/UNEP consultants, separately from the contributions of participants in the Working Group as suggested in paras. 13 - 15); etc.

Agenda item (v):

- "Stages of project preparation: an introductory study";
- "Information requirements for specified stages of project preparation";
- "Organization of professional cadres for industrial project evaluation, selection and follow-up" (see Evaluation of Industrial Projects, UN E/C7.11 B.23); etc.

Agenda item (vi):

- "Economics of project formulation and evaluation";
- "The role of policy-makers in project formulation and evaluation";
- "A note on the UNIDO Advisory Division on Industrial Project Evaluation to Iraq, 1969";
- Report of the Inter-regional Symposium on Industrial Project Evaluation, Prague, 1969, UN E/C7.11 B.24; etc.

Agenda item (vii):

- "Implementation of industrial projects";
- "Follow-up" (see Evaluation of Industrial Projects, UN E/C7.11 B.23);
- "Network planning - criteria for computer use and programme specifications"; etc.

Agenda item (viii):

- Industrial Programming Data: Report of the First Session of the International Working Party on Industrial Programming Data, Vienna, August 1969;
- Profiles of Industrial Investment Commitments, 1960-1969 and 11 ID/UNEP/1 and 2;
- "Extracts of industrial feasibility studies";
- Industry File System: Report of the First Working Party on Industrial Programming Data, Vienna, 1969;



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