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REQUEST TO THE FIDP (SPECIAL FUND) FOR ASSISTANCE IN
ESTABLISHING A LATIN AMERICAN CENTRE FOR SMALL-SCALE
INDUSTRY

IN

QUITO, ECUADOR

(CENTRO LATINO-AMERICANO PARA PEQUEÑA INDUSTRIA - CELAPI)

Prepared by
Small-scale Industry Section, UNIDO
Vienna, June 1968

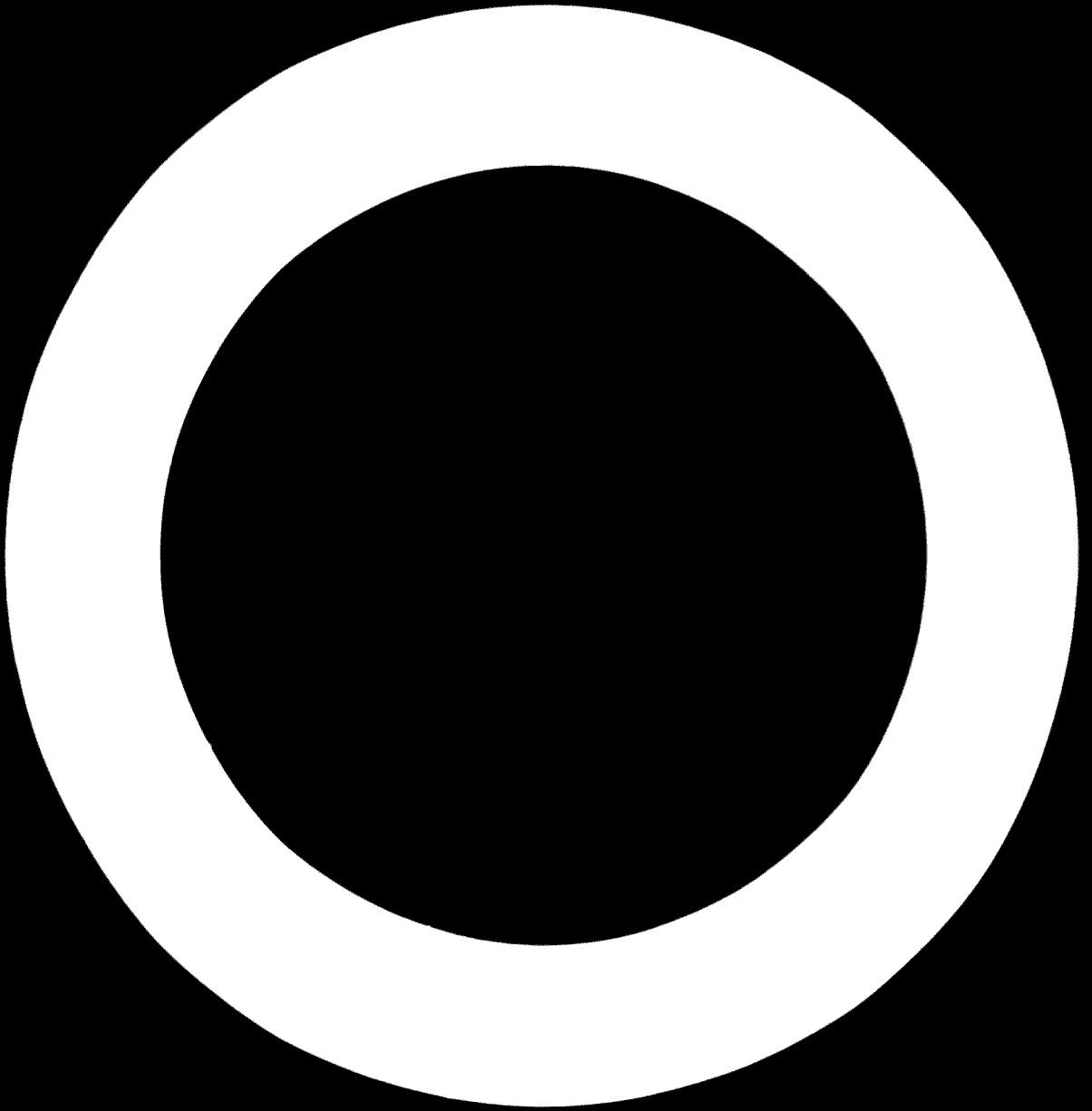
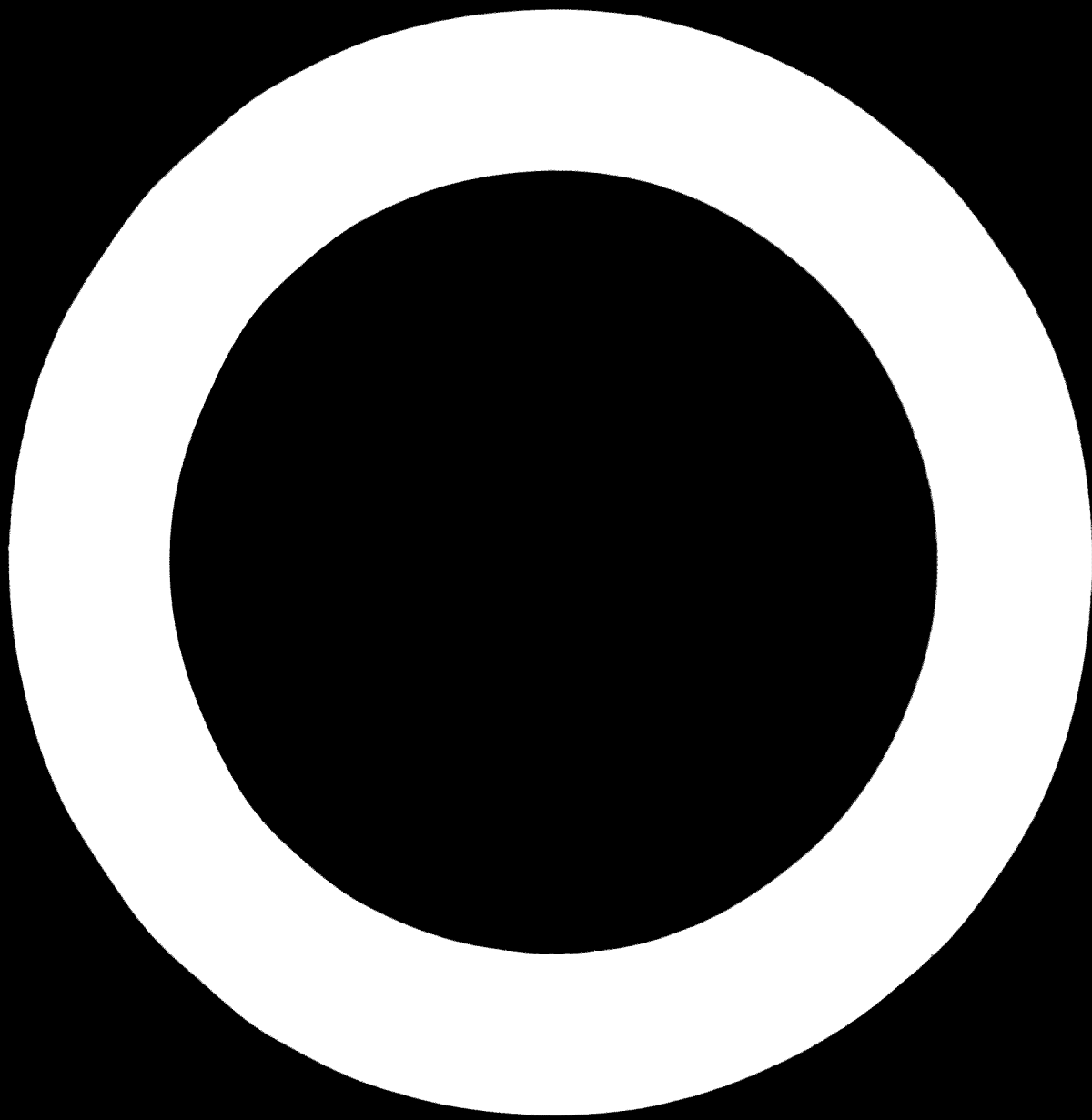


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D R A F T

REQUEST TO THE UNDP (SPECIAL PROGRAMME) TO ASSIST IN THE
SETTING UP OF A LATIN AMERICAN CENTRE FOR SMALL-SCALE
INDUSTRY IN QUITO, ECUADOR

Summary of the Project

Recognising the need for increased assistance to the small-scale enterprises of all to small industries in the Latin American region, it is proposed to establish a Latin American Centre for Small-scale Industry with headquarters in Quito, with the assistance of the United Nations Development Programme (UNDP) for a period of five years. For this purpose assistance from the UNDP is requested for the provision of the sum of US\$ 870,200 to be matched by the counterpart contribution to be contributed by the governments of the region to the sum of US\$ 1,000,270. Of this sum, US\$ 93,000 would be the special contribution of the Government of Ecuador to provide for adequate premises and furnishings for the Centre and for the maintenance costs of the facilities throughout the period of the project.

Recognising that the main objective of the project is the establishment of a Centre that would guide the various participating countries in the region in policies and programming related to small-scale industry and to train a permanent regional counterpart staff to take over the operation of the Centre, 360 man-months of expert assistance would be provided over the five-year period. Fellowships for a duration of 78 man-months would also be granted to 13 counterpart and other senior staff members of the Centre for programmes of study within and outside the region to become familiar with activities and experience related to the field of small-scale industry in other parts of the world and techniques used in this type of work. Furthermore, a sum of US\$ 39,000 would be provided by the UNDP to supply the Centre with modern audio-visual equipment reproduction facilities for information work and vehicles to facilitate mobility of expert and counterpart personnel. In particular, the vehicles would make possible a more effective programme of in-plant exercises in certain of the training activities.

The regional staff of the Centre would after some period of recruitment and development, grow in the third year to 41 in number comprising 21 professional staff, 12 secretaries (who will also provide secretarial services for the international expert staff) and 15 administrative personnel.

Details of the proposed schedule for experts, fellowships, equipment as well as a full breakdown for counterpart staff and contributions are given in annexes.

Total cost of the project will therefore be: -

UNDP Contributions

Counterpart Contribution		US\$ 870,200	39%
Regional	US\$ 1,311,270		
Government of Benin	<u>93,000</u>		
		<u>1,404,270</u>	<u>61%</u>
Total		2,274,470	100%

Counterpart Contribution

As indicated farther on, it is proposed that eleven Latin American countries be invited to participate in the project. The countries invited at this stage would be Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Venezuela and Uruguay.

To launch the project the agreed participation in the initial phase of at least four of these countries is envisaged. The total regional counterpart contribution would be divided equally between the number of countries agreeing to participate. Thus, for the first two years of the project with four countries participating, the situation would be as follows:-

	<u>First</u> <u>Year</u>	<u>Second</u> <u>Year</u>	<u>Total For</u> <u>Five Years</u>
		(US Dollars)	
<u>Total Regional Counterpart</u> <u>Contribution</u>	149,450	270,595	1,311,570
(With four countries participating)			
Each Country Would Contribute	37,460	67,650	325,315
(With all eleven countries participating)			
Each Country Would Contribute	13,585	24,600	119,210

For a number of participating countries greater than four and less than eleven, the contribution of each would be adjusted accordingly.

With reference to the counterpart arrangements the following proposals are made:-

- a) all countries entering as participants would be expected to obligate their counterpart participation to the end of the project;
- b) countries would be accepted to join as participants after the first year to the end of the third year and would not be expected to make their counterpart contribution retroactively;
- c) all advisory training and technical assistance services would be limited to participating countries. Some information services would be made available for the whole Latin American region;
- d) activities of the international staff would in general be restricted to participating countries. This would apply also to recruitment of regional counterpart staff and to fellowships.

If and when new countries join the project as participants, all aspects of the Centre would be reviewed so as to extend the facilities (and the staff coverage where feasible) to include the additional member countries.

I. BACKGROUND

Small industry has always been an important feature of the economic life of the Latin American region. With the growth of industry, in general small industry has also acquired greater economic importance. Even though full statistics of the role of small industry in the Latin American countries are not available, all studies that have been made in the various countries have shown that to a varying degree this sector of the economy plays a most significant role. According to such industrial statistics as are available for the year 1960, throughout the whole of the Latin American region, more than one and one-half million people were engaged in work that could be classified as small-scale industry. The added value of the product produced by these enterprises was estimated to be worth 3,300 million dollars which in that year represented 16 per cent of those engaged in industrial activities and an equivalent portion of the production of manufacturing industry in the region.

However, the special historic conditions of Latin America have produced distinct factors that have influenced the development of all sectors of the economy including small industry. These special features include political and social instability, a chronic scarcity of capital, a slow economic growth, and an economic environment in which large sections of the population are outside the consuming market and where in many parts of the continent artisans and craftsmen still provide the requirements of life with the most rudimentary techniques.

It is not surprising that against this background the development of the small industrial sector encounters special difficulties. Some of the factors mentioned such as a capital scarcity poses particular problems for the small entrepreneur who even in more advanced countries is virtually outside the capital market and has only marginal access to the banking system. He is confronted by special problems - which the larger entrepreneur has more means to solve himself - in marketing his products, in ensuring an adequate supply of cheap raw materials and in most cases the small industrialist is forced to work in an irregular pattern using outmoded techniques and with a low utilisation of whatever equipment he has at his disposal.

On the otherhand although the small entrepreneur is severely handicapped through a lack of knowledge of modern technology and ignorance of more efficient management techniques, certain advantages enable him to compete successfully for

his place in the economic life of the country. These advantages include a much greater flexibility in production patterns, low overheads, closer relations both with his workers and his customers that make him able to adjust his operations as the need arises.

It is generally recognized, therefore, that small industry has an important role to play in Latin America as in other parts of the world. Where capital is scarce the small factory offers an attraction to planners as being able to provide places of employment for displaced rural or urban craftsmen at a much lower capital-labour ratio than is the case with large, more mechanized industry. Because of its lower usage of machines it can better utilize the crafts and skills that artisans have acquired over long periods and which represent some of the intangible assets that many artisans of the region have. Furthermore, with the low purchasing power of the masses and the fact that such large sections of the population really lie outside the consumer market as such, small industry offers the advantage of being able to supply goods and services on a smaller scale in keeping with the demands and needs of the economy.

In several of the Latin American countries the population concentration in the capital city creates a most unbalanced geographic distribution of industry bringing in its wake also an abnormal and unhealthy difference in the level of the standard of living between the metropolitan areas and the rural districts. To planners, conscious of the dangerous social and political aspects of this widening gap between the large urban centres and the more backward provincial areas, the development of small industry offers a way out. With the inadequate infrastructure of many provincial and rural regions with respect to roads, water, power supplies, etc., only a small industrial undertaking can really function with reasonable prospects of success.

For all these reasons the Latin American Governments are concerned to promote the development of small-scale enterprises and to assist those that are operating to function more efficiently. Some of them have established economic advisory services to prepare feasibility studies for new industries, credit programmes for aiding the small entrepreneur to overcome their financial problems and technical assistance or extension services to raise the productivity of those enterprises that are functioning.

These different organisations throughout Latin America take on varying forms in the different countries. However, many of these organisations have achieved only a limited measure of success.

In Chile where the programme of assistance to small industries is the most advanced in the continent, the Servicio de Cooperación Económica provides a wide network of forms of aid covering credit facilities, economic advice, technical extension and training programmes. However, in other countries the programmes have generally been limited to specific forms of aid. In Ecuador, for instance, technical assistance is provided through Cendes (Centro de Asesorías). In Venezuela financial help is forthcoming through a special commission but generally unco-ordinated with the limited technical assistance programme through IPRC (Centro de Productividad). Elsewhere in the region, Argentina has developed CINE - a technical extension service still in its early stages - and in Peru and Uruguay some credit programmes for small industry have been in operation through industrial banks. Colombia too has had some success with programmes of supervised credit for small entrepreneurs.

Apart from the above countries where some progress has been made, other countries, - such as Paraguay and Bolivia, - in the region have not yet developed any real organised forms of assistance to small industries. Throughout the continent - with the possible exception of Chile - no real co-ordination existed between firms of all. In several countries no real extension service or technical and managerial advice is at the disposal of the small entrepreneur. In very few places throughout Latin America have industrial estates been planned and operated in a manner to serve as instruments in the development and successful operation of small and medium factories. Throughout the whole region all programmes of assistance suffer for lack of adequate human resources to carry through the programmes. With few exceptions, there is a dearth of the type of persons who have the background, experience and competence within the small industry field to man and operate services of this nature.

The Governments of these Latin American countries recognize that in order to provide the comprehensive and efficient services needed to lead to a more effective development of small-scale industry, an effort is needed to seek co-ordinated solutions applicable to all the countries.

In particular, the UN Seminar of Small-scale Industry for Latin America held at Quito, Ecuador in November-December 1966, recommended that a Centre be set up to deal with the problems of small-scale industry in the region and to assist in co-ordinating the programmes of the various countries related to the subject. Later at a meeting of the economically relatively less developed countries on the continent organized by the Economic Commission for Latin America in Guatemala in

October 1967, it was confirmed that such a centre should be established along the lines suggested in the Quito Seminar and that it should have its location in Quito, Ecuador and that it should co-operate closely with the Central American Research Institute for Industry (ICAIPI).

According to the proposals made at the Quito meeting, the Centre would help ICAIPI to serve the Central American and Caribbean countries.

II. THE PROJECT

It is proposed that the Centre should have five major interrelated functions:

1. Economic and social research
2. Dissemination of information
3. Technical co-operation
4. Training
5. Co-ordination

1. Economic and Social Research

The Centre would undertake research on the scope for development of small-scale industry in the countries of the region. The surveys would be carried out by specialist-staff of the Centre who would concern themselves with surveys to identify prospects for the development of small-scale industries in specific sub-regions and countries on the continent. Detailed pre-investment and feasibility studies would follow to determine which of the projects offer the best prospects and to determine also a programme for locating industrial estates throughout the countries of the region. The international expert staff would initiate the surveys and pre-investment studies, but would work closely with national personnel from the countries of the region as their counterparts who would be expected to continue this work later on.

In the first stages the economic and social research would be devoted to analysing small-scale industry as it exists in the countries of the region. Further aims of the studies would also be to define the instruments of economic policy suited to the different circumstances in each country.

In view of the important movements towards integration in Latin America, an important feature of the research to be undertaken would concern itself with the implications that such forms of economic integration whether as a common market, free-trade area or sub-regional group would have for small-scale industry.

2. Dissemination of Information

The Centre would concern itself with the dissemination of information on economic, technical, legal and other aspects of small-scale industry development through the medium of bulletins, newsletters or special publications.

The Centre would also operate a technical information service on a question and answer basis to encourage the exchange of experience between organizations working in the field in the region and also between Latin America and other areas of the world. In addition the information programme would involve the holding of seminars and meetings on specific programmes of small-scale industry such as financing, technical assistance services, marketing, taxation problems etc.

3. Technical Co-operation

One of the main roles of the Centre would be to provide, upon request from Governments of the region, advisory services on programmes in the field of small-scale industry. These fields would include:

- Stimulation of entrepreneurship and assistance to prospective entrepreneurs at the pre-investment stage.
- Financing of small-scale industry, including systems of supervised credit such as hire-purchase for the procurement of machinery, insurance and guarantee schemes etc.
- Fiscal and tariff incentives for small-scale industries.
- Organization of extension services for technical, managerial and marketing assistance.
- Planning, construction and operation of industrial estates and common service facilities.
- Organization and operation of training facilities for managers, foremen and workers.
- Development of subcontracting relationships between small and large industries.
- Government procurement schemes, concessions on freight and utility rates,

preferential allocation of scarce raw material etc.

- Export promotion of small industry products.

The Centre would also provide experts to assist countries of the region in organising facilities for helping small-scale industry such as the development of industrial extension services, or other centres or institutions of a public or semi-public nature. It would also help in advising industrial development corporations and banks, technical research institutes, training or productivity centres or authorities concerned with industrial estates on the manner in which they could develop projects of assistance for small industries.

4. Training

Vocational training in the form of skill formation, supervisory training and management courses for small plant managers would fall outside the scope of the activities of the Centre. These would continue to be carried out on a national level. The training to be undertaken by the Centre would be for personnel engaged in a public capacity in programmes of promotion and assistance for small industries. In addition, the Centre would embark on a programme of training of a more basic and prolonged nature for extension officers for small industry.

There would be a programme of training at the Centre itself for senior public officials on such subjects as industrial development and planning, with special reference to small industry, fiscal and tax incentives for small industries, the promotion and operation of industrial estates, programmes of financial and technical assistance, projects for co-operation between small and larger industries, marketing and export promotion, organisation of management education applicable to the small entrepreneur etc. In the case of the training of extension officers, the courses would cover the same material but in a more comprehensive and basic fashion and in addition deal with the special problems of extension work and counselling and a wider coverage of the management aspects of small-scale industry. In the training programme for extension officers practical projects under guidance would form an integral part of the curriculum.

The training programme would be carried out both at the location of the Centre at Quito, and also further programmes of training will be developed in the different countries of the region if possible on a sub-regional basis involving groups of neighbouring countries. Taking into account the facilities already developed for different countries in Latin America in the field, the training programme would make full use of the existing institutes, workshops, research centres, laboratories,

and industrial estates as instruments for demonstration and on-the-job training.

Due consideration would also be given for the development of in-plant training exercises within the extension officers training programmes within Ecuador and possibly neighbouring countries where feasible.

5. Co-ordination

In this aspect the Centre would act as a focal point for channeling contacts between the different countries of the region and those outside it to ensure the most effective use of the available resources, information and experience. The Centre would also co-ordinate the collection and dissemination of statistical data related to small-scale industry. The media of publications, regional meetings, organisation of exchange missions and seminars would be utilised by the Centre with the aim of securing greater co-ordination.

Structure of the Centre

To fulfill all the various functions outlined above, which are considered important for the development of small industry in the Latin American region, it is proposed to establish the Centre with a suitable organisational structure to carry out this role. The Centre would, therefore, have four operating sections - that of Training, Economic Investigations, Technical Co-operation, and Information. (A proposed organisation chart is given in Annex I.)

The first of these sections would be responsible for all the training programmes to be carried out by the Centre which would include, as outlined above, programmes for public officials from the various countries and also courses for extension personnel. The Training Section would also prepare training material for national programmes in the small industry field and assist the carrying out of training activities on a national or sub-regional level.

The second section would be the Economic Investigation Section which would carry out the programme of economic research mentioned previously. While undertaking a continuous programme of economic study related to small industry and the preparation of adequate statistics on the subject, the personnel of this section would also carry out more direct feasibility and pre-investment studies related to specific plant projects and areas within countries and in some cases related to specific industrial sectors.

The Technical Co-operation Section of the Centre would co-ordinate all the activities related to technical assistance within the region. This Section would

follow the lines of assistance mentioned above and be the operative group for expediting and controlling the programmes. Within the Section there would be both expert and regional counterpart personnel specialised in the development of extension services, in industrial estates, in marketing and in credit programmes. These would be the main fields of assistance together with advice on economic matters such as fiscal and tariff incentives, the stimulation of entrepreneurship, pre-investment analysis, etc., which would be carried out by the Economic Investigation staff co-ordinated by the Technical Co-operation Section. Finally, assistance given on the development of training programmes would be carried out by the Training Section again co-ordinated by the Technical Co-operation Section. All the personnel of the different Sections would be utilised in the training programmes according to their specialised field.

It is proposed that in the first period of operation of the Centre, the staff would not include specialists in distinct technological fields either in the expert staff or in the counterpart personnel. Most of the countries of the region have technological advisers through various technical assistance schemes and these would be utilised to the full on the solution of problems requiring technological expertise. The staff of the Centre would, however, assist countries in identifying those sectors in which technical advice and technical know-how are needed and to frame requests on a national basis for such technical advice through programmes of technical assistance.

Furthermore, it is proposed that a certain number of man-months, 48 in all, be allocated by UNDP (Special Fund) for short-term consultants. Within this allocation it will be possible as the need arises to bring over personnel able to advise specifically on the technological problems of a special sector. In addition, in the counterpart contribution it is envisaged that a certain sum would be available to make possible the hiring of consultant services within the region both for training programmes and for solving special technical problems.

The fourth and last Section - the Information Section - would assist in disseminating technical information and in channelling problems of a technological nature to suitable centres within the region, to ICAITI, ECLA, UNIDO or to other organisations and centres inside and outside Latin America as necessary.

The Information Section would also:

a) regularly distribute throughout the region publications, studies and all material which it is felt could be of value to the development of programmes in the small industry field;

- b) issue newsletters and other publications of an informative and instructional nature related to small-scale industry and the activities of the Centre;
- c) operate a question and answer service related to technological, managerial and commercial queries from countries of the region;
- d) prepare and distribute digests - in Spanish for Latin America - in close relation to other bodies in other parts of the world on material of special interest to small entrepreneurs.

Participation in Centre

As has been stated, the Centre will act as a regional Centre open to all countries within the Latin American region with respect to programmes of promotion and aid for small industries. It is proposed that it be called "Centro Latinoamericano Para Pequena Industria", in short, CELAPI. Although it is envisaged that the project would be executed by UNIDO, close co-operation with ECLA and ILO would be maintained throughout. In certain of its activities the Centre would also seek the co-operation of other bodies involved in the region such as the Inter-American Development Bank (Banco Interamericano de Desarrollo - BID) and the Organisation of American States (OAS).

As it has been decided that the Central American Research Institute for Industry (ICAIFI) would serve the countries of the Central American region, these countries would not be participants in CELAPI. The countries so excluded would be Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Although Panama is not at the present a participant of the Central American Economic Integration programme, negotiations are being held for it to join in the near future and it is therefore proposed that ICAIFI should in the course of time include Panama into the sphere of its activities.

A close working relationship would be established from the outset between CELAPI working with the Latin American countries south of the Isthmus of Panama and Mexico, and ICAIFI serving the central sub-region.

CELAPI would, therefore, have as its objectives the inclusion of the following countries as participants: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Venezuela, Uruguay. At a later stage consideration could be given to the extension of the activities of the Centre to include Guyana and Trinidad and Tobago and other Caribbean countries either directly or through ICAIFI.

As has been stated above, the Centre would be located in Quito, Ecuador.

Governing Board

The operations of the Centre would be managed by a director under the policy guidance of a governing board set up with representatives from each of the participating countries. The board would meet at least once a year to approve the budget and programme of activities and to receive a report from the director of the Centre. The director would be appointed in the first instance by the board for a three-year period. The board would also be required to approve the appointment of a deputy director. Due account would be taken of the regional character of the Centre in the appointments of the director, deputy director and the chiefs of sections.

To facilitate the efficient operation of the board, a secretariat of three would be appointed by the board for periods of two years to meet more regularly with the director to expedite decisions related to major regional projects.

In addition, to the representatives of the countries, the UN project manager would be a *ex officio* member of the board for a five-year period over the duration of the project and would represent the executing agency. This would be expected to be UNIDO, with ILO as a participating agency. In addition, the board would include a representative from the Economic Commission of Latin America and from ILO. Consideration could also be given to include the ECLA - and possibly ILO - representative on the secretariat of the board.

Team of International Experts

The team of expert advisers would be recruited from persons of outstanding experience in the small industry field without consideration to country of origin. Recruitment for expert posts will also be made from within the region provided the experts appointed have sufficient experience and competence in relation to the level of the counterpart staff.

The expert team would consist of specialists in the following fields related to small-scale industry: -

- development and operation of extension services;
- promotion, planning and supervision of credit and loan schemes;
- marketing of products;
- planning, establishment and management of industrial estates;
- training schemes for entrepreneurs and managers;
- information service;
- pre-investment and feasibility studies.

Each expert would be expected to guide and train at least one suitably selected regional counterpart but would also advise and assist those working in each participating country in his field within the national programmes of aid for small industry.

Regional Counterpart Staff

The professional members of the regional counterpart staff would be recruited from all the participating countries paying due regard to the regional character of the Centre. The posts preferably will be filled by persons who have been working in the field and have acquired some experience in the specialities concerned. In determining the scale of salaries for the regional counterpart staff for professional, secretarial and administrative positions, a scale would be determined based on the best prevailing rates in Ecuador - with consideration for salary rates in other participating countries - and of a character to make it possible to fill the posts with the competent staff needed to execute the project successfully. A special allowance would be paid to staff recruited from outside Ecuador to take into account the extra costs incurred by these persons in working away from their home country. Professional appointments would be made in the first instance on two-year contracts. A special contract would be entered into with those who benefit from fellowships of the project to ensure that they continue work for an adequate period after returning from the fellowships to be able to give the benefit of their fellowship to the Centre. Participating governments would be asked to co-operate both in releasing adequate competent personnel for the functioning of the Centre and also to ensure sufficient periods of service at the Centre to guarantee its efficient operation.

The secretarial and administrative staff would be recruited both from Ecuador and also from other countries of the region where this is feasible.

ANNEX I

PROPOSED ORGANISATION FOR CENTRE

.....
: International Expert Adviser:
: Acting as Co-director
: (Chief of Project
:

Director of Centre

Administration and Personnel

Deputy Director

Economic Investigations

Training Programmes

Technical Co-operation

Staff
Chief of Section
+ 3 Economists
+ Expert Industrial Economist

Staff
Chief of Training Programme
3 Training Officers
+ 1 Expert

Staff
Chief of Technical Co-operation
1 Extension Services Officer
+ 1 Expert
1 Credit Programmes Officer
+ 1 Expert
1 Marketing Specialist for Small Industry
+ 1 Expert
1 Industrial Estate Officer
+ 1 Expert

Activities
Economic surveys on small industry, statistical information and pre-investment studies, feasibility studies, surveys in regional integration

Activities
Preparation and implementation of training programmes for public officials, extension officers, regional and national seminars. Also advisory services for national training programmes.

Information

Activities
Handling of requests for technical assistance in fields of small-scale industry promotion and assistance.

Staff
Chief of Section
Information Officer
2 Assistants

Activities
Technical information services, question and answer services, publications, library.

UNDP (SPECIAL FUND) CONTRIBUTION

Projection for Project

	<u>Man-</u> <u>months</u>
<u>Expert Services</u>	
1. Project Manager	60
2. Adviser on Training Programmes	36
3. Extension Services Adviser	36
4. Adviser on Credit Programmes	24
5. Marketing Expert	36
6. Industrial Estates Expert	36
7. Technical Information Adviser	36
8. Industrial Economist	48
	<u>312</u>
9. Short-term Consultants	<u>48</u>
Total	360

ANNEX II (cont.)

TABLE OF EXPERTS

	<u>Total</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>Fourth Year</u>	<u>Fifth Year</u>
		(Man-months)				
Project Manager	60	12	12	12	12	12
Training Adviser	36	6	12	12	6	-
Extension Services	36	6	12	12	6	-
Credit Programmes	24	-	12	12	-	-
Marketing Expert	36	-	12	12	12	-
Industrial Estates	36	6	12	12	6	-
Technical Information	36	6	12	12	6	-
Industrial Economist	48	6	12	12	12	6
Short-term Consultants	48	-	12	12	12	12
	<u>360</u>	<u>42</u>	<u>108</u>	<u>108</u>	<u>72</u>	<u>30</u>

ANNEX II (cont.)

EXPERT COSTS

Expert	Annual Salary	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Total
(in US dollars)							
Project Manager	25,000	25,000	25,000	25,000	25,000	25,000	125,000
Training Adviser	24,000	12,000	24,000	24,000	12,000	-	72,000
Extension Adviser	24,000	12,000	24,000	24,000	12,000	-	72,000
Credit Programme Adviser	24,000	-	24,000	24,000	-	-	48,000
Marketing Expert	24,000	-	24,000	24,000	24,000	-	72,000
Industrial Estates	24,000	12,000	24,000	24,000	12,000	-	72,000
Technical Information	24,000	12,000	24,000	24,000	12,000	-	72,000
Industrial Economist	24,000	12,000	24,000	24,000	24,000	12,000	96,000
Short-term Consultants	25,000	-	25,000	25,000	25,000	25,000	100,000
Total US\$	-	85,000	218,000	218,000	146,000	62,000	729,500

ANNEX II (cont.)

Fellowships

The UNDP will provide a number of fellowships to enable senior staff members to study fields of their specialisation outside the region. The fields, duration and cost of fellowships proposed are given in the following table:

<u>Fellowship Holder</u>	Total Duration				Total Cost			<u>Total Cost</u>
	<u>Months</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	
	(man-months)				(in U.S. dollars)			
Director	3	3	-	-	2,000	-	-	2,000
Deputy Director	3	3	-	-	2,000	-	-	2,000
Training Section Chief	4	4	-	-	2,400	-	-	2,400
Training Officers (2)	12	-	6	6	-	3,000	3,000	6,000
Technical Co-operation Chief	4	4	-	-	2,400	-	-	2,400
Extension Services Officer	6	6	-	-	3,000	-	-	3,000
Industrial Estates Officer	6	6	-	-	3,000	-	-	3,000
Marketing Officer	6	-	6	-	-	3,000	-	3,000
Credit Programmes Officer	6	-	6	-	-	3,000	-	3,000
Chief Economist	6	6	-	-	3,000	-	-	3,000
Industrial Economists (2)	12	-	6	6	-	3,000	3,000	6,000
Information Section Chief	4	-	4	-	-	2,400	-	2,400
Technical Information Officer	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total	78	32	28	18	17,800	14,400	9,000	41,200

Annex II (cont.)

Equipment

To facilitate the efficient operation of the Centre it is proposed that the UNF allocate a sum for supplying the Centre with items of equipment needed. The list would be as follows:

1. Audio-visual Equipment (for training programs)

(US Dollars)	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Total Cost
Flm Projector						
Slide Projector						
Overhead Projector						
Tape Recorder						
Teaching Aids						
Camera						
Film						
Total US\$	10,000	5,000				15,000

2. Office, Drafting and Documentation Equipment

Photocopier						
Mailbox						
Office Dictaphone (2)						
Drafting Equipment						
Typewriters (4 electric)						
Addressograph						
Total US\$	8,000					8,000

3. <u>Books and Publications</u>	5,000	2,000	1,000	1,000	1,000	10,000
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4. <u>Utilities (2)</u>	6,000					6,000
Total US\$	<u>29,000</u>	<u>7,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>39,000</u>

ANNEX II (cont.)

Miscellaneous

Since this is a regional Centre, a larger sum than is usual should be made available under this figure to cover the following items: -

- Secretarial services (1 bi-lingual secretary for Project Manager and team of experts).
- Translation services (for experts, consultants, publications etc.).
- Travel of international experts within Latin America.

It is proposed that a figure for miscellaneous be allocated to cover the above as follows:

	<u>First</u> <u>Year</u>	<u>Second</u> <u>Year</u>	<u>Third</u> <u>Year</u>	<u>Fourth</u> <u>Year</u>	<u>Fifth</u> <u>Year</u>	<u>Total</u>
			(in US dollars)			
Secretary (bi-lingual)	3,000	3,000	3,000	3,000	3,000	15,000
Translation Services	3,000	4,000	4,000	4,000	4,000	19,000
Travel International Experts Within Region	2,000	5,000	5,000	5,000	5,000	22,000
Sundry Expenses	1,000	1,000	1,000	1,000	1,000	5,000
Total US\$	<u>9,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>61,000</u>

II (cont.)

Total Cost of UNDP (Special Fund) Assistance

The total cost in US dollars to be borne by UNDP (SF) is summarized below:

(U.S. dollars)

	<u>First</u> <u>Year</u>	<u>Second</u> <u>Year</u>	<u>Third</u> <u>Year</u>	<u>Fourth</u> <u>Year</u>	<u>Fifth</u> <u>Year</u>	<u>Total</u>
1. International Reports	85,000	218,000	218,000	146,000	62,000	729,000
2. Fellowships	-	17,800	14,400	9,000	-	41,200
3. Equipment	29,000	7,000	1,000	1,000	1,000	39,000
4. Miscellaneous	9,000	13,000	13,000	13,000	13,000	61,000
Total US\$	<u>123,000</u>	<u>255,800</u>	<u>246,400</u>	<u>169,000</u>	<u>76,000</u>	<u>870,200</u>

ANNEX III

GOVERNMENTS' COUNTERPART CONTRIBUTION

Senior Counterpart Staff of Centre

The participating governments would contribute staff as regional counterparts to the international team of experts. A suggested organisation chart for the Centre is given in Annex I.

The senior counterpart staff would include the following:

1. Director
2. Deputy Director
3. Chief of Training Programmes
4. Chief of Technical Co-operation
5. Chief of Information Section
6. Chief of Economic Investigations
7. Chief of Administration and Personnel

A proposal for the complete staffing of the Centre is given in Annex III, Page 27.

GOVERNMENTS' COUNTERPART CONTRIBUTION

Operating Costs of Centre

The following items of operating expenses of the Centre will be borne by counterpart contributions from participating countries to be included in the budget of the Centre:

- Salaries of professional and administrative staff.
- Fringe benefits for all counterpart staff.
- All secretarial services (other than project secretary).
- Office supplies.
- Postage, telephones, cables etc.
- Travel expenses of regional counterpart staff including travel costs to regional seminars and courses.
- Maintenance costs for vehicles

Physical Facilities

The government of the host-country of the Centre (Ecuador) will undertake to provide free of cost adequate premises for the functioning of the Centre. The physical facilities to be provided should include:

- Adequate offices for UN and regional counterpart staff - approximately 600 square metres.
- Classroom facilities for seminars and courses - approximately 100 square metres.
- Office furniture and maintenance.

Total area of accommodation needed - 700 square metres.

In addition, adequate parking space and garage facilities for vehicles of the Centre would be made available.

National Costs

Apart from counterpart contributions made for the operating costs of the Centre, each participating country will be expected to cover the local costs within their country appertaining to:

- All local costs of national seminars and courses held within each country.
- Per diem and travel costs within country of expert or regional staff carrying out missions of technical assistance as requested by the under country concerned.

ANNEX III (cont.)

Participating countries would be expected to contribute to the travel costs of nationals of their countries taking part in courses or seminars at the Centre.

DETAILS OF COUNTERPART STAFF

<u>Professional</u>	<u>Secretarial</u>	<u>Administrative</u>
Director Deputy Director	Secretary to Director Secretary to Deputy Director	Administrative Assistant
<u>Training Section</u>		
Chief of Section 3 Training Officers (Engineers/Economists/ Training Personnel)	2 Secretaries (1 bi-lingual)	Administrative Assistant Graphic Draftsman
<u>Technical Co-operation Section</u>		
Chief of Section Extension Services Adviser Credit Programme Adviser Marketing Specialist Adviser Industrial Estates	2 Secretaries	2 Administrative Assistants
<u>Economic Investigation Section</u>		
Chief of Section 3 Economists	2 Secretaries	2 Assistants for Statistical work
<u>Information Section</u>		
Chief of Section Information Officer Librarian Publication Officer	2 Secretaries (2 bi-lingual)	2 Administrative Assistants 1 Library Assistant
<u>Administrative Personnel</u>		
Chief of Section Financial Officer	2 Secretaries	2 Administrative Assistants 2 Drivers 2 Messengers
TOTAL	21	12
Professional Staff	Secretaries	Administrative
International Expert Staff - 8		
Local Regional Staff - 48		

TABLE FOR COUNTERPARTS

	<u>Total</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>Fourth Year</u>	<u>Fifth Year</u>
		(Man-months)				
Director	60	12	12	12	12	12
Deputy Director	54	6	12	12	12	12
Chief of Training	57	9	12	12	12	12
Training Officers (3)	138	6	24	36	36	36
Chief, Technical Co-operation	60	12	12	12	12	12
Advisers:						
Extension Services	54	6	12	12	12	12
Credit Programmes	54	6	12	12	12	12
Marketing	54	6	12	12	12	12
Industrial Estates	54	6	12	12	12	12
Chief, Economic Investigations	54	6	12	12	12	12
Economists (3)	132	-	24	36	36	36
Chief, Information Section	60	12	12	12	12	12
Information Officers/ Librarian/Publications	162	18	36	36	36	36
Chief of Administration	54	6	12	12	12	12
Financial Officer	60	12	12	12	12	12
Total	1,107	123	228	252	252	252

Cost of Counterpart Staff (in Rwandan Francs)

Professional Staff

Post	Annual Salary	First Year					Total
		Year	Second Year	Third Year	Fourth Year	Fifth Year	
Director	200,000	200,000	200,000	200,000	200,000	200,000	1,000,000
Deputy Director	180,000	90,000	180,000	180,000	180,000	180,000	810,000
Chief, Training Section	180,000	135,000	180,000	180,000	180,000	180,000	825,000
Training Officers (3)	120,000	60,000	240,000	360,000	360,000	360,000	1,380,000
Chief, Technical Co-operation	180,000	180,000	180,000	180,000	180,000	180,000	900,000
Advisers:							
Extension Services	150,000	75,000	150,000	150,000	150,000	150,000	675,000
Credit Programmes	150,000	75,000	150,000	150,000	150,000	150,000	675,000
Marketing	150,000	75,000	150,000	150,000	150,000	150,000	675,000
Industrial Estates	150,000	75,000	150,000	150,000	150,000	150,000	675,000
Chief, Economic Investigations	180,000	90,000	180,000	180,000	180,000	180,000	810,000
Economists (3)	120,000	-	240,000	360,000	360,000	360,000	1,320,000
Chief, Information Section	180,000	180,000	180,000	180,000	180,000	180,000	900,000
Information Officers (2)	180,000	120,000	240,000	240,000	240,000	240,000	1,080,000
Librarian	100,000	50,000	100,000	100,000	100,000	100,000	490,000
Chief of Administration	150,000	75,000	150,000	150,000	150,000	150,000	675,000
Financial Officer	100,000	100,000	100,000	100,000	100,000	100,000	500,000
Total in Francs	-	1,580,000	2,770,000	3,010,000	3,010,000	3,010,000	13,380,000

Equivalent in US Dollars (approximated at a rate of \$U 22,40 = US\$ 1.00)

(76,400) (125,800) (134,300) (134,300) (134,300) (601,000)

Cost of Counterpart Staff (continued)

<u>Administrative Staff</u>		<u>Annual Salary</u>		<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fifth</u>	<u>Total</u>
<u>Post</u>	<u>Secretaries</u>			<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	
<u>Senior Secretaries</u> (bi-lingual) (4)		60,000	90,000	180,000	240,000	240,000	240,000	240,000	990,000
<u>Junior Secretaries (8)</u>		48,000	96,000	192,000	384,000	384,000	384,000	384,000	1,440,000
<u>Administrative Assistants</u>									
<u>Senior (6)</u>		100,000	200,000	400,000	600,000	600,000	600,000	600,000	2,400,000
<u>Junior (5)</u>		60,000	180,000	240,000	300,000	300,000	300,000	300,000	1,320,000
<u>Draftsmen</u>		100,000	50,000	100,000	100,000	100,000	100,000	100,000	450,000
<u>Drivers (2)</u>		30,000	30,000	60,000	60,000	60,000	60,000	60,000	270,000
<u>Messengers (2)</u>		15,000	30,000	30,000	30,000	30,000	30,000	30,000	150,000
<u>Total</u>		-	676,000	1,202,000	1,714,000	1,714,000	1,714,000	1,714,000	7,020,000
<u>Equivalent in US Dollars</u> (approximated at a rate of SJJ 22.40 = US\$ 1.00)			(30,500)	(53,700)	(75,000)	(75,000)	(75,000)	(75,000)	(309,200)
<u>Total \$ Costs of Counter-</u> <u>part salaries</u>			106,900	179,500	209,300	209,300	209,300	209,300	914,300
<u>Social Benefits for Staff</u> (9.5% plus 13th month)			15,000	35,000	40,000	40,000	40,000	40,000	170,000
<u>Total Cost of Staff</u> (US Dollars)			121,900	214,500	249,300	249,300	249,300	249,300	1,084,300

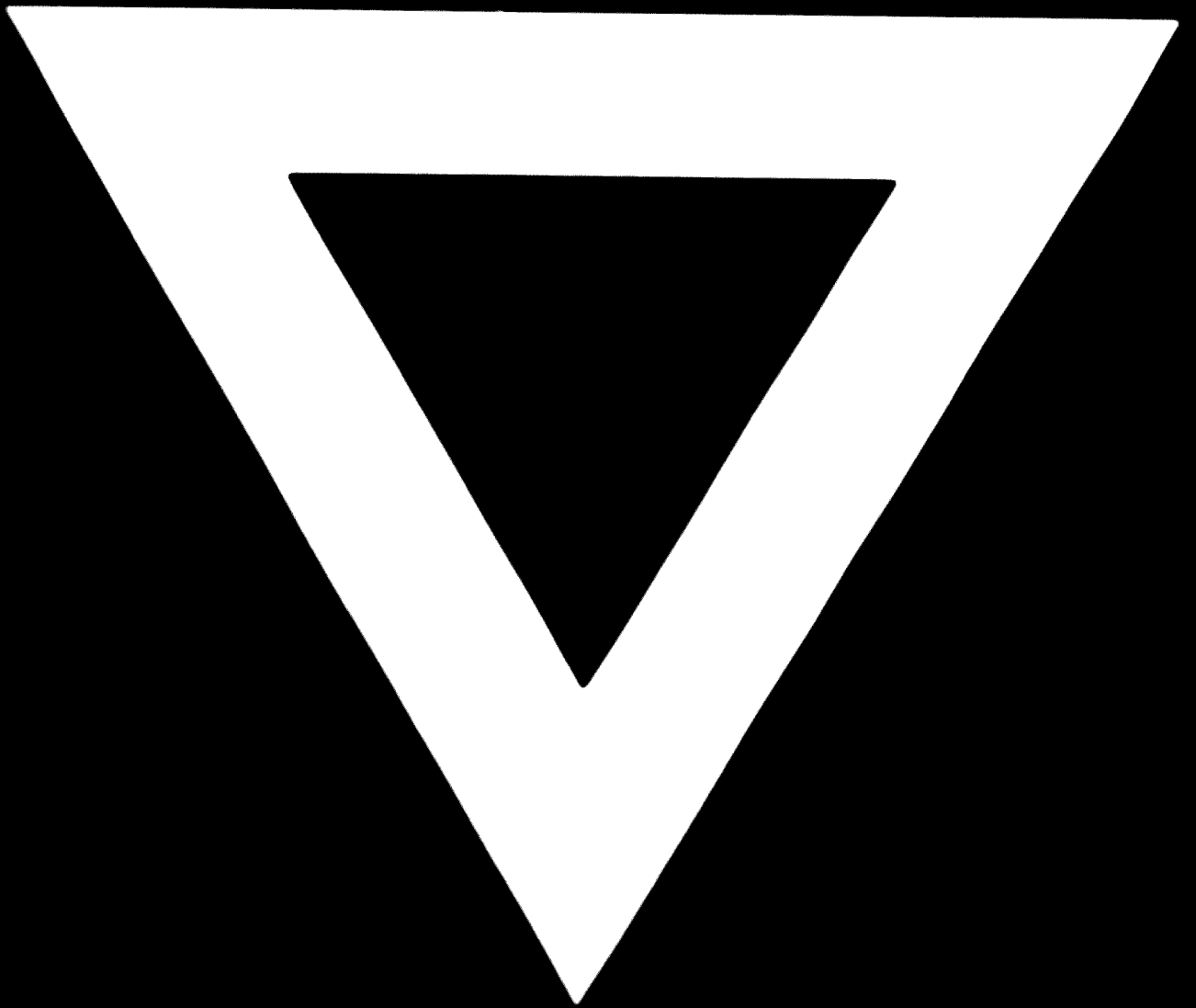
ANNEX III (cont.)

Costs of Administration

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>Fourth Year</u>	<u>Fifth Year</u>	<u>Total</u>
<u>Investments and Special Contributions (by Govern- ment of Ecuador)</u>						
Land and Building for 700 Square Metres of Administrative Offices etc.	1,200,000					1,200,000
Rental of Temporary Accommodation, 1st Year	120,000					120,000
Maintenance and Improvement Costs		54,000	54,000	54,000	54,000	216,000
Office Equipment and Furniture	250,000	150,000	50,000	50,000	50,000	550,000
Total	1,570,000	204,000	104,000	104,000	104,000	2,086,000
(US Dollar Equiva- lent, approximated)	(70,020)	(9,030)	(4,650)	(4,650)	(4,650)	(93,000)
<u>Operating Costs of Centre (Ecuador)</u>						
Office Supplies	30,000	60,000	60,000	60,000	60,000	290,000
Postal, Telephone, Lighting, etc.	30,000	60,000	60,000	60,000	60,000	290,000
Vehicle Maintenance	30,000	60,000	60,000	60,000	60,000	270,000
Travel and Per Diem for Regional Staff	60,000	80,000	100,000	100,000	100,000	440,000
Miscellaneous	30,000	40,000	40,000	40,000	40,000	190,000
Total	220,000	300,000	320,000	320,000	320,000	1,480,000
(US Dollar Equivalent)	(9,800)	(13,400)	(14,300)	(14,300)	(14,300)	(66,100)
<u>Other Costs in US Dollars</u>						
Short-term Consultants	5,000	10,000	12,000	12,000	10,000	49,000
1% of Report Costs	12,750	22,695	32,695	24,505	9,225	112,870
Total	17,750	42,695	44,695	36,505	19,225	161,870

Summary of Counterpart Contribution (in US Dollars)

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>Fourth Year</u>	<u>Fifth Year</u>	<u>Total</u>
Staff Costs	121,900	214,500	249,300	249,300	249,300	1,084,300
Operating Costs	9,800	13,400	14,300	14,300	14,300	66,100
Short-term Consultants	5,000	10,000	12,000	12,000	10,000	49,000
15% of Expert Costs	12,750	32,695	32,695	24,505	9,225	112,870
Total US\$	149,450	270,595	308,295	300,105	283,825	1,311,270
<u>Contribution by Government of Ecuador</u>	<u>70,020</u>	<u>9,030</u>	<u>4,650</u>	<u>4,650</u>	<u>4,650</u>	<u>93,000</u>
Total Counterpart Contribution US\$	219,470	279,625	312,945	304,755	288,475	1,404,270



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