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UNDP/UNIDO AGENCY REVIEW MEETING

(Vienna, 1-2 June 1970)

MINUTES OF THE MEETING
HELD ON MONDAY, 1 JUNE 1970, AT 3.10 p.m.

DISCUSSION OF PROJECTS - AFRICA

Mission to the Ghana Industrial Holding Corporation (GHA-28)

Mr. Harland (UNDP) pointed out that, according to the latest information, the Ghanaian Government had requested withdrawal of all project staff and the Ghana Holding Corporation was asking for a subcontracting arrangement. The question was whether the project should be continued and, if so, in what form.

Mr. Quijano-Caballero (UNIDO) said that the project in question had originally been established under SIS to help bring some enterprises up to productive level and solve problems in factories of the Ghana Industrial Holding Corporation. Difficulties had arisen owing to an excessively rigid approach and failure to contemplate contingencies. In their recent mission to Ghana, he and his colleagues had found a new approach necessary. Subcontracting could provide the answer to some short and long-term situations which could be handled by consultants, while many day-to-day problems in such spheres as management might be handled by experts with business management experience. In addition, the training aspect must be dealt with. The provision of six fellowships was inadequate, for comprehensive training and upgrading extending over a long period were required. Training programmes would have to be tailored to specific needs. Such programmes might be financed under the Special Fund or other existing arrangements or new funds might be made available for them. Continuing supervision would be necessary, at first, perhaps, on a three-monthly basis and later at longer intervals. He was convinced that the project could advance smoothly under the new arrangements.

The report that was of the nature in the immediate
copy of this report was not to be up to the paper
regarding the conditions, even though the best possible
copy was used for preparing the master film.

Mr. Paul-Marc Henry (UNDP) pointed out that there was serious reason to believe that the Ghanaian Government no longer wanted the project. When the first Project Manager was withdrawn, it was clear that there was already a major misunderstanding about the projects and role of the experts. The experts currently serving were no longer desired after expiry of their contracts. The Government now wants advisory services of the OPAS style in the field of operational management, at the individual plant level, rather than a team to assist the main Holding Company.

If the maintenance of a self-contained team of experts were decided on and targets fixed for their work in agreement with the Ghanaian Government, it was clear that subcontracting would be the only feasible approach. This approach would raise certain issues, such as who would choose the subcontractors. This is a fundamental issue. The Governing Council has asked the Administrator to subcontract projects, particularly in the industrial field. However, in the case of the assignment of individual experts at the plant level, that is, the OPAS approach, UNDP and UNIDO would have to accept the fact that they were acting as a recruiting agency to locate factory managers in a crisis situation for unviable plants. In such an event, this could be handled by a funds-in-trust arrangement.

However, the question arose as to the status - international or local - of the experts recruited, and the issue of the basic conditions on which the project could be continued would have to be settled.

When the project had been discussed, it had seemed promising, but the task of advising the Holding Company, which was neither entirely public nor entirely private, had proven extremely difficult. There are some 20 plants, all in the red and the Government has had to absorb heavy losses.

Although some bilateral assistance might be forthcoming, for example from the United Kingdom, of the OPAS type, he was not optimistic as to the prospects. Immediate decisions must be taken on the questions of terminating the experts' contracts, finding a reputable subcontractor and locating funds.

Mr. Quijano-Caballero (UNIDO) pointed out that an agreement between UNIDO and the Ghanaian Ministry of Industries had very recently been signed in the presence of the UNDP Resident Representative. UNIDO felt that the problems arising in project implementation, although complex, could be solved on the basis of that agreement.

Mr. Paul-Marc Henry (UNDP) suggested that a working party should meet separately to discuss the details of new developments regarding project CHA-28.

It was so decided.

Centre for Industrial Studies and Promotion (IVC-13)

Mr. Harland (UNDP) observed that the Ivory Coast Government had originally requested that implementation of project IVC-13 should be delayed for one year. However, the three-year period after which a report must be made to the Governing Council was coming to an end and the Plan of Operation had not yet been finalized. Furthermore, two candidates had been rejected by Government for the post of Project Manager. He asked for information regarding the appointment of a Project Manager and the status of the Plan of Operation.

Mr. Manack (UNIDO) said that the Plan of Operation was being signed that day in Abidjan and a Project Manager had been selected.

Centre for Industrial Studies for the Maghreb (REQ-72)

Mr. Harland (UNDP), noting that the meeting of ministers of the four countries concerned regarding the project had not taken place owing to the withdrawal of Libya, asked for information on the status of the project.

Mr. Maneck (UNIDO) said that the Project Manager had just reported on plans to convene a meeting of ministers of the three remaining French-speaking countries in Rabat on 20 July 1970. Libya was being invited to that meeting, and was expected to accept the invitation. Otherwise, the remaining countries were prepared to move the project's headquarters from Libya to Tunisia.

Pilot Plant for Industrialization and Pyrethrum Production, Nukiggo (RWA-3)

Mr. Harland (UNDP) asked what result had been obtained from the cable sent offering to help the Government of Rwanda finance site development work connected with project RWA-3.

Mr. Quijano-Caballero (UNIDO) observed that the difficulties which the Government of Rwanda had experienced in carrying out its counterpart activities had now been resolved. The project was well launched and would hopefully produce results in a short time. It was anticipated that the plant would be ready to start operating between June and September 1971.

Mr. Ragnard (UNIDO) pointed out that UNDP had offered assistance on the site work which had been causing difficulty, indicating the amount remaining in the contingency fund and offering to advance a certain amount of money. He asked whether the delay which had arisen could be overcome, whether a loan would be required and, if so, on what terms.

Mr. Quijano-Caballero (UNIDO) replied that the delay would be overcome, that \$70,000 was being made available for foundations, a road, etc., and that no loan would be necessary.

Mr. Eriksson (UNDP) said that the project in question was a typical case of failure to identify the specific inputs required and their timing of delivery. The difficulties encountered by the RWA-3 project could have been foreseen. In the past year, \$200,000 had been made available for such things as housing for experts, and site work requirements could easily have been investigated. It was essential to apply systems analysis to each project. Otherwise pilot projects such as this one would prove fruitless.

Fertilizer Use, Promotion, Demonstration and Production Scheme, Lome (TOG-12)

Mr. Harland (UNDP) said that promotion of the fertilizer market in Togo must be intensified before consideration could even be given to designing the fertilizer plant.

Mr. Maneck (UNIDO) pointed out that an FAO expert for fertilizer trials had been on the spot since November 1969 and that equipment was on its way. The Resident Representative was now requesting a second FAO expert. The substantive division was at present being consulted on that matter.

Mr. Paul-Marie Henry (UNDP) observed that the experience in a fertilizer promotion project in Ghana was relevant to project TOG-12. That project, which was based on a promotion campaign for the utilisation of fertilizer in a value of \$500,000, had come to a standstill, firstly, because FAO was continuing unnecessary experimentation with fertilizers and, secondly, because the Ghanaian Government was unable to absorb the amount of fertilizer being provided. Furthermore, the income derived from sale of the fertilizer was to be placed in a revolving fund which would be utilized in accordance with advice from FAO. Thus far, however, no adviser had been found and, in any case, since local funds were involved, the Government would have to pay 14 per cent as a fund-in-trust business. If the same situation was to arise in Togo, the project there would have to be terminated. A distribution network and a network of extension officers to supervise use were a necessity.

He asked for a realistic appraisal of the time which would elapse before the plant could begin to operate, so that this time could be utilized to orient FAO and the Government along the right lines.

Mr. Maneck (UNIDO) said that UNIDO had experienced difficulty in learning what action FAO was taking on recruitment of the expert now serving in Togo. A cable had now been sent to the Resident Representative there asking for information on expert's plan of action and timetable.

Mr. Paul-Marie Henry (UNDP) said that the expert's input should be related to the plant or fertilizer input. If advisable, some of the funds which were not being utilised in the fertilizer project in Ghana could be made available for project TOG-12.

Mr. Maneck (UNIDO) said that the deadline for evaluation of the results of the promotion campaign was December 1970, but that date did not appear realistic. With regard to the plant, the consultancy firm was preparing specifications, but that did not necessarily signify that the plant would actually be constructed. Eighteen months are needed for actual construction.

Mr. Verghese (UNIDO) said that the plant could be ready to start operating in the middle of 1972.

Mr. Paul-Marc Henry (UNDP) said that project implementation in Togo must be related to the work being carried out in Ghana. By 1972 or 1973, the two countries' markets could be expected to be unified and that would make the pilot plant more viable. It was, however, absolutely indispensable that a chain of distribution should be developed in the meantime. Some private firms are ready to establish such a chain of distribution, but that would lead to an undesirable degree of dependence on outside sources. While such dependence could not be avoided altogether, efforts can and should be made to place the Government in a better bargaining position.

Centre for the Development of Prototype Tools, Sousse (TUN-27)

Mr. Harland (UNDP) stated that, according to recent information, the Government had changed its views regarding the location of the project. It was to have been located to serve the Ateliers Mécaniques du Sahel, the State organization manufacturing equipment of various kinds. When the project came before the Governing Council, the organization was criticized as not being a productive one and as losing money. Political considerations had come into play. On 1 June 1970 the Resident Representative reported that the Government had revised its negative attitude, was showing interest in the project (to be located alongside the Ateliers Mécaniques du Sahel) and would guarantee its independence. Accordingly, the earlier embargo could probably now be raised. The Project Manager had no counterpart. UNDP considered that, the project should be kept under appraisal and no financial commitments made for the time being.

Mr. Saenger (UNIDO) said that the cable from the Resident Representative had given rise to more optimism. The project appeared to be a worth-while one on which they might go ahead. The fact that the Project Manager had lost his counterpart should be ascribed to political divergencies. If, however, a counterpart was named, then the project should go forward.

Mr. Paul-Marc Henry (UNDP) noted that further changes in the Government's attitude might be anticipated. Consequently, the project should be kept under close scrutiny. If there is need for urgent action, this can be taken.

Mr. Hengok (UNIDO) informed about a cable of the Resident Representative informing that the Government assured the autonomy of the project and the possibility of using the Ateliers Mécaniques until separate buildings and equipment could be available.

Mr. Paul-Marc Henry (UNDP) inquired as to the status of the equipment involved. Were an order for equipment to be placed immediately, a delay of 6-12 months would ensue, and there was always the risk of government changes. If the Centre were autonomous, it would be reasonably safe to proceed with procurement of equipment, but without such a guarantee, the equipment delivered would be completely wasted.

Small Industries Development Programme and Establishment of an Industrial Estate, Kampala (UGA)

Mr. Harland (UNDP) submitted the latest information of UGA-7, together with UGA-6. A UNDP-ILO-UNIDO mission would go out on or about 15 June 1970. The terms of reference had been or should have been, sent to UNIDO already.

Mr. Paul-Marc Henry (UNDP) noted that for a variety of reasons, the situation in Uganda was far from good. The Government was showing great uncertainty in regard to the agricultural and industrial fields and its general attitude towards UNDP revealed a marked reserve. It was hoped to send out a new Resident Representative in September or October 1970. He cautioned against sending missions to Uganda in the present climate, as their reception at the hands of the Government was quite uncertain. It would be advisable first to sound out the Government's attitude. Meantime, the joint mission on UGA-6 should be postponed and UNIDO should be informed accordingly.

Mr. Paul-Marc Henry (UNDP) concurred in the course suggested.

Demerol Pesticide Production Plant, based on Chlorine and Bromine sources (Unit-65).

Mr. Harland (UNDP) said that Unit-65 was the last of a trio of pilot plants. The latest information indicated a changed situation in regard to the pesticide production plant. UNIDO had not received any firm bid covering the bromine plant. A question of patent rights was involved.

Mr. Kaganstein (UNDP) pointed out that new bids were needed. UNIDO had a clearly defined position in the matter of patents, declining to make payment for patents in any given country, since the Organisation would thereby become the owner.

Mr. Yushakov (UNIDO) explained that negotiations were under way with two or three companies that had the necessary experience and skill, and firm bids had been invited.

Mr. Kaganstein (UNDP) emphasized that no patent rights attached to the bromine plant, the bromination of allyl-chloride, or the packaging and formulating plants. Accordingly, no obstacle arose on that particular point. The question of patents involved only the production of nematocides.

Mr. Paul-Henry Henry (UNDP) remarked that two matters were intermingled. For the major part of the project no question of patents arose. For the smaller part, however, namely, nematocides and nemagen, such a question did perhaps arise. Would it not be possible to separate the two parts?

Mr. Kaganstein (UNDP) agreed that the project could be split into two parts and the Plan of Operations could be amended accordingly. The organic bromine operations and the packaging plant might be discarded, and only the nemagen patented. India was greatly interested in buying organic-bromine products.

Mr. Paul-Henry Henry (UNDP) stressed that UNDP could not, in any circumstance, buy patents. If even a minor part of the project gave rise to a question of patents, it would have to be rejected. It might be that the United Arab Republic itself could buy the patents or ask for research, in order to develop their own formulae. They should go ahead with that part which was not covered by patent.

Mr. Newton (UNIDO) said that, as regards the contractive side, an offer had been received from Firm A; it had been found necessary to review the firm's qualifications. Firm B had submitted a tentative offer covering everything except allyl-chloride.

Mr. Paul-Henri Henry (UNDP) thought that the whole matter of subcontracting needed very careful consideration and should be discussed at a separate meeting.

Feasibility Study for a Fish Protein Concentrate Plant (MOR-33)

The Chairman suggested that MOR 33 should be reviewed separately or perhaps together with the Algerian and Ghanaian projects that had already been set aside for separate consideration.

It was so agreed.

Africa (Continued)

Terminating Projects

Industrial Research Institute, Part II (SUD-12)

TANZANIA 10: Industrial Studies and Development Centre Dar-es-Salaam

Mr. Harland (UNDP) said that the projects were coming to an end normally.

Mr. Tomini (UNIDO) said that an interim report on SUD-12 would be submitted in about one month's time to the Government and UNDP.

Mr. Kaini (UNIDO) added that TAN-10 would end in April 1971.

Centre for Industrial Research in Central Africa (CONGO (K))

Mr. Maseok (UNIDO) pointed out that a request for assistance had been received, mainly for food assistance (applied research). Their comments had been submitted, and an official request was anticipated.

Mr. Chairman said that nothing further could be done at present, beyond taking note of the request. It would in any case not be submitted in January 1971. FAO should be consulted.

DAHOMY: Maintenance and Repair of Boats and Engines

Mr. Maneck (UNIDO) said that they had before them an official request that had twice been revised. It was supported both by UNIDO and FAO. Their comments had been sent to UNDP.

Mr. Paul-Marc Henry (UNDP) observed that the discussion with FAO of the problems raised by the request had occupied some two hours, while discussing the regional project (REG-185) concerning the Ecole Maritime in Abijan; with respect to this particular project, it had been agreed to go ahead with the training of fishermen. The repair of fishing boats was of course a different area, in which FAO also claimed competence. A further problem arose with INCO (training of merchant navy personnel), and ILO, which hoped to be the executing agency for the REG 185 project. As to the repair of fishing boats and engines, it should be noted that FAO was already building fishing boats and would fight hard to preserve its competence. He suggested that (a) UNIDO should recognize FAO's interest in the DME project; and (b) that a special meeting of UNIDO and FAO, and perhaps ILO, should be held for the purpose of determining what should be done.

Mr. Aoggy (UNIDO) reported on the latest developments. Since 1963, FAO had sent experts but without taking any positive action. Experts were available in Dahomey, which was greatly attached to the project which it considered to be of crucial importance. If FAO was reluctant to follow up, UNIDO should take its place.

Mr. Sanger (UNIDO) considered that the maintenance and repair of a diesel engine was an aspect that cast a different light on the project.

Mr. Paul-Marc Henry (UNDP) pointed out that ILO had done first class work in its rehabilitation project for the port of Cotonou. By the same token, there was no doubt that FAO, which could call upon the services of a large group of professionals, could also do good work in that area. He agreed with Mr. Aoggy that competition could usefully be stimulated. They should bear in mind the question of Togo's parallel needs in this field and keep open the possibility of having a regional project; it would be better if the project aimed at both countries.

Mr. Acogny (UNIDO) thought that that might prove extremely difficult from a political point of view. Qualified staff were available in Dahomey. Togoland might negotiate at a later date and it would be wiser not to associate it now with the present project.

Mr. Paul-Marco Henry (UNDP) said that the project might possibly be considered for the January 1971 session, subject to a clarification of the question of the choice of the executing agency. Meanwhile, the technical evaluation of the request should be finalized. FAC's comments were needed.

Mr. Quijano-Caballero (UNIDO) considered it unwise to embark on projects and then turn them over to another agency. An early decision was desirable so that they might know where they stood. Shipbuilding clearly came within the competence of UNIDO.

The Chairman pointed out that two other agencies made an identical claim.

Mr. Paul-Marco Henry (UNDP) explained that whereas the Dahomey request was an official one, Mauritania had not yet submitted a request officially. The director of planning had merely made a recommendation and, on the basis of this advanced information the case of Mauritania looked as if it would be even more difficult to settle as a far wider range of activities were envisaged within the framework of the possible request. It would need careful appraisal.

Mr. Quijano-Caballero (UNIDO) observed that under a 1969 agreement regarding equipment and machinery concluded between UNIDO and FAO, the former's competence had been recognized.

The Chairman remarked that, however welcome, such agreements were not binding. UNDP took note of the views expressed by Mr. Quijano-Caballero on the problems at stake. Appraisal of the request should continue.

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DAHOMY - Industrial Promotion Centre

Mr. Maneck (UNIDO) said that the project represented an official request by the Government, which wanted a mini Special Fund type of project. He thought that was a good approach and that a small autonomous body may serve Government and private enterprises and industries in the country in a better way than the present programme.

Mr. Paul-Marc Henry (UNDP) said UNDP would not endorse a five-year project from the start. He preferred a two- or three-year project, which would then be reviewed in the light of experience. In view of Dahomy's difficult financial situation, one important problem to be solved concerned the government counterpart contribution of \$253,000, including rent for offices, which was not realistic and should be reduced. The project was a possibility for January 1971 but UNDP wanted to take a close look at the proposed government counterpart which had to be assessed more realistically, in view of the Government's current financial difficulties. Although it was possible, under certain circumstances, for UNDP to waive payment of the 15 per cent LOC and pay for the cost of local transportation, it was absolutely impossible for UNDP to pay the salaries of counterpart and other project staff, and he personally doubted that the Government would be in a position to do so itself.

Mr. Kaig (UNIDO) asked whether UNDP contemplated waiving payment of the local costs in this present case.

Mr. Paul-Marc Henry (UNDP) said that that might be possible, but that the counterpart contribution would have to include costs of local personnel, various facilities and office accommodation.

Mr. Kaig (UNIDO) said that the personnel in question was already on the Government payroll.

Mr. Paul-Marc Henry (UNDP) said that that point should be clarified before a decision was reached.

GUINEA - Maintenance and Repair Organization

Mr. Maneck (UNIDO) said that during a long-range programming exercise, the Government of Guinea had mentioned the maintenance and repair projects and UNIDO had asked for a preparatory allocation for the short-term services of experts to assist in formulating the request.

Mr. Norman (UNIDO) said the project involved three experts and equipment to get things moving. The maintenance and repair activities concerned dealt with industrial equipment but there was also the question of including transport equipment. The aim was a Special Fund project.

Mr. Paul-Marc Henry (UNDP) said that a detailed, technical letter was on its way from UNDP to UNIDO, in the light of which UNIDO might modify the project and favour a more specific and sectoral approach rather than the establishment of centralized services, since Guinea was receiving bilateral assistance from various sources. He recognized that the project would feed a genuine need, but its execution would be tricky, because of the local set-up.

Mr. Quijano-Caballero (UNIDO) thought that the project was urgent. It had various phases and many aspects, including the manufacture of spare parts, which involved the question of import substitution. It was important to commence action, perhaps under the SIS programme.

Mr. Paul-Marc Henry (UNDP) agreed that some kind of action should begin quickly. The manufacture of spare parts was highly complicated but there was a need since one factory in the country had been at a standstill for six months owing to the lack of spare parts. However, the cost involved amounted to several hundred thousand dollars, which UNDP could not finance. He therefore supported the idea of immediate, concrete assistance to the most vulnerable branches of industry, which were open to technical assistance and pointed out again that several industries were closed to international staff, including UNIDO's. He would like UNIDO to study carefully the information included in UNDP's above-mentioned letter, which he had checked at first hand during a recent visit to Guinea, and reformulate a smaller, concrete programme of assistance which could be started under SIS or another form of advanced financing.

LIBERIA - Small Scale Industry Development Corporation

Mr. Maneck (UNIDO) said that assistance was being given to the Government in preparing a request, through an adviser in the Ministry of Planning. The Government would submit the request through the Resident Representative before 15 June.

Mr. Paul-Marc Henry (UNDP) thought that it would be extremely difficult to appraise and submit a full-scale project in time for the January 1971 programme. However, if UNDP had to turn down such a project as having no chance of approval in January 1971, the effect would be discouraging. As a general rule, he would therefore like to recommend to UNIDO to follow first a more modest approach whenever it saw an opportunity for starting a specific, needed activity. UNIDO should inform UNDP on possible paths of action or projects and the question of finding some financing to start these activities quickly could then be reviewed jointly by the two organisations, with a view to providing concrete services to the government concerned as effectively as possible.

Mr. Nard (UNIDO) said that the projects chosen for inclusion in the list were those that would be ready some time in 1971. The list therefore contained some unofficial projects but no pipe dreams.

Mr. Maneck (UNIDO) explained that the approach adopted with regard to projects in Madagascar and other countries had been to take action under the SIS programme in the first phase.

Mr. Paul-Marc Henry (UNDP) recognized that the Government attached importance to the project. He invited UNIDO to submit proposals for early action but could not see his way at the moment to supporting a fully fledged project at this stage.

MADAGASCAR - Establishment of an Industrial Estate

Mr. Maneck (UNIDO) said that the project represented an official request. Experts were under recruitment under SIS and candidates had been submitted. They were expected to begin work in July and it was hoped that the project would be ready for approval in 1971.

Mr. Paul-Marc Henry (UNDP) indicated his agreement.

MALI - Industrial Studies in the Western Region

Mr. Fath (UNIDO) said that a report had been submitted to UNDP. The first phase of the project would come under the SIS programme and would include three studies on (a) ferrous metals, (b) aluminium and (c) fertilizers. A second phase of the project, which perhaps could be undertaken parallel to the first, was under preparation and Special Fund financing would be requested to carry it out.

Mr. Paul-Marc Henry (UNDP) noted that information and said that both IDRL and OERS were interested. UNDP would like to receive preliminary results on the ferrous metals, fertilizers and aluminium studies from UNIDO as soon as possible, as it represented important data for the country's planning.

MAURITIUS - Industrial Promotion Centre

Mr. Marock (UNIDO) said that the project was an official request for Special Fund assistance. In the first phase, two posts had been approved under the SIS programme. The experts were being recruited and he thought that the project should be presented for the approval of the Governing Council in 1971.

Mr. Paul-Marc Henry (UNDP) agreed in principle, if the project was ready in time. It was more likely for June 1971.

Mr. Barland (UNDP) asked for information with regard to recruitment since the same project had been discussed a year before.

Mr. Marock (UNIDO) said that difficulties had been experienced in the recruitment of experts, but that they should be in the field by July 1970.

MAURITIUS - Small Cement Plant

Mr. Maneck (UNIDO) said that the plant in question was not small, since its capacity would be 125,000 tons and the cost of the equipment component would be about \$7 million. Assistance might be provided in the form of a feasibility study.

Mr. Harland (UNDP) said that a United Nations expert had informed him that the necessary lime would have to be obtained by deep mining (300 ft), in which Mauritius had no experience and that the extent of the deposit had yet to be determined. That called the practicability of the project in question. Moreover, what fuel should be used to burn the lime? He knew that oil had been discovered off-shore, but plans for a refinery would take a considerable time to materialize.

Mr. Maneck (UNIDO) said that, according to the expert in Mauritius, careful geological exploration would be necessary but that it could be done in three months. The fuel to be used would be imported oil.

Mr. Paul-Marc Henry (UNDP) asked whether the plant was to produce for Mauritius only or for a whole region, and, if so, what region.

Mr. Maneck (UNIDO) said that the plant was intended to produce also for the region. But consumption in Mauritius was already 78,000 tons in 1969, all imported, and would be likely to go up if local manufacture brought prices down.

Mr. Paul-Marc Henry (UNDP) thought that the need for project should be noted. However, it was more in the nature of a feasibility study and it would be necessary to investigate the question of markets and the cost of fuel. He suggested therefore that in order not to waste time, it should be undertaken directly as an Investment Feasibility Study (IFS) and not as a Special Fund project.

NIGER - Establishment of an Industrial Estate

Mr. Maneck (UNIDO) said that the Government had submitted an official request which had been revised several times. Action was proposed in the first phase under the SIS programme. PDS has been approved by UNIDO and submitted to UNDP for concurrence.

Mr. Paul-Marc Henry (UNDP) agreed to that approach.

NIGERIA - Promotion and Assistance to Indigenous Small Industries

Mr. Maneck (UNIDO) said that a joint mission of UNIDO and ILO had visited Nigeria in January 1970. The mission had dealt with small-scale industry in the Federation and the establishment of a small-scale industrial development centre in Ibadan. The two subjects could be dealt with by one Special Fund project. An official request was expected in the near future.

Mr. Paul-Herc Henry (UNDP) took note of the project and said that developments would be awaited.

SIENCOAL - Assistance to an Existing Foundry

Mr. Correa da Silva (UNIDO) said that the establishment of foundries was a good way to commence metallurgical industries. The Government had asked for assistance with regard to cast iron and non-ferrous alloys. The project needed revision and he did not favour the idea of attaching a foundry to SAFAL. He thought there was room for the establishment of a small demonstration foundry in Dakar.

Mr. Nagelstein (UNDP) said that a study on non-ferrous metals had been carried out in Argentina. Feasibility was not good in the case of a small-scale project, even if scrap were available in the country.

Mr. Correa da Silva (UNIDO) said that an industrial-scale project was not intended at the moment. Many large industrial firms had started out as small foundries; he knew of an institute that had grown from a foundry with a capacity of 40 tons per month. The establishment of foundries produced an important technological fall-out.

Mr. Paul-Marc Henry (UNDP) thought that a capital investment component was involved. In view of the limited availability of capital in Senegal, the project manager should be asked for advice on the question of a pilot and demonstration unit.

Mr. Correa da Silva (UNIDO) said that the matter had been discussed with the project manager, the Resident Representative and the expert in SAFAL, all of whom agreed that it would work well.

Mr. Paul-Marc Henry (UNDP) thought that it would be necessary to send a joint UNDP/UNIDO CA mission to Senegal, since the element of capital investment made great care necessary. The CA mission would look both at the technical problems involved, and the question of capital investment, both with regard to (a) the eventual initial investment for the possible pilot plant and (b) follow-up investment. He personally had doubts with regard to the whole undertaking because on the one hand it would be extremely difficult to demonstrate the pilot nature of the undertaking to the Governing Council (which was not very happy generally speaking with pilot plants) and on the other hand, he doubted that local investors could be found to follow-up on the project's work, even if it proved successful.

TOGO - Industrial Estate

Mr. Mareck (UNIDO) said that the Government had made great progress in the preliminaries of this project with the help of UNIDO experts. UNIDO thought the approach adopted was sound.

Mr. Paul-Marc Henry (UNDP) said UNDP support efforts to develop small-scale industry. Decentralization and diversification of industry were important and plants or industrial estates should not be established only in coastal areas or near isolated major towns. However, support to developing industry often created major economic problems, which were hard to solve. One was the administrative problem created by the antagonism growing between those employed in institutions dealing with new, state supported industries (which were more or less autonomous, not always efficiently run and often created staggering deficits) and the general financial and technical administration of a country, which opposed projects that placed too great a burden on the country budget. He pointed out that UNIDO would be dealing directly with this problem in a number of its projects; other agencies had attempted to solve it, unsuccessfully.

Mr. Harland (UNDP) said that concern was felt at UNDP Headquarters regarding capital outlay and the burden placed on governments. He agreed that it was necessary to place industries in planned environments but had reservations whether it was necessary to establish costly industrial estates in all cases. A more economic approach for the government concerned could be adopted by concentrating on prospective entrepreneurs, helping them build-up or create their operations, and only gradually move up to the planning of industrial estates.

UNITED ARAB REPUBLIC - Quality Control Centre for Engineering Industries

Mr. Maneck (UNIDO) said that an official request had been submitted for the project in question, which UNIDO was supporting and to which the UAR Government was now giving priority.

Mr. Harland (UNDP) said that, according to the latest information received in New York, the Government did not wish the project to be implemented before 1972. He pointed out that UNDP was supporting the project, which would complement a UNESCO project relating to standards.

Mr. Maneck (UNIDO) said that it was UNIDO's understanding that the project was to be approved in 1971 but to become operational only in 1972.

Mr. Paul-Marc Henry (UNDP) said that the main question was not whether it should be approved in 1971 or 1972, but whether there was a justifiable need to start work on the project now. Approval would come when necessary. If preliminary work was needed, UNIDO had to inform the UNDP of what was needed to start the project.

AFRICA REGIONAL

• Standardization Institute (Kenya, Tanzania, Uganda)

• Mr. Maneck (UNIDO) said that the East African Community wished to establish a standardization institute. A letter of intent in that connexion had been sent to the Resident Representative in Nairobi, who supported the project. The question was whether a metrology project should be implemented by UNESCO or a standardization project with a metrology aspect established by UNIDO. The mission sent to investigate the matter had expressed interest in both possibilities. The Secretariat of EAC felt, however, that a purely metrological project should be attached to a university, and a request for UNIDO assistance should be made for an industrial standardization institute.

Mr. Paul-Marc Henry (UNDP) said UNDP had no information and would consider the request when it was received.

Industrial Investment Study Unit, East African Development Bank

Mr. Maneck (UNIDO) said that the official request for the project in question had been communicated in 1968. The first phase was being carried out under SIS, and two experts were at present in Kampala working with the East African Development Bank in that connexion. The project should be included in the programme for 1971.

Mr. Harland (UNDP) observed that UNDP had been awaiting the revised request based on the work of the SIS experts for one year.

Mr. Centor (UNIDO) said that the experts had submitted a revised draft request, which UNIDO had commented on and returned to the Bank.

Mr. Paul-Marc Henry (UNDP) said that the project was a probable for January 1971, but that UNDP needed the request as soon as possible for processing.

It was agreed that UNIDO would provide an advanced, non-official copy of the draft revised request to UNDP.

Textile Industries Centre (IDCAS) (United Arab Republic)

Metallurgical Research Centre (IDCAS) (Algeria)

Mr. Paul-Marc Henry (UNDP) said that a mission had been sent to ascertain the eligibility of the Textile Industries Centre and determine whether it should be supported.

Mr. Harland (UNDP) pointed out that the food processing institute and quality control centre projects were to be converted into regional projects but that since no governmental statement of agreement had been forthcoming, a mission had been necessary.

Mr. Quijano-Caballero (UNIDO) pointed out that groups of countries were in several cases requesting assistance from UNDP in various fields. Difficulties arose in the management of regional projects with regard, for example, to the attribution of responsibility for implementation. UNIDO therefore preferred to establish projects in a single country, which was made responsible for implementation, with the understanding that the project was to serve regional interests.

Mr. Paul-Marc Henry (UNDP) agreed that the establishment of national projects serving regional interests was in general the best approach, but it was difficult to take that approach in the case in point.

IDCAS had arisen from negotiations within the Arab League, and since the status of the Arab League was in doubt, the question arose as to whether IDCAS was eligible. UNDP would prefer the submission of a series of national requests for regional projects to be implemented in individual countries, which had received IDCAS support, for that would make it possible to circumvent the question of eligibility.

Mr. Harland (UNDP) pointed out that national projects already existed in Sudan and the United Arab Republic.

Mr. Tanini (UNIDO) said that IDCAS had decided to establish centres in the United Arab Republic, Sudan and Algeria, requests for which would be submitted to UNDP by the individual Governments concerned, and supported by other countries in the region. IDCAS would like a mission to be sent to each country to formulate the project in question.

The request thus far received from the United Arab Republic differed widely from the textile industries centre plan, however. Although the plans for the Metallurgical Research Centre were still being prepared by the Algerian Ministry of Planning, UNDP had received a draft. The matter of the food processing project, which was under consideration, would involve provision for training of nationals of the region and industrialization of some food processing.

UNDP had already approved nine SIS projects for IDCAS. If experts could be sent to ILCAS, then there was also a case for establishing national centres to serve that region. In any event, the requests involving IDCAS had not yet been finalized.

Mr. Paul-Marc Henry (UNDP) noted that a distinction must be made between the granting of SIS assistance and official approval of UNDP projects. With regard to the textile industry centre, the question of duplication must be investigated. Recent information regarding the project in Sudan indicated that negotiations had been completed with the USSR. No project in that connexion was to be expected for the time being. The Metallurgical Research Centre project would in any case be examined at Algiers in July.

O.E.R.S. Industrial Studies Harmonization of Senegal River Basin States

Mr. Maneck (UNIDO) said that he had already referred to the recent mission to the Senegal River area. They were recommending some projects. The report had already been submitted to the Government and to the organization itself, and their reaction were awaited.

Mr. Fath (UNIDO) pointed out that the UNDP mission had submitted a report. They were proposing two types of technical assistance: The first was to pick up certain industrial branches and seek to harmonize industrial development in the region with the assistance of short-term experts and two consultants. The second part had been proposed by the Industrie de Base, covering metallurgical and chemical industries in the region. UNIDO had not been informed of the latest developments. They proposed industrial studies based on the results of electrical projects. These major projects could be undertaken as SIS feasibility or pre-feasibility studies, or alternatively in the form of a more coherent programme. Both types of assistance had been offered to O.E.R.S. but no response had so far been made. It should be added that the Resident Representatives did not place much confidence on O.E.R.S.

The meeting rose at 6.15 p.m.





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