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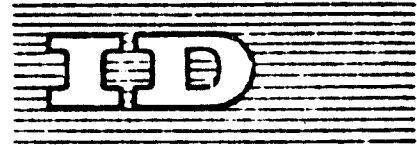
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Meeting on Promotion of Small Industries
in the RCD Countries

Tehran, Iran, 11 - 17 April 1971

REPORT
OF THE MEETING ON PROMOTION OF
SMALL INDUSTRIES IN THE RCD
COUNTRIES

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

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Introduction

1. The Meeting on Promotion of Small Industries in the Regional Co-operation for Development (RCD) countries was held in Tehran, Iran, from 11 to 14 April 1971. The Meeting was organized by the United Nations Industrial Development Organization (UNIDO) in co-operation with the RCD Secretariat and the Government of Iran. The Meeting was followed by a three-day study tour in Iran from 15 to 17 April.
2. The Meeting was attended by twenty-one participants from Iran and by the Chief Advisor and Project Manager of a project of the United Nations Development Programme (UNDP) (Special Fund) executed by UNIDO, concerned with the promotion of small-scale industries in Iran (four of the Iranian participants represented the business community); by six participants from Pakistan; by eight participants from Turkey and by the Acting Project Manager and an Industrial Engineer of a UNDP (Special Fund) project executed by UNIDO, concerned with the promotion of small-scale industries in Turkey (three of the Turkish participants represented the business community); and by one representative from UNIDO. The Meeting was also attended by three observers from the RCD Secretariat and by seven UNIDO experts members of the UNDP (Special Fund) team in Iran. A list of participants is given in Annex I.
3. The Meeting was inaugurated by H. E. Mr. Farokh Najm-Abadi, Senior Deputy Minister of Economy. Opening addresses were delivered by Mr. Najm-Abadi, Mr. Hassan Ansari, Managing Director, Organization for Small-Scale Industries and Industrial Estates of Iran and Mr. Nessim Shallon, Resident Representative of the United Nations Development Programme in Iran. A message to the participants from Mr. I. H. Abdel-Rahman, Executive Director, UNIDO, was delivered by Mr. Igor Krestovsky, Chief, Small-scale Industry Section, UNIDO.
4. Mr. Hassan Ansari was elected Chairman of the Meeting. Mr. Amir Yusuf Ali Khan, Secretary, Industries and Mineral Resources, Government of Baluchistan, Quetta, Pakistan, was elected First Vice-Chairman. Mr. Erdogan Ugur, Director, Department of Small Industries and Handicrafts, Ministry of Industry, Government of Turkey, was elected Second Vice-Chairman. Mr. Cüngör Uras, Research Expert, Economic Planning Department, State Planning Organization, Government of Turkey, was elected Rapporteur.
5. The provisional agenda was adopted. The agenda is given in Annex II. A list of discussion and country papers and of background documents is given in Annex III.

6. The study tour included a visit to Esfahan and to small-scale industries in Tehran.
7. The report was adopted on 14 April 1971. The closing addresses were delivered by Mr. H. Ansari, Mr. I. Krestovsky, Mr. A. Y. A. Khan, Mr. E. Ugur and Mr. M. Farhand, Director, RCD Secretariat.

I. REVIEW OF NATIONAL POLICIES AND PROGRAMMES

8. The Meeting noted that programmes of small industry development are included in the five-year plan of each of the three RCD countries. In each of the countries, the promotion of small-scale industries is a major economic and social objective. Small-scale industries contribute to the increase of both employment and output and to the strengthening and enlargement of a market economy. The Meeting noted with appreciation that the importance of small industry development is fully recognized by UNIDO, which has an active programme of technical co-operation and supporting activities in this field and by the RCD Secretariat, which had requested UNIDO to assist in organizing the Meeting. The participants welcomed this opportunity of exchanging information and experience on policies, objectives and methods of small industry development and of formulating recommendations on national and regional action in this field.

(1) General Policies and Objectives

(a) Definition of Small-Scale Industry

9. The Meeting pointed out that the objective of a definition of small-scale industry is to identify that part of the manufacturing sector which is in need of, and is entitled to, special measures of promotion and assistance. Indeed, these measures are normally reserved exclusively to small-scale industries as legally defined. Small-scale industries represent the modern manufacturing sector. A definition of small-scale industry should distinguish this group from the traditional activities of artisans, handicrafts and cottage and home industries which need different measures of upgrading and support.
10. The Meeting noted that legal definitions of small-scale industry exist today only in Iran and Pakistan. For both countries, they are in the form of ceilings on investment in fixed capital, amounting, respectively, to 7.5 million rials (US\$ 100,000) in Iran and Rs. 500,000 (\$105,000) in Pakistan. While close to each other, these ceilings are however not exactly the same since the Iranian definition excludes land and building while the Pakistani definition includes buildings but excludes land. The Iranian definition was adopted in September 1970. It replaced a previous definition in the form of a ceiling of 5 million rials (\$67,000) of which not more than 25 per cent was to be investment in land and buildings, and of another ceiling of 50 employed persons on a single-shift basis; this definition had been felt to be inadequate to foster the development of small-scale industries in the country.

11. In Pakistan, the present definition was adopted in 1965; it replaced a previous ceiling of Rs. 200,000 on fixed assets. On the basis of recommendations by UNIDO experts, the Government of Pakistan is currently considering a further revision of the definition, which would bring the ceiling to Rs. 1 million (\$210,000), mainly with a view to taking into account recent increases in prices of machinery and equipment and the higher costs of labour and of construction of buildings.
12. In Turkey, different definitions are used for different purposes. For statistical purposes, a small-scale industry is a manufacturing establishment employing 9 persons or less. For financial purposes, the Halk (People's) Bank applies a definition based on employment (5 to 25 persons) and use of power. The Ministry of Industry and Commerce uses a ceiling of 1.5 million Turkish liras (\$100,000) on machinery and equipment, excluding land and buildings, for the purpose of the Gaziantep industrial estate and other industrial estate projects supported out of a special fund allocated in the general budget.
13. There was a consensus that definitions should take the form of ceilings on investment in fixed capital and not on employment. As has already been the case in Iran and Pakistan, the ceilings may need to be changed in the course of time. The ceilings should be based on purchase value of machinery and equipment, not on depreciated value. They should be high enough to encourage small enterprises to grow until their need for assistance has been substantially alleviated or has disappeared. The ceiling should correspond to that level of their development.
14. One participant saw merits in adopting also a lower limit on investment as part of the definition of small-scale industry. He felt that this would prevent assistance from spreading to the handicraft sector, to the detriment of the modern sector. Another participant thought that the distinction between artisans and small industries was more qualitative than quantitative and that a lower limit would not necessarily separate the two; some modern small-scale industries, in particular, could be established with a very small initial investment. What is needed is a separate system of incentives and measures of assistance for industries and handicrafts, respectively.

(b) Modernization vs. Creation of Small Industries

15. The Meeting observed that there are two main objectives to any programme of promotion of small-scale industry: creation of new enterprises; and modernization, expansion or diversification of existing one.
16. The emphasis on each of these objectives may however vary considerably. In each of the RCD countries, there are many small industrial enterprises established mostly in the main urban centres, which are very much in need of modernization. In such urban centres, modernization of existing enterprises appears to have a higher priority than the creation of new ones. In the smaller towns, on the other hand, where few small industries are in existence, the stimulation of new entrepreneurship appears to be a higher priority objective. Several participants stressed that modernization does not involve merely modernization and improvement of production methods, but also, and often to a large extent, improvement of managerial practices.
17. The stimulation of new entrepreneurship and the modernization of existing enterprises call for different measures of assistance. The former requires feasibility and pre-investment studies, sizable financing to cover land, building, machinery and equipment and working capital, and/or industrial estates, which are usually more justified for setting up new enterprises than for rehousing existing ones (unless modernization is a condition for relocating on an industrial estate). The latter calls above all for counselling and training in technique, management and marketing, and usually for more modest financing than in the case of a new enterprise.
18. An extension centre should be prepared to assist in both these cases. To the extent that new industries are to be set up in provincial towns, the extension centre should be able to send its officers, as often and as long as required, to such locations.

(c) Balanced Regional Industrial Development

19. In all three RCD countries, industry, irrespective of size, is predominantly located in the main urban centres. In all three countries there is a need for the establishment of industries in the provinces so as to contribute to achieving a balanced regional distribution of industries and of other economic activities. The Government policy, in each country, is, in general, to develop small-scale industry away from the metropolitan centres. The Meeting stressed its conviction that small-scale industries can play an important role in improving the regional distribution of productive forces in each country.

20. The Meeting expressed the view that the scope for industrializing purely rural areas was very limited. Even when rural villages have power and water, they lack good roads, trained manpower and, above all, markets. A few industries, however, mainly agro-industries, may sometimes be set up in such areas. Much better prospects are offered by medium-sized provincial towns having the required infrastructure including transportation facilities, as well as a local market. Still, the development of industry in such locations is a difficult and challenging task. Special incentives and measures of support, including, in some cases, small industrial estates with standard factories, are needed for this purpose.
21. The Meeting felt that there should be good prospects for the establishment of small-scale industries in decentralized locations if large-scale industries were steered towards them. Small-scale industries could then be set up around the large factory, and many of them could serve as subcontractors to the large concern, provided the latter's activities lent themselves to such complementary relationships. In such cases, the provision of technical assistance by the large industry to the small ones could be expected as a complement to the support given by the industrial extension centres. Such development of small-scale industries could be considered, in particular, around the large industries set up as joint ventures by the RCE Organization.

(d) Increase in Employment vs. Increase in Output

22. It is well known that developing countries have abundant labour and scarce capital and it is frequently recommended that industries in these countries should have the maximum possible number of workers and relatively little machinery and equipment. The Meeting felt that this view was over-simplified. The objective of a small industry development programme is mainly to set up modern, highly-productive industries which require a fairly advanced degree of mechanization. However, in many factories, there is scope, side by side with the use of machines, for little or not mechanized operations relying on manual work. This is the case, for instance, of internal transportation, packaging, etc. The Meeting recommended that, in establishing small industries, a study of processes lending themselves to labour-intensive operations be made with a view to promoting the greatest possible use of manpower consistent with the requirement of a satisfactory productivity.

23. The participants observed, in particular, that to achieve competitiveness of small-scale industries both in the domestic and the foreign markets, adherence to modern standards and specifications and use of modern technology are required. This is also the case for small-scale industries working as sub-contractors for large firms. The Meeting felt that these are further reasons for not compromising excessively on the modernity of small-scale industries.
24. The Meeting felt, however, that while many small industries have no choice but to use the latest and best technology, there are certain types of small-scale industries where technology is not a crucial factor in efficiency. Such industries should be identified and technologies appropriate to their efficiency should be evolved.
25. The need for an appropriate technology is particularly evident for industries located in rural areas. Such industries - e.g. agro-industries, leather and wood-based industries - do not require complex technologies nor the use of the most modern machines.
26. While some advice on technologies suitable for such industries can usually be provided by industrial extension services, scientific research and development of prototype machinery cannot as a rule be undertaken by them. The Meeting felt that the industrial extension centres in the three countries should maintain liaison with national research institutions, and refer to them the research problems of interest to small-scale industries. The creation of an RCD design and industrial research institute might perhaps contribute to the solution of these problems.
27. The Meeting recognized that small-scale industries are not as effective in increasing employment as publicworks or large irrigation schemes. However, besides the direct increase in employment which they bring about, they result, owing to the catalytic effect of industrialization, in secondary employment growth in such activities as trade and services. The importance of these effects cannot be under-estimated.

(2) Industrial Extension Services

28. In the RCD countries, industrial extension services for small-scale industries are provided on a nation-wide basis in Iran and Pakistan. In Iran, the responsible agency is the Organization for Small-Scale Industries and Industrial Estates of Iran (OSSSI & IEI). In Pakistan -

the West and East Pakistan Small Industries Corporations. In Turkey, the creation of a central Small Industries Organization has been recommended by UNIDO advisors. Extension services are currently provided by a UNIDO Special Fund team in a pilot project in Gaziantep.

29. In a broad sense, the expression "extension services" covers all the promotional and technical, economic and managerial services needed by small-scale industries, both new and already established. In this broad sense, the extension activities of the OSSSI & IEI are currently carried out in five broad directions:
- (i) promotion of indigenous entrepreneurship;
 - (ii) improving the efficiency of existing small industries;
 - (iii) facilitating credit to small industries;
 - (iv) ensuring the participation of small industries in government's store purchase programmes;
 - (v) establishing industrial estates.
- The OSSSI & IEI promotes small industry in all of Iran, but, with its modest permanent professional staff (22 engineers and economists), it is carrying out only a limited and selective programme of assistance to existing industries. One industrial estate has been set up at Ahwaz, and others are planned in a few other cities. An important activity of the OSSSI & IEI is the preparation of industry surveys and feasibility studies and the organization of training programmes.
30. The West and East Pakistan Small Industries Corporations extend the following services: (i) provision of production facilities through industrial estate development, credit assistance (by the Corporations) and raw material procurement and distribution; (ii) technical and management services; and (iii) provision of training, designing and marketing facilities. The West Pakistan Small Industries Corporation has set up 9 small industries estates; the East Pakistan Small Industries Corporation has set up 18 estates, mostly in rural areas. A number of specialized institutions and centres catering to specific industries have been set up by each Corporation. Assistance is given both to established entrepreneurs and to new ones. A Priority List of Industries drawn up in 1968 is observed in the provision of credit assistance.
31. In Turkey, three major programmes of assistance to small-scale industries are currently being implemented: (i) provision of credit for the construction of industrial estates through a special fund allocated in the annual budget and operated by the Halk (People's) Bank under instructions from the Ministry of Industry and Commerce, with contributions by the municipalities and the entrepreneurs; (ii) credit facilities for small industrial entrepreneurs through the Halk Bank; and (iii) technical training for workers in small industries

through part-time (evening) courses in the Industrial Institutes of the Ministry of Education. The Gaziantep pilot programme includes the establishment of an industrial estate with common service facilities for new modern industries as well as relocated small-scale industries and provision of technical and managerial counselling and training. Forty-four estates are at various stages of operation or construction; of these, 15 estates have been completed and are functioning. The lack of promotional and technical assistance services for a majority of the small-scale industries in the country is considered to be a serious shortcoming.

32. The Meeting felt that a considerable effort should be made by the Government of each of the three countries to put greater financial contributions, larger personnel and more technical facilities at the disposal of the national small industry organizations.
33. The view was also expressed that there is much scope for a complementary contribution to the promotion of small-scale industries by professional associations, in particular the chambers of commerce and industry and associations and confederations of small-scale industries. These associations usually confine themselves to their traditional role of protection and representation and are reluctant to engage in supporting and assistance activities. The Meeting considered that this reluctance might be diminished if the Government provided incentives, including some financial help, to the associations to engage in promotion work, in particular in technical assistance and training, and in promotion of subcontracting. It was suggested that the recently created RCD Chamber of Commerce and Industry might wish to study the ways and means in which it could contribute to this task.

(3) Training of Extension Officers and of Entrepreneurs

34. The Meeting noted that, until now, no attempt has been made, in any of the RCD countries, to provide systematic and continuing training to industrial extension officers. In Iran and Turkey, such training is imparted by UNIDO experts to their counterparts and is supplemented by fellowships for study overseas, granted under United Nations and other programmes. In Iran, special training and orientation seminars are organized by the OSSSI & IEI, with the guidance of UNIDO experts, for the extension officers of the Organization. The first seminar on policies and programmes for small industry development was conducted in September 1970 with the active participation of UNIDO. Other seminars are

planned on feasibility studies, industrial estates and other topics. In Turkey, the Gaziantep Pilot Industrial Estate and Pilot Programme of Small Industry Development (KUSGEM) conducted two orientation seminars on industrial extension techniques and survey techniques, respectively, for national extension officers, with the guidance of UNIDO experts. Other seminars are planned on the preparation of model schemes, industrial estates and other subjects. In Pakistan, extension officers are trained by senior staff members in the Small Industries Advisory Services of Lahore and Dacca. Extension officers are also being trained abroad under various fellowship programmes.

35. The Meeting felt that the training of extension officers could be undertaken on a regional basis for the benefit of the three RCD countries. This might be done by creating, in one of the three countries, either a special training centre or a training department within a regional centre for small industry development (see paras. 57 to 60 and 71 below). The activities in this field could include class-room courses, workshop and laboratory practice and in-plant training. The training centre or the regional centre might possibly be established with the assistance of UNIDO, under the UNDP (Special Fund) programme. The Meeting recognized that such a project would be confronted by some difficulties, in particular the language barrier, but felt that these would not be insurmountable.
36. Other solutions, which are not necessarily alternatives to the preceding one, are to expand on-the-job training of extension officers in the existing national small industry development institutions and, to the extent possible, to admit officers from the other RCD countries as trainees. The Meeting recommended that national seminars such as those conducted in Iran and Turkey be organised from time to time, and expressed the hope that UNIDO might help in organising and conducting them, either by seconding one or two staff members from headquarters and/or by deputing experts stationed in the other RCD countries.
37. As regards training of entrepreneurs and managers, this is a basic activity of the existing organizations in the three countries. Because of shortage of qualified personnel, however, such training can be provided on a very modest scale and can reach only a small number of entrepreneurs. The training is concerned with such matters as marketing, accounting and cost accounting, quality control, decision-making, blueprint reading, ophthalmic lensgrinding, machine-shop practice, foundry practice and so on.

38. The Meeting urged that such training be expanded and that sufficient resources be put by Governments at the disposal of the small industry organizations, to that end. It felt that in-plant training programmes in factories, large, medium and small, in each country, would be a useful complement to the above activities. It thought that, desirable as it might be, training of entrepreneurs abroad would be difficult because of language problems.

(4) Financing of Small-Scale Industry

39. There was a consensus that, in the three RCD countries, the inadequacy of financing of small-scale industry is one of the main obstacles to the development of that sector. In Iran, no special institutions or financial facilities exist, thus far, for providing credit to small-scale industries. In West Pakistan, the Small Industries Corporation provides long-term and medium-term loans in foreign and local currency through the Industrial Development Bank of Pakistan; short-term loans are granted through commercial banks by guaranteeing loans to the extent of 50 per cent of the amount of the loan. In Turkey, the main source of loans for small-scale industries is the Halk Bank, a state institution providing medium-term and long-term investment credit as well as short-term loans. Loans may also be obtained from commercial banks on a short-term basis. Credit guarantee co-operatives serve as guarantors for loans obtained by their members from the Halk Bank.
40. In spite of these facilities, credit to small-scale industries remains inadequate because of shortage of funds, reluctance of commercial banks to engage in small loan operations and shortage of sound, "bankable" projects.
41. The Meeting considered that the shortage of funds might be alleviated, at least in part, by greater government contributions to development banks or small industry financing institutions. It expressed the hope that the RCD Industrial Development Bank would, when established, channel funds to national financial institutions for credit to small-scale industries.
42. As regards the other obstacle - the reluctance of commercial banks - this might be alleviated by establishing credit guarantee schemes. In conjunction with the assistance provided by industrial extension centres, which would contribute to reducing risks through improvement of productivity and credit-worthiness, credit guarantees might result in a liberalization of credit, especially as regards collateral requirements and rates of interest.

43. The third obstacle - shortage of bankable projects - can be overcome by the action of the extension centres which should assist small industrialists as well as banks by formulating sound projects or evaluating projects from a technical standpoint, and by providing assistance at the stage of use of funds. In general, the participants considered that technical assistance should be intimately associated to financial assistance. Such link, which usually takes the form of "supervised credit", is particularly close in the case of hire-purchase of machinery and equipment. The Meeting noted that this system had been applied in Turkey for about 5 years and recommended that it be studied and introduced in the other countries.
44. Special seminars or training courses for bank officials and extension officers might be organized by the national small industry agencies. Assistance from UNIDO or other international organizations might be necessary for that purpose.

(5) Marketing Assistance Including Subcontracting

45. The Meeting discussed the means of improving the domestic marketing of small industry products, of promoting subcontracting between large and small industries, of ensuring the participation of small industries in government purchasing programmes, and of promoting the export of their products.
46. It stressed the need for a greater effort, on the part of industrial extension centres, in carrying out market surveys, improving marketing practices and advising and training small industries in advertising, packaging and other modern marketing techniques. The improvement in product quality is usually a prerequisite to an improvement in sales, and training in quality control should be emphasized in the programmes of work of the extension centres.
47. The Meeting felt that there was much scope for promoting subcontracting among large and small industries, within each country and between them. It noted that a subcontracting exchange was being established in Istanbul with UNIDO assistance and recommended that clearing house functions aimed at bringing together the demand for parts and components on the part of large firms and the supply on the part of small industries, be assured by the industrial extension centres in the two other countries. The Meeting expressed the view that national Chambers of Commerce and Industry, and the newly established RCD Chamber could contribute to the promotion of subcontracting. The RCD Chamber, in particular, could help in stimulating international subcontracting.

48. The role of the industrial extension centres, however, will remain paramount since the establishment of subcontracting relationships depends, to a very large extent, on the ability of small-scale industries to produce parts and components meeting exacting standards and specifications, quality requirements, agreed prices and timely deliveries. As long as these conditions are not fulfilled, subcontracting cannot develop. The Meeting considered briefly the possibility of imposing to newly-established large industries the obligation to subcontract a given percentage of their production but felt that this would be possible only if small-scale industries were efficient enough to carry out satisfactorily their part of the deal. It reiterated its view that it was desirable to develop small-scale industries around large projects, especially in decentralized areas.
49. It was observed that, in all three countries, the public sector - administrations, army, police, hospitals, schools, etc. - is an important purchaser of a variety of goods, many of which can be produced by small-scale industries. The Meeting recommended that the purchases of these institutions be carried out through public bidding and that small-scale industries be given preference for public contracts, if their bids are equal or higher by a given percentage to those of larger enterprises.
50. Export promotion of small industry products is another important task of the extension centres. In this area, product quality is a decisive factor and consideration might be given to the introduction of quality certification and marking schemes, perhaps on a regional basis.

(6) Industrial Estates and Industrial Areas

51. In all three RCD countries, industrial estates, that is, tracts of land with standard factories erected in advance of demand, are little developed. One estate is in operation in Ahwaz, Iran and another one is being planned in Gasiantep, Turkey. Both are set up with UNIDO assistance. No estates as defined above are in existence in Pakistan, though 9 areas are established in the Western wing and 18 in the Eastern wing. As mentioned earlier, there are 44 areas in Turkey, of which 15 are in operation. In accordance with the industrial decentralization policies of the RCD countries, most of the areas and all the estates are set up in provincial towns and not in metropolitan centres.
52. The Meeting felt that the industrial estate, which is an expensive device, is a maximum incentive which should be used for purposes and in locations where the greatest encouragement and support are needed. Thus, if the main objective of

a government small industry development policy is to stimulate new entrepreneurship in provincial locations, then recourse to the industrial estate with standard factories is in most cases justified. The lack of success of certain industrial areas established in rural regions appears to be due - apart from errors in location - to the absence of standard factories, which are a major inducement to entrepreneurship. If the objective is to relocate existing enterprises, then the provision of standard factories may not be necessary.

53. While the first industrial estates should as a rule be established and financed by the Government, consideration may be given later on to the establishment of estates owned and financed by their occupants, associated in industrial co-operatives, with some financial support on the part of the central and/or local Government. This is the case of the Gaziantep estate in Turkey. A participant from Iran felt, however, that such a development was premature in that country. In metropolitan centres where land for industrial use is scarce, consideration may be given to the establishment of private, profit-motivated industrial estates or areas, with some assistance on the part of the Government.
54. The Meeting recognized that the high cost of industrial estates is an obstacle to their development. While the Government must necessarily bear most if not all of the cost of the first estates, provincial governments and municipalities, and the entrepreneurs themselves, should be associated as much as possible to the development of subsequent estates. The Meeting expressed the hope that the RCD Development Bank, when established, would contribute to the financing of industrial estates in the member countries.

67. The Meeting recommends the creation of a Regional Advisory Council on Small Industry Development. The Council might consist of the heads of small industry development organizations and the heads of industrial associations representing small-scale industries in the three countries. The Council would present recommendations and suggestions on action to be taken in favour of small-scale industries within the framework of RCD.
68. Finally, the various small industry organizations in the three countries might exchange and disseminate information such as feasibility studies, model schemes, marketing intelligence, investment opportunities etc.; they might organize visits and study tours in the other countries, with the help of fellowships granted by the RCD Organization; they might avail themselves of research, training and extension facilities in the other countries; they might exchange personnel; they could also depute, for periods of 6 months to one year, some of their staff to serve in countries having gained experience in small industry development, in the RCD region or elsewhere, as associates of the national personnel in their respective field, following the example of the associate experts provided under the auspices of the United Nations; they might organise RCD small industry fairs and exhibitions and arrange for publicity and advertisements of small industry products in the three countries.

III. SCOPE FOR UNIDO ASSISTANCE

69. UNIDO is currently executing two projects of the United Nations Development Programme (Special Fund) in, respectively, Iran and Turkey. In Iran assistance is being given to the OSSI and IRI for the development of small-scale industry on a country-wide basis. In Turkey, assistance is being given to the Gaziantep Pilot Industrial Estate and Pilot Programme of Small Industry Development (KUSGEV). Assistance is currently being provided by UNIDO for the establishment of a subcontracting exchange in Istanbul. In 1970, UNIDO sent to Pakistan, at the request of the Government, a high-level mission which made recommendations on the Government's policy and programme for the promotion of small-scale industries and proposed several technical co-operation projects in both West and East Pakistan.
70. There is evidently scope for UNIDO assistance to the RCD Organization. Until now, only one technical co-operation project has been carried out by UNIDO for RCD, in the field of heavy engineering and electrical industry. The Meeting is of the view that UNIDO assistance would be needed for several of the projects recommended in part II of this report.
71. Thus, the creation of the RCD Regional Small Industry Development Centre would lend itself to UNDP (Special Fund) assistance. A request should be formulated and submitted to UNIDO and UNDP under the sponsorship of the RCD Organization or of the three member countries. Such assistance would cover the training of extension officers on a regional basis, referred to earlier in this report.
72. The creation of an RCD industrial research and design centre would also call for the assistance of UNDP (Special Fund) and UNIDO.
73. Assistance under other UNIDO programmes might be requested for such purposes as evolving common standards and quality marking schemes, and for promoting international subcontracting. It was felt that UNIDO assistance to the RCD Organization would be largely at the policy level.
74. A limited number of fellowships for training overseas and study tours might be requested from UNIDO.
75. The co-operation of UNIDO in national seminars for extension and bank officers might be requested.
76. Finally, UNIDO might be invited to provide continually to the national organizations and the RCD Secretariat its publications and reports on small industry development problems.

Annex I

LIST OF PARTICIPANTS

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Annex II

A G E N D A

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- Item II Adoption of the agenda
- Item III Review of national policies and programmes
- (1) General policies and objectives
 - (2) Industrial extension services
 - (3) Training of extension officers and of entrepreneurs
 - (4) Financing of small-scale industry
 - (5) Marketing assistance, including subcontracting
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- Item IV Regional co-operation
- Item V Scope for UNIDO assistance
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Annex III

LIST OF DOCUMENTS

Discussion and Country Papers

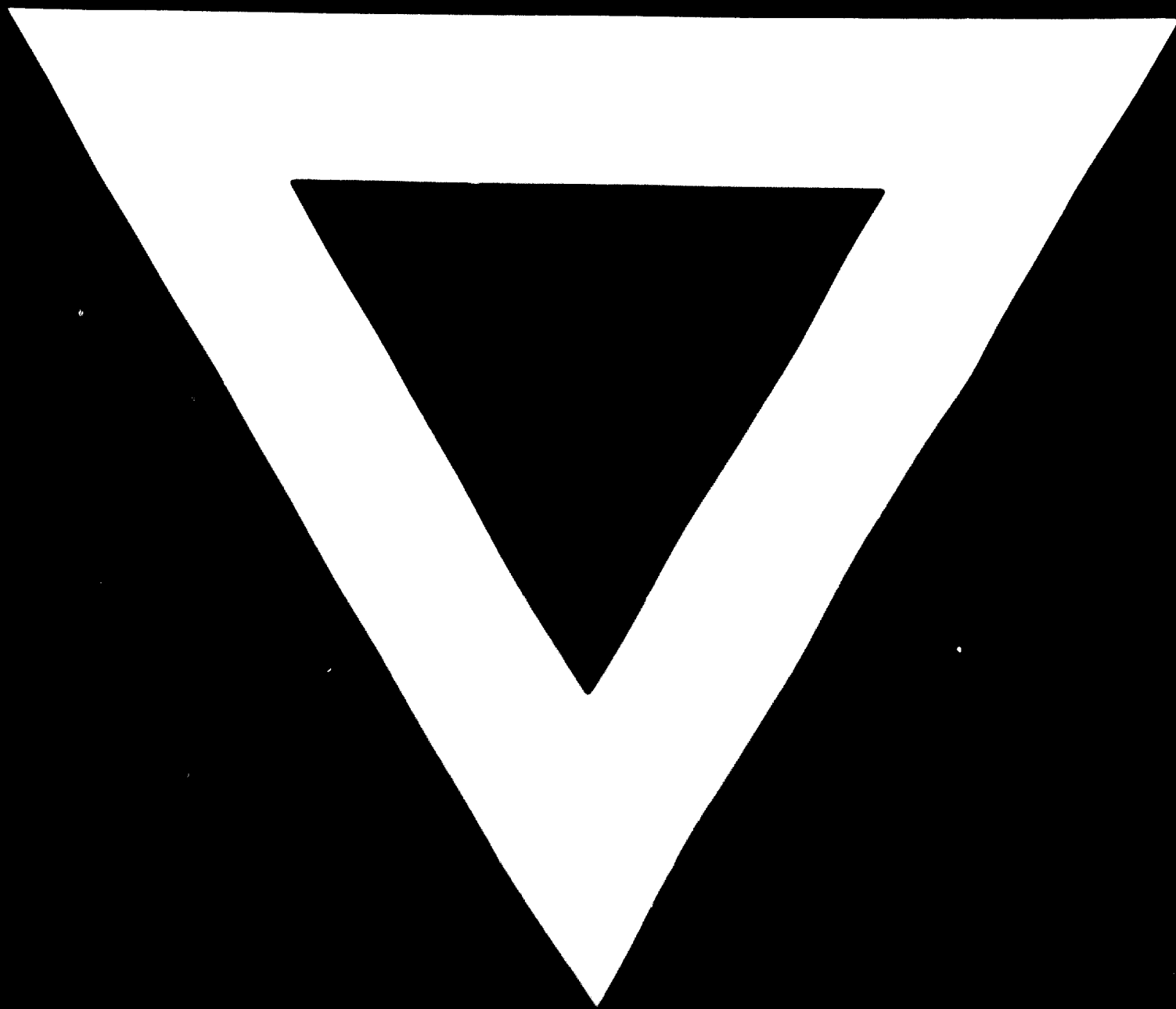
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