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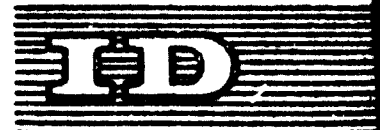
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EL SALVADOR <sup>1/</sup>

by

Leonel Edgardo Preser Guesada  
Salvadorian Institute of Industrial Development (INSAFI)  
San Salvador, El Salvador

<sup>1/</sup> The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO.

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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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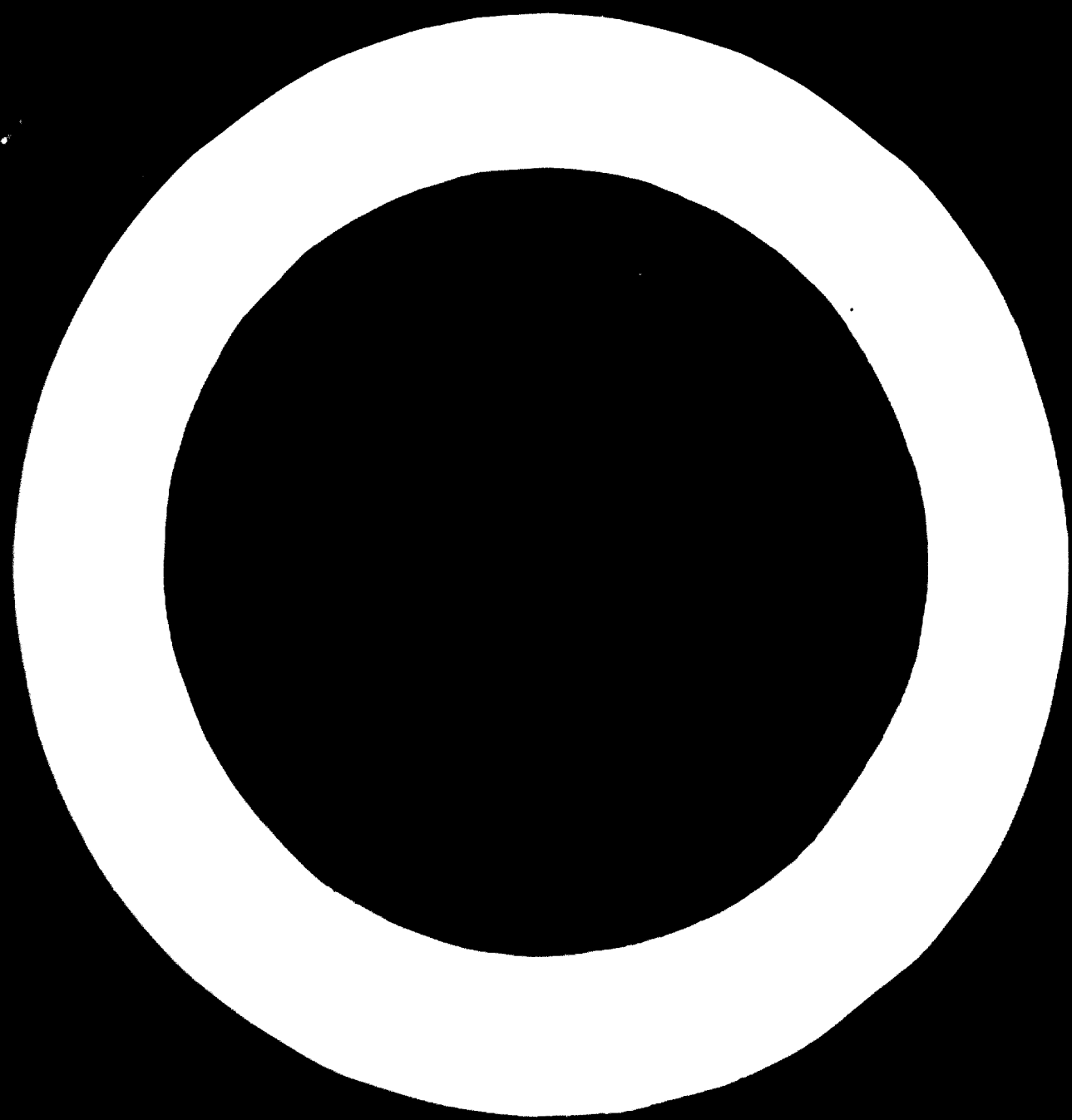
SUMMARY

In El Salvador, there is no public or private institution devoted exclusively to providing industrial information services to interested persons or public or private institutions.

The existing information is scattered in various public institutions and agencies and private entities which provide industrial information for El Salvador, particularly with reference to their specific respective fields.

The lack of centralisation of the existing information has resulted in unnecessary duplications which are costly in terms of foreign exchange for both the enterprises and the country and Central American region, and has made progress in inter-industrial relations difficult, since user companies have been unaware of possibilities for the local supply of raw materials and, conversely, producers have not had knowledge of users.

In order to correct these shortcomings, it is being attempted to establish a Salvadorian research and development institute (ISIDES), which would be in charge of the industrial information service in El Salvador. Owing to a number of obstacles, including lack of funds and shortage of information specialists, it has not been possible to carry out the project.



## INDUSTRIAL INFORMATION SERVICES IN EL SALVADOR

### General background

In El Salvador, there has been no public or private institution devoted exclusively to providing industrial information services to interested persons and public or private institutions.

The expansion prospects of the different industrial sectors in El Salvador not only call for large amounts of investment, but also make necessary the difficult task of absorption of new techniques. This technological improvement will have to take place not only in new industries, but also in many of the so-called traditional industries so as to bring about better utilization of the capital invested in them and guide them towards modernization. The lack of information has resulted in unnecessary duplications which are costly in terms of foreign exchange for both the enterprises and the country and Central American region. The lack of information has made progress in inter-industrial relations difficult, since user enterprises have been unaware of possibilities for the local supply of raw materials and, conversely, the producers have not had knowledge of the users.

None the less, there are public institutions and organizations and private entities which provide industrial information for El Salvador, particularly with reference to their specific respective fields.

Some of these institutions are: the Salvadorian Institute of Industrial Development, which is an autonomous body established by the State to serve as an active instrument in planning for the economic and industrial development of El Salvador; the Board of Statistics and Censuses, which is a general public census agency of the country concerned specially with certain sectors such as industry; the Salvadorian Association of Industrialists, which is a private organization for industrialists to which primarily those in medium-sized and large-scale enterprises belong; the Chamber of Commerce and Industry of El Salvador, which is also a private enterprise organization; the National Export-Promotion Centre (CENAFE), which is sponsored by the public and private sectors; and the National Council of Planning and Economic Co-ordination (CONAPLAN), which advises the executive branch; the Central Reserve Bank of El Salvador; and the Directorate for Industry of the Ministry of Economic Affairs.

To the above-mentioned institutions some ministry departments which provide more specific information in their fields of activity can be added.

In view of the broad field which industry embraces, it is indispensable to have an institute and laboratories which serve industry in general and can be of use for many productive activities. Under the Industrial Programme for 1968-1972, it was planned to establish a Salvadorian research and development institute (ISIDES) as one of the instruments for preparing the programme and achieving the objectives proposed in it, which would take charge of the industrial information service in El Salvador. Owing to a number of obstacles, including lack of funds, the project was not carried out (see annex 1).

Of the various institutions mentioned above, the Salvadorian Institute of Industrial Development could be considered that most specifically and specially designed to provide services to private enterprise.

Industrial information service of the Salvadorian  
Institute of Industrial Development (INSAPI)

As an agency for the promotion of industrial activity, INSAPI plays an important part in our country's economic life.

Its purpose is to serve as an active instrument of the State in the preparation and financing of national plans intended in general to promote the industrial development of El Salvador. In view of its enormous responsibility in this connexion, its job is not directed solely towards the direct financing of already existing enterprises, but also towards the creation of investment opportunities as part of the programming of industrial development.

In view of the above, INSAPI is responsible for tasks involved in planning, establishing, financing, advising and rehabilitating industrial enterprises in the Salvadorian entrepreneurial area.

The task of planning involves co-ordination of goals, policies, procedures and methods with a view to rational and sound utilization of resources in the industrial sector.



Establishment activity involves bringing about the creation of new entrepreneurial organizations, modernizing old and obsolete organizations, expanding those which are efficient, re-organizing those which are poorly administered and liquidating those for which there is no hope.

The financing function takes in more than the mere legal act of lending funds for given periods of time. In the financial activity, there are related factors such as the various credit terms, the adaptation of terms to fit the purpose in each case, settlement of the amount to be invested and the cost of investment, taking into account the genuine financial requirements of the enterprise and its economic capacity.

The advisory function in any operational sphere of an enterprise obviously involves the systematic application of scientific processes, and this function is therefore assumed both by the technical staff of the Institute and by foreign advisers.

As part of its promotional activity, and in co-ordination with the financial activity, technical and economic feasibility studies have been carried out for the purpose of being made available to private domestic or foreign enterprises for implementation.

With regard to this objective, INSAFI has developed an industrial information service. This service has been placed in the Promotion Department, Investment Promotion Section.

This information service is made available to persons or entities which request it either orally or in writing. It has also prepared pamphlets containing basic general information on requirements, conditions, incentives and laws in the country and facilities for the investor in domestic industry. In addition, it provides specific information on given products or producers and also provides liaison between foreign importers and domestic producers or between domestic investors and foreign importers, in the case of foreign capital goods or goods which are demanded by domestic industry.

The Promotion Department also provides services for many businessmen or industrialists who wish to invest in the country by supplying them information concerning facilities and necessary steps for the installation of industrial enterprises in the national territory.

The Department has an up-to-date register of representatives for machinery and equipment for given industrial activities and makes this information available to investors who wish to carry out some project for a specific activity.

INSAFI also has a department devoted to making evaluations of industrial branches and maintaining statistics on the development of the sector; this department maintains close contact with the Board of Statistics and Censuses, the Central Reserve Bank and CONAPLAN.

The Institute provides technical assistance to enterprises submitting requests, either for initiation or expansion projects or for the correction of shortcomings in the administrative, economic/financial or productive fields. It carries out this activity through its Industrial Services Department.

INSAFI has a library in which there is general and special technical and economic bibliographical material concerning industry, and which is available both to the Institute's staff and to individuals serving public or private institutions interested in obtaining information on the industrial sector.

A list of the main information centres in El Salvador is given in annex 2.

ANNEX 1

PROJECT FOR THE ESTABLISHMENT OF  
THE INDUSTRIAL INFORMATION SERVICE <sup>1/</sup>

General objectives

One of the most evident problems brought to light by the analysis of the situation in and problems of industry made with the co-operation of the private sector industrial committees was the lack of information on various matters of interest to the industrialist such as markets, production, supply, technology and projects under study and being implemented in El Salvador and the rest of Central America. This lack of information has resulted in unnecessary duplication which is costly in terms of foreign exchange for both the enterprises and the country and Central American region. The lack of information has also made progress in inter-industrial relations difficult, since user companies have been unaware of possibilities for the local supply of raw materials and, conversely, producers have not had knowledge of users.

If this information were easily available, it would be possible to achieve substantial economies through co-ordination of purchases of imported raw materials, and this would also save the country foreign exchange. In this connexion, a very special shortcoming has been noted in the case of intermediate chemical products in that, owing to the absence of technical specifications for imports, different enterprises are importing the same product under different trade names, and this makes it difficult not only to co-ordinate purchases, but also to evaluate true consumption of these products and possibilities for producing them locally.

Therefore, the objective of this programme is to help remedy shortcomings in a scientific and organized way by providing useful information for achieving optimum operation in industrial enterprises.

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<sup>1/</sup> From the Industrial Development Plan for 1968-1972; published by the National Council of Planning and Economic Co-ordination (CONAPLAN).

### Sources of information

There is now a great deal of information in the country on domestic and Central American industry, but it is often inaccessible or disorganized and scattered in various Government agencies. In order to achieve its objectives, the service proposes to organize and centralize the information already available locally and to collect additional information.

Internationally, the industrially most highly developed countries have, as they progressed rapidly in production and technology, produced massive amounts of information, and have therefore found it necessary to devote considerable effort and apply that same technology - especially in the field of electronic computers - to the organization, storage and processing of data for use by enterprises. There are also international organizations such as the United Nations Industrial Development Organization which work in this field to help the developing countries, through which it is possible, by a co-ordinated effort, to benefit from that part of the information of use to Salvadorian industrialists.

### Types of information to be supplied

The types of information to be supplied, classified according to functional areas of the enterprise, are as follows:

#### General information for programming

- Articles produced in El Salvador and Central America, with their technical specifications;
- Manufacturing plants in each industrial branch in El Salvador and Central America, indicating the approximate production capacity;
- Projects for new plants which are under study or being carried out in El Salvador and Central America;
- Information on the operation of industrial enterprises in other developing and more developed countries (profiles of manufacturing establishments);
- Information on the development of industrial projects from their conception to their execution and starting up in various countries of the world;
- Statistics on the operation of industrial enterprises for purposes of industrial programming and preparation and evaluation of projects (information such as location, ownership, products, how long operating, jobs afforded, sales etc.);
- Other information for industrial programming;

### Supply

- Sources of supply of domestic and foreign raw materials;
- Raw material quality;
- Raw material prices;

### Production

- Product design, patents;
- Manufacturing processes;
- Production equipment and machinery;
- Special techniques for increasing productivity or improving quality;

### Marketing

- Market information for purposes of decision-making and operational planning;

### Personnel

- Availability of technical and administrative personnel at various levels and in various fields.

### Specific activities

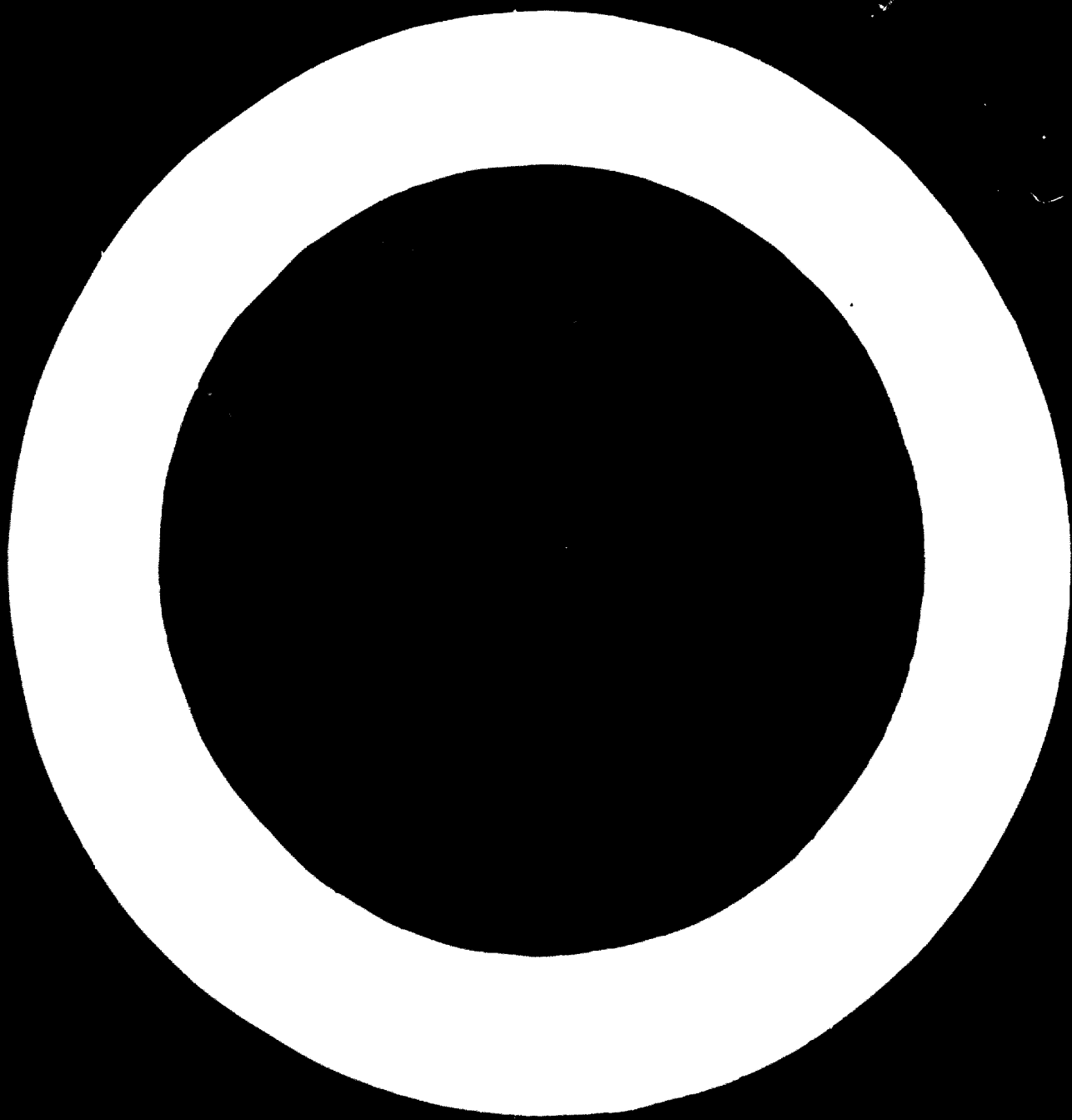
In order to achieve the planned objectives and make available the services mentioned, a number of activities will have to be carried out. Briefly, these are:

- Preparation of an inventory of sources of information, both domestic and foreign, with establishment of the contacts and systems required for channelling information;
- Organized collection of this information;
- Establishment of systems for disseminating the information;
- Periodic checking of the utilization of and results obtained through the service provided to enterprises;
- Collaboration with other institutions in work connected with improving the quality and quantity of information of use to industry.

An example of this will be collaboration with the Central Reserve Bank and other agencies for studies on subjects such as input/output.

### Cost of the service

The costs relating to the personnel and staff required for an initial period are covered by the budget of the Salvadorian research and development institute (ISIDES), which would be in charge of this service.



ANNEX 2

BRIEF DESCRIPTION OF THE ORGANIZATIONS CONCERNED WITH  
INDUSTRIAL INFORMATION

Salvadorian Institute of Industrial Development

Calle Rubén Darío 628  
San Salvador, El Salvador, C.A.  
Telephone Nos.: 21-8234 and 21-7023

The Salvadorian Institute of Industrial Development (INSAFI) is a governmental financial agency established in 1961, which is authorized to act as an industrial development bank.

Activities

The main activity of the Institute is to grant medium-term and long-term loans to finance the purchase of machinery and equipment. Also, - although on a smaller scale - the Institute finances the construction of buildings and provides working capital.

The loans are granted in accordance with the requirements of the project, taking into consideration its technical and economic feasibility and also its impact on the national economy.

INSAFI also provides the following services:

- Provision of general information for the establishment of industrial enterprises and of information concerning laws, regulations, public services and industrial investment in El Salvador;
- Preparation of feasibility and market studies;
- Provision of general assistance in the planning and execution of industrial projects;
- Promotion of industrial projects;
- Establishment of contacts with Salvadorian entrepreneurs when joint investment is desired;
- Provision of technical and financial assistance to small-scale industry and crafts;
- Provision of the information required by national and foreign persons and firms interested in learning about possibilities for carrying out industrial projects in the country.

Salvadorian Association of Industrialists

11 Av. Norte No. 240  
San Salvador, El Salvador, C.A.  
Telephone Nos.: 21-4492 and 21-4573

The Salvadorian Association of Industrialists (ASI) is a body representing industry which was established in 1958 to protect the interests of its members and the general interests of the country and to stress the position of industry as representing an activity of national value providing undeniable benefits to the economic activity of the country.

Activities

- Development and protection of the industrial production of the country;
- Preparation of studies and provision of information on obtaining foreign markets for production surpluses;
- Promotion of the establishment of new industrial enterprises;
- Provision of information to investors interested in the development of new industries;
- Provision of advice to the State on all matters relating to the domestic manufacturing industry.

Publications

Industria - A monthly review;

Directorio - An annual publication. This directory, which organizes enterprises in accordance with the United Nations International Standard Industrial Classification (ISIC), indicates the raw materials used by each enterprise so as to facilitate trade relations among enterprises.



Chamber of Commerce and Industry of El Salvador

Edificio Duñas, 2<sup>o</sup> Piso  
San Salvador, El Salvador, C.A.  
Telephone Nos.: 21-3483 and 21-6273

The Chamber of Commerce and Industry of El Salvador is a body representing private enterprise which was established in 1927 to protect the professional, economic and financial interests of its members.

Its machinery for carrying out its activities consists of the Board of Governors and the Committees for Industry; Commerce; the Chemical and Pharmaceutical Industry; Agriculture, Stock-raising and Tourism; and Management.

Activities

- Promotion of international economic co-operation and trade;
- Dissemination of information on laws, agreements and provisions applicable to activities in trade and industry;
- Information concerning administrative procedures and outside requests with regard to national trade and industry;
- Advice on the study of problems relating to services connected with trade and industry;
- Information and guidance service for all types of matters relating to the different activities in the country.

Publications

Directorio Industrial de El Salvador - Annual publication;  
Carta Informativa (Newsletter) - Fortnightly publication.

National Export Promotion Centre

11 Av. Norte No. 240  
San Salvador, El Salvador, C.A.  
Telephone Nos.: 21-6756 and 21-9245

The National Export Promotion Centre (CENAPE) was established in 1969 so that there would be a permanent office to make an organised study of the possibilities for marketing non-traditional products abroad.

Activities

- General information on products and markets;
- Promotion and diversification of exports of industrial and agricultural products;
- Technical assistance;
- Market surveys;
- Promotion of investment in export-oriented industries;
- Publicity.

National Council of Planning and Economic  
Co-ordination

Casa Presidencial, 2<sup>o</sup> Piso  
San Salvador, El Salvador, C.A.  
Telephone No.: 23-2111

The National Council of Planning and Economic Co-ordination (CONAPLAN) was established in April 1962 as an advisory and consultative body under the executive branch. The Council, whose chairman is the President of the Republic, consists of several ministers of State, presidents of autonomous organizations and representatives of private enterprise. It has an executive secretariat and a technical office, the latter being divided into sections corresponding to the different sectors of development.

Activities

- Carrying out of statistical surveys and analyses which can serve as a basis for the preparation of economic development plans;
- Preparation of over-all, regional and sectoral plans and co-ordination of the specific plans of the individual ministries;
- Proposal of appropriate means to stimulate private initiative and bring about mutual co-operation between domestic capital and Central American and foreign capital under equitable terms;
- Preparation of all types of studies and reports with which it is charged by the Council;
- Guiding of the policy of the Government with regard to its participation in the various economic sectors.

### Publications

- Indicadores Económicos y Sociales (Economic and Social Indices) - Quarterly;
- Situación Económica de El Salvador (Economic Situation of El Salvador) - Annual;
- Five-year economic and social development plans;
- Five-year reviews of the industrial sector;
- Various documents.

### Board of Statistics and Censuses

Calle Rubén Darío No. 953  
San Salvador, El Salvador, C.A.  
Telephone Nos.: 21-9921 and 21-9920

The Board of Statistics and Censuses is a Government agency under the Ministry of Economic Affairs. It was established in 1881 to study and improve the methods for planning, collecting, compiling, tabulation, analysing, publishing and distributing the statistical and census data of the country.

### Activities

- Planning, collection, compilation and publication of current statistics in the population, cultural, judicial and political, building, transport and communications, agricultural and stock-raising, industrial, domestic and foreign trade and cost of living fields;
- Planning, carrying out and publication of censuses of population, buildings and housing, agriculture and stock-raising, industry and trade and any others needed by the country;
- Promotion of the use of the means necessary to improve the bases for statistical comparability at both the national and international levels;
- Laying down of standards and methods to which the different agencies must conform in their statistical work.

### Publications

- Anuario Estadístico (Statistical Yearbook);
- Boletín Estadístico (Statistical Bulletin) - Quarterly;
- El Salvador en Gráficas (El Salvador in Graphs) - Annual;
- Industrial, agricultural and stock-raising, population, housing and rural housing censuses;
- Index of working class consumer prices;
- Agricultural Census - Annual.

Central Reserve Bank of El Salvador

1<sup>a</sup> Calle Pte. y 7 Av. Norte  
San Salvador, El Salvador, C.A.  
Telephone No.: 23-4277

The Central Reserve Bank of El Salvador publishes a monthly review giving up-to-date information on subjects relating to the country's economy. Some of these subjects are:

- Money and banking;
- Foreign trade;
- Public finances;
- Production and prices;
- Official provisions concerning economic matters.

Ministry of Labour and Social Security  
Statistics Section

Cuarta Av. Norte No. 412  
San Salvador, El Salvador, C.A.  
Telephone No.: 23-5866, extension 9

The Statistics Section is part of the Ministry of Labour and Social Security and was established to supply statistics on conditions and characteristics of work, price fluctuations, variations in non-agricultural employment, salaries, labour accidents, labour conflicts, etc. - phenomena which demonstrate the effect of our labour laws and reflect the degree of national economic development with regard to worker/employer relations.

Publication

- Estadísticas de Trabajo (Labour Statistics) - Annual.

Directorate for Industry

6 Av. Sur No. 133  
San Salvador, El Salvador, C.A.  
Telephone No.: 21-4646

The Directorate for Industry is under the Ministry of Economic Affairs and is directly responsible for studying the industrial projects for which incentives are requested and recommending the classification for each project on the basis of the provisions of the Central American Agreement on Fiscal Incentives for Industrial Development.

The information in this connexion supplied both to Government agencies and to private entities is limited to enterprises which, by virtue of a decree, enjoy tax incentives.

The following information is compiled:

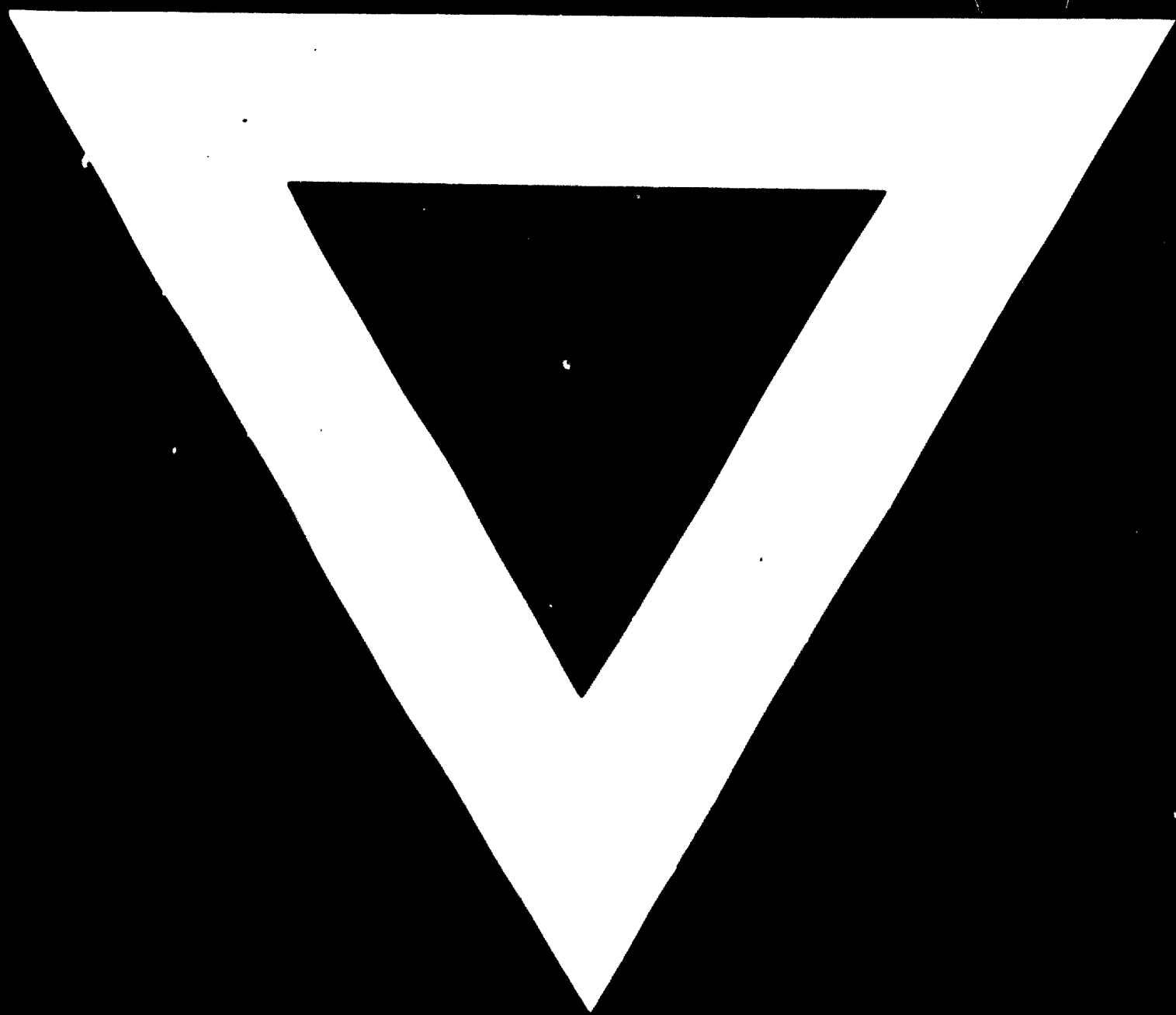
- Number of enterprises;
- Articles produced;
- Incentives enjoyed;
- Enterprises' own capital;
- Total investment;
- Personnel employed.

This information is presented in a chronological form and also in a form grouping the enterprises by branch of industrial activity in accordance with ISIC.

For internal use, more general data are compiled, for example, on the added value generated by beneficiary enterprises, benefits to the balance of payments, as well as on other subjects on which data may be of some use.

Although this information is not published, it is at the disposal of interested parties requesting it.





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