



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)



DC346C



Distr.  
LIMITED

ID/WO.93/1  
31 March 1971

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Meeting on Promotion of Small Industries in the RCD Countries  
Teheran, 11-17 April 1971

**ANNOTATED PROVISIONAL AGENDA  
and  
PROPOSED ISSUES FOR DISCUSSION 1/**

The following list of issues for discussion has been prepared by the Secretariat of UNIDO with a view to facilitating the debates.

**Item I: Opening addresses. Election of officers**

**Item II: Adoption of the agenda**

**Item III: Review of national policies and programmes**

Programmes of small industry development are included in the five-year plan of each of the three RCD countries. Industrial estates or areas, extension service centres and training facilities have been set up in all three countries under these programmes. It will, therefore, be useful to exchange information and experience on the respective policies, objectives and methods of small industry development.

1/ This document has been reproduced without formal editing

14.71-5445

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.

The discussion might focus on the following questions:

(1) General Policies and Objectives

- (a) Inasmuch as special measures of promotion are normally reserved exclusively to small-scale industries as legally defined, participants are invited to discuss the question whether present definitions, where they exist, are adequate or inadequate for the promotion of this sector. Is there any point in achieving a common definition for all three countries?

It should be noted that legal definitions exist today only in Iran and Pakistan. In both countries, they are in the form of ceilings on investment in fixed capital amounting, respectively, to 750,000 rials (\$ 100,000) in Iran and Rs. 500,000 (\$ 105,000) in Pakistan. The ceilings are, however, the same only in appearance, since the Iranian definition excludes land and buildings while the Pakistani definition includes buildings but excludes land. In Turkey, the Halk (People's) Bank applies a definition based on employment (5 to 25 persons) and use of power. UNIDO experts have proposed a ceiling of 1.5 million Turkish liras (\$ 100,000) on machinery and equipment, excluding land and buildings, as in the case of Iran.

- (b) Is the most urgent current problem the modernisation of existing small-scale industries or the creation of new ones, or are both objectives of equal importance?
- (c) In all three countries, small industry promotion appears to be focused on the development of regions away from the metropolitan centres, including backward and rural areas. Is this policy sound and effective?
- (d) In promoting small-scale industry, is the main objective to increase employment or to maximize output? In other words, are small-scale industries encouraged to organize along predominantly labour-intensive or capital-intensive lines?

(2) Industrial Extension Services

In the RCD countries, industrial extension services for small-scale industries are already provided (Iran and Pakistan) or are being set up (Turkey). Assistance in this field is being provided by UNIDO to Iran and Turkey and recommendations for relevant technical co-operation projects were formulated by UNIDO experts in Pakistan.

Discussion is invited, especially on the part of representatives of the business community, of the adequacy of the services rendered and of the means of improving the services so that they would meet more effectively the needs.

Discussion is also invited of the possibility of inducing industry associations, chambers of commerce, etc. to provide promotional and extension services complementing those of government agencies, in addition to their traditional roles of protection and representation.

(3) Training of extension officers and of entrepreneurs

On-the-job training of extension officers and entrepreneurs is undertaken by international experts and their counterparts, and through fellowships granted under international and bilateral programmes. Until now, no attempt appears to have been made to provide systematic and continuing training to extension officers in any of the RCD countries.

Discussion is invited of the needs and possibilities of either

- (a) establishing in one country a training centre for extension officers from all three countries; or
- (b) establishing in each country a training centre for national extension officers; or
- (c) providing training to extension officers from other RCD countries in a national training or extension centre;
- (d) providing training to entrepreneurs, established or new, in extension centres and/or in factories, at home and abroad.

(4) Financing of small-scale industry

Turkey has a long experience in financing small-scale industry through the Halk (People's) Bank. So has Pakistan, through the West and East Pakistan Small Industry Development Corporations, and through channelling foreign credit through the Industrial Development Bank of Pakistan. In Iran, no special institutions or financial facilities exist, thus far, for providing credit to small-scale industries.

Consideration is being given to establishing an RCD Development and/or Commercial Bank or Banks.

Discussion is invited of the following two questions:

- (a) Is shortage of funds an obstacle to the financing of small-scale industries in the RCD countries? If so, could this obstacle be alleviated, at least in part, through channelling of funds from the proposed regional bank or from international financial sources?
- (b) If the main obstacle is not shortage of funds but scarcity of bankable projects and restrictive practices on the part of credit institutions, what measures can be adopted to remedy this situation?

(5) Marketing assistance, including subcontracting

The Small Industries Development Corporations in both West Pakistan and East Pakistan have started out marketing assistance programmes. In Turkey UNIDO is providing assistance to the Istanbul Chamber of Commerce for organizing a subcontracting exchange. UNIDO will also assist in promoting subcontracting between large industries in Turkey and small enterprises in Gaziantep. The UNIDO project in Iran endeavours to promote the establishment of small industries as ancillaries to large enterprises in Tabriz, Shiraz and other cities.

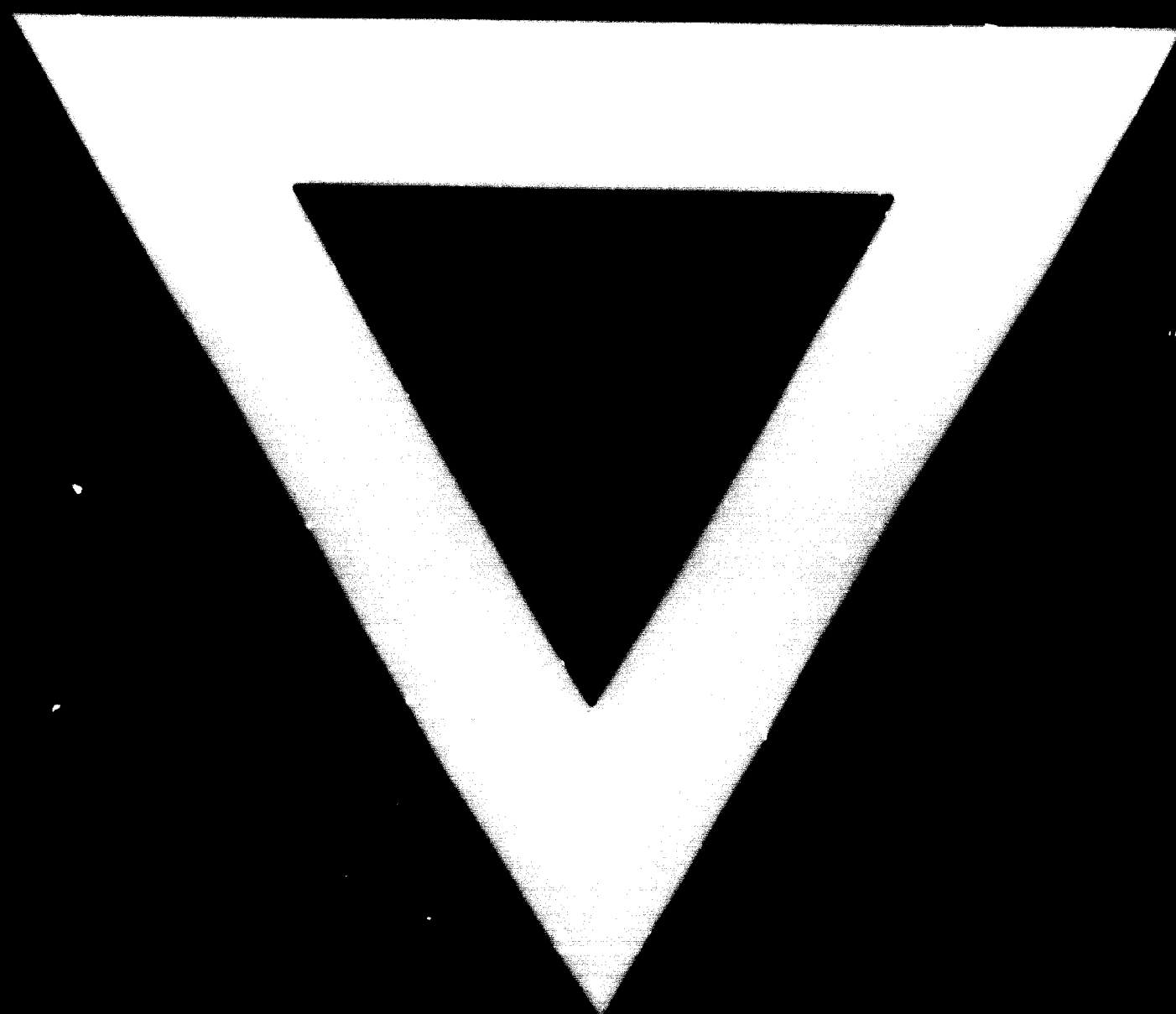
Discussion is invited of the scope for programmes of assistance in domestic marketing, development of ancillary industries, promotion of government purchases from small industries and export promotion of small industry products in the region. Consideration might also be given to the possibilities of subcontracting by joint ventures sponsored by the RCD organisation in certain member countries, which cater to the market of 2 or 3 of these countries, to small-scale industries in the country where the joint venture is established, for the supply of parts and components. Other forms of international subcontracting within the RCD region might also be considered.

(6) Industrial estates and industrial areas

In all three countries, industrial areas offering improved sites have been set up as an incentive to the establishment of industries of all types and sizes. In Iran, an industrial estate with standard factories, common service facilities and extension services has been set up in Ahwaz with UNIDO assistance. In Turkey, an estate is being developed in Gaziantep, also with UNIDO assistance; the project will provide factories for rehoused enterprises, common facilities and technical and managerial counselling. In Pakistan, as far as is known, no estate with standard factories has been developed, but common facilities and extension services are available to the industrialists located on industrial areas. In accordance with the industrial decentralization policies of the RCD countries, all or most estates and areas are set up in provincial towns, large and small, and not in metropolitan centres.

Participants are invited to evaluate the effectiveness of industrial estates and areas in their countries in promoting small-scale industries, and to discuss the following questions, among others:

- (a) Should industrial estates with standard factories be set up only in locations where maximum incentives are needed, industrial areas being considered to be sufficient elsewhere?
- (b) Is there any scope for the establishment of co-operative or privately-owned estates or areas in the RCD countries?



**4. 2. 74**