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REPORT OF THE EXECUTIVE DIRECTOR ON THE
 PROGRAMME OF SPECIAL INDUSTRIAL SERVICES

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I. Introduction

1. In response to a request made at the Economic and Social Council's thirty-ninth session in 1965, the Secretary-General, in his report to the twentieth session of the General Assembly, proposed a Programme of Special Industrial Services (SIS) designed to make available to member States "a broader range of technical assistance services under flexible procedures more adapted to the particular requirements of industrial projects". To meet these requirements, additional financing on a voluntary basis by member Nations was envisaged. Contributions to such a fund were subsequently pledged by several countries.

II. Purpose and scope of programme

2. A major purpose of the SIS programme is to provide such specific and urgent assistance as may be required to make feasible the financing and implementation of industrial projects. This calls for a more flexible form of assistance than can be rendered under the existing long-term projects financed by the Special Fund of the UNDP or the medium-term operations programmed under the Technical Assistance component of the UNDP. More specifically, the programme may be said to cover the range of services required by Governments for the implementation of projects in the manufacturing field after the initial feasibility study has been completed but before the necessary capital investment has been assured. This final stage in the implementation of industrial projects is of a particularly critical and urgent nature and considerable skill and technical knowledge are required to successfully handle the various practical steps which are to make feasible the financing and implementation of the project. The

11. The status of pledges to the SIS Trust Fund as of 31 December 1966 is summarized in Table 1 below. (The table includes all pledges formally announced up to 31 December 1966, irrespective of the year for which the pledges were made).

Table 1

Contributions by Member Governments to the SIS Trust Fund
as of 31 December 1966

<u>Government</u> ^{a/}	<u>Amount (\$US)</u>	
	<u>Pledged</u>	<u>Paid</u>
Federal Republic of Germany	2,000,000	1,000,000
Netherlands	1,666,666	1,666,666
Sweden	500,000	-
United Kingdom	840,000	840,000
United States	2,000,000 ^{b/}	555,555
	<u>7,006,666</u>	<u>4,062,221</u>

a/ In addition to those listed above, certain other Governments have indicated their intention of contributing additional amounts.

b/ For the year 1966, the United States Government included in its pledge to UNDP an amount of \$2 million to be paid to the Trust Fund.

Total earmarkings, i.e. the value of projects approved from the inception of the programme amounted to almost 80.8 million as of 29 February 1967. Total obligations during the shorter period, May - December 1966, reached the level of 63,000 (Provisional estimate).

12. The following table shows the above figures broken down by month:

Table 2

<u>Amount</u>	<u>Cost of approved projects and exploratory missions</u> (Cumulative: in US dollars)	<u>Total obligations incurred</u> (Cumulative: in US dollars)
May 1966	17,990	3,308
June	167,115	13,889
July	195,615	14,569
August	276,905	20,781
September	282,605	38,735
October	394,905	46,790
November	446,465	50,941
December	449,140	63,658 (prov.)
January 1967	477,140	not yet available
February	788,415	not yet available

A summary table listing the approved projects and exploratory missions, also their costs and expenditures, is appended (Annex I).

V. Review of operations, March 1966 - February 1967

13. The response of the Member States to the SIS Programme has been encouraging. The following table shows how the programme has gained momentum both in terms of number of requests received and projects approved.

Table 3

<u>Month</u>	<u>No. of requests received^{a/}</u>	<u>No. of projects approved</u>
1966 March	4	-
April	-	-
May	8	2
June	7	8
July	5	5
August	4	6
September	4	3
October	12	5
November	19	8
December	14	1
1967 January	12	4
February	11	17
	<u>100^{b/}</u>	<u>59^{c/}</u>

a/ Includes requests for exploratory missions.

b/ In addition to the requests listed, there are about 40 projects in an early phase of examination.

c/ Does not include a number of projects initially considered and processed under SIS which have, upon further evaluation, been found to qualify under existing UNDP/SF projects or other technical assistance programmes.

14. Larger and more diversified advisory teams are being called for to an increasing degree. Whereas initial missions or expert assignments involved either a single expert or a few advisers for a relatively shorter period, projects that have since evolved require larger advisory teams made up of experts of more diversified skills appointed for periods from several months up to one year.

15. During the period March 1966 - February 1967, 28 missions and assignments, totalling 27 man-months, have been undertaken by experts recruited. Of these, 18 assignments have been completed. In the same period the number of missions undertaken by UNIDO staff members totalled 35, equivalent to 14 man-months. Of these all have been completed except 3. The country of origin of experts and staff members who have participated in these missions are shown in Table 4. Consulting firms from India, Sweden and the United Kingdom have so far been involved.

Table 4

	<u>No. of Missions and Assignments by Recruited Experts</u>	<u>No. of Missions by Staff</u>
Argentina	-	1
Belgium	-	2
Ceylon	-	2
France	-	1
Honduras	-	1
India	1	12
Italy	1	-
Netherlands	-	1
Pakistan	1	-
Sweden	3	-
Sudan	-	2
U.A.R.	1	-
United Kingdom	2	-
United States	14	12
Yugoslavia	4	1

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bridging of this "action-gap" calls for a flexibility of approach which is often inconsistent with the formal project procedures on which most existing programmes are based.

3. In addition to filling this "action-gap", there is a large scope of other needs in which the SIS programme can be of assistance. Within the sphere of manufacturing industry, there exists a broad range of practical needs, often of a short-term nature, which cannot be programmed in advance, the consequence being that the effectiveness of the assistance to a large extent depends on the ability to meet Government requests within a minimum period of time.
4. The following may serve as an illustration of the nature of assistance envisaged under the SIS programme:
 - (a) Ad hoc assignment of high-level experts, whose services may be requested on relatively short notice, to advise about specific questions related to the preparation and implementation of industrial projects;
 - (b) Assistance in the different stages of new manufacturing projects, particularly in respect of practical needs during the post-feasibility stage of the project, until appropriate financing is assured;
 - (c) Expert services on an intermittent basis to make specialists available for brief periods during the development of the project, whenever the need for the particular skills arises;
 - (d) Co-operative attention of various specialists to industrial projects involving complex manufacturing techniques through ad hoc arrangements with specialized institutions or experienced consulting engineering organizations which are prepared to make teams of specialists available on short notice;

- (e) Bringing one or several national technicians to the source of specialized knowledge abroad, either to obtain the required assistance or to learn the solution to technical problems as practiced in industrialized areas from first-hand observation;
- (f) Support in solving specific problems, such as the need for technical documentation, computations or data of a particularly complex nature, laboratory analysis of a type not available locally, design work of a specialized nature etc.;
- (g) Confidential consultations at a high policy level on matters relating either to specific projects or industrial development policies and advice on industrial project promotion problems; and
- (h) "Trouble shooting" assignments to solve such technical problems as arise in connexion with the operation of plants and machinery, flow of materials and quality control.

III. Initial phase of operations

5. Provisional administrative procedures have been set up, in collaboration with the UNDP, for the launching and implementation of the SIS programme. They are summarized below.
6. Requests for assistance by Member States under the SIS programme are normally submitted through the UNDP's Resident representatives in the field. They may also be directly submitted by the Governments to UNIDO. When UNIDO receives the request directly from the Government, it has been agreed that full particulars on such requests be transmitted to the UNDP at the earliest possible time. These requests are examined, and qualify for approval if it is found that they meet with the requirements drawn up for the SIS programme and do not overlap with assistance programmed under the UNDP (the technical assistance or the Special Fund components) or the regular programme.

7. While the UNDP is invited to comment on requests received, ultimate responsibility for the technical and economic evaluation of requests rests with UNIDO. Concurrence and approval of projects by the UNDP are obtained in joint UNDP/UNIDO meetings or by an exchange of memoranda. As it is frequently necessary to conduct "on the spot" investigations of requests to assure their proper evaluation, generally by UNIDO Headquarters staff, special procedures have been established for such activities.

8. In proceeding with the implementation of projects, central services of the UN are utilized to assist in the recruitment of experts and the letting of contracts for consulting services. Prior to actual implementation, Government concurrence and approval is obtained for each specific project to thus assure acceptability of proposed experts and/or selected consulting firms.

9. A variety of measures were taken to announce the SIS programme. The Resident Representatives in the field were informed of the new programme by a circular issued by the UNDP;^{1/} subsequently they were given additional information at a meeting of resident Representatives held in Turin, Italy, in June 1966. Contacts with officials and industrialists from developing countries have also created opportunities of informing various Governments of the scope and availability of the SIS programme, as did a number of exploratory missions undertaken by staff members of the UNIDO. The establishment of the programme and its development have been further

^{1/} (Document DP/CM/Field 22, 7 April 1966).

reported in the "Industrial research and development news" as well as in other publications.

IV. Financial aspects

10. Following the agreement to set up the new Trust Fund based on voluntary contributions by member countries, letters were exchanged with the contributing Governments, in which the arrangements for the administration of the Trust Fund were agreed upon (Annex III). Among other things, it was agreed (a) that the Trust Fund would be used exclusively for industrial development activities and principally to finance special industrial services of a type enumerated in paragraph 4 of this report; (b) that the Administrator of UNDP would assume responsibility jointly with the Commissioner for Industrial Development (now the Executive Director of UNIDO) for the administration of the Trust Fund; (c) that the arrangements for the administration of the Trust Fund were provisional in character and would be reviewed in the light of experience as well as in the light of subsequent decisions by the General Assembly based on resolution 2089 (XX)^{2/}; (d) that the Administrator and the Commissioner (now the Executive Director) would arrange for the issuance of periodic status reports on the Trust Fund for the information of contributing Governments of the United Nations legislative bodies most concerned in industrial development matters.

^{2/} Establishment of the United Nations Organization for Industrial Development (General Assembly resolution 2089 (XX)).

16. Projects for which assistance is being requested are becoming more and more diversified. Assistance is being sought for second-phase, overall and detailed technical and feasibility studies on the merits, location, capacity, product distribution etc., for complete industrial plants. These projects include such varied industrial fields as iron and steel, other metallurgical industries, fertilizer, pulp and paper, textiles, cement, mechanical and electrical industries, consumer goods and food-processing industries. Such all-inclusive feasibility studies cover existing as well as new industries, and aim, not only at improving the operation of existing industries, but also at creating better conditions for additional investment in further industrial fields.

17. Particulars on approved projects, as well as on exploratory missions, are summarized in Annex II. In addition to those listed in Annex II, requests have been received and are presently under review from the following countries in the fields indicated:

Algeria, Colombia, Gabon and Tunisia (metallurgical industry); Colombia, Dominican Republic and Peru (pulp and paper); India, Jordan, Sudan (fertiliser); Ecuador, Morocco and Tunisia (food processing); Ceylon (textiles); Ecuador and Thailand (industrial estates development).

VI Conclusions

18. The SIS programme of assistance, as developed so far, can justifiably be said to be passing through an experimental stage in which the basis for successive development is being laid down.

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19. Much effort has been spent in this initial phase in order to streamline the administrative procedures necessary for getting a new programme started. The SIS programme, being of an urgent nature, requires priority treatment in a manner which has tended to cut across other "normal" programmes with already developed and well-defined procedures. However, a closer co-ordination of the many groups responsible for the various phases leading from the approval to the execution of a SIS project is expected to lessen the period of time involved in launching a project.

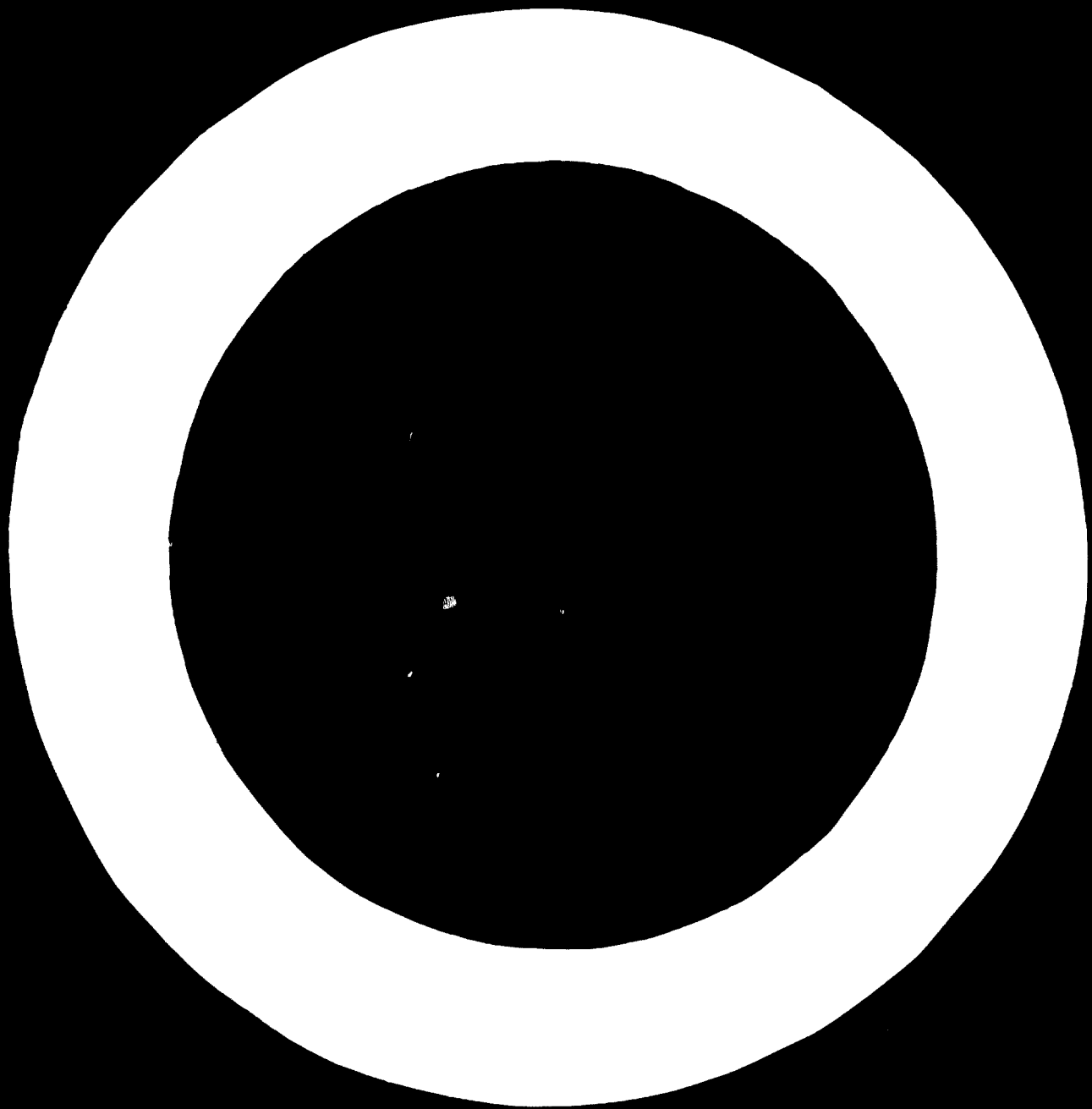
20. In the course of this first phase of the SIS programme certain problems of recruitment have been encountered. By its very nature, assistance of the kind envisaged under the SIS programme cannot be planned in advance and thus recruitment cannot easily be handled along the same lines as with the established programmes. In order to speed up the recruitment of experts required on an urgent basis, a system of advanced recruitment is being adopted enabling the recruitment officer to initiate contacts with recruitment centres of Member countries well before the project in question has been formally approved.

21. Intensified efforts are also being made to tap new sources of manpower supply, and direct contacts are, to an increasing degree, being established with national organizations in a position to suggest suitable experts in various specialized fields. These efforts have, as a whole, been rewarded with success and additional sources of expertise such as consulting firms are being called upon increasingly.

22. In the period ahead a number of projects will reach advanced phases of implementation. These phases are estimated to require expenditures

of up to perhaps twenty times the cost of the initial exploratory project phases. As the SIS projects increase in number and grow in size, the services of larger specialist groups, consulting engineering firms and contractors will be required.

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ANNEX I

SUMMARY: LABORATORY RESEARCH AND APPROVED PROJECTS FINANCED BY UNIDO

<u>UNIDO No.</u> (1)	<u>Country</u> (2)	<u>Project</u> (3)	Estim- ated cost of explor- atory work as of 28.2.67 ^{a/} (4) (\$US)	stim- ated cost of approved projects under SIS as of 28.2.67 (5) (\$US)	Total ob- ligations incurred as of 31.12.66 revis- ional (6) (\$US)
<u>AFRICA</u>					
66/16	ALG-1	Algeria	Reactivation of industries (explora- tory phase).	800	652
67/70	ETHIO-1	Ethiopia	Industrial projects studies		32,000
66/1	GHA-1	Ghana	State Hatch Corporation		10,000
66/2	GHA-2	Ghana	Fibre Bag Manufacturing Corporation		71,000 1,406
66/3	GHA-3	Ghana	State Enterprises Sect.		10,500 7,768
66/4	GHA-4	Ghana	Paper Conversion Corp.		11,000 6,332
66/22	IVCO-1	Ivory Coast	Paper mill (investiga- tory mission)	3,000	
66/26	LIBE-1	Liberia	Study for steel project		110,000 ^{b/}
67/64	LIBE-2	Liberia	Advisory services for steel project		30,000

- ^{a/} Amounts listed here will be absorbed in Column (5) when feasible.
^{b/} Excluding Liberia Government participation in amount of \$US 12,000.

<u>UNIDO No.</u> (1)	<u>Country</u> (2)	<u>Project</u> (3)	Estimated cost of explor- atory work as of <u>28.2.67</u> (4) (\$US)	Estimated cost of approved projects under SIS as of <u>28.2.67.</u> (5) (\$US)	Total ob- ligations incurred as of 31.12.66 (provis- ional) (6) (\$US)
<u>AFRICA</u> (cont'd)					
66/32	MLW-1	Malawi	Brewery project (exploratory work)	150	
66/44	MLW-2	Malawi	Advisory mission	1,060	2,531
66/45	MLW-3	Malawi	Industrial estates		1,200
67/66	MOROC-1	Morocco	Investigatory mission for metal industry	850	
66/7	NIG-2	Nigeria	Bauchi Meat Products Co.		6,800 6,083
66/10	NIG-4	Nigeria	Market study on iron and steel		10,000
66/11	NIG-5	Nigeria	Nigerian Paper Mills) (i) advise on management) contract) (ii) investigatory work)		14,550 4,527
66/13	SUD-1	Sudan	Cardboard factory (exploratory work)	300	236
66/27	SUD-2	Sudan	Small-scale industries (exploratory work)	500	470
67/60	SUD-3	Sudan	Public sector industries		10,000
67/61	SUD-4	Sudan	Textile production		6,000
66/33	TUN-1	Tunisia	Ateliers Mecaniques du Sahel		14,000

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<u>UNIDO No.</u> (1)	<u>Country</u> (2)	<u>Project</u> (3)	Estim- ated cost of explor- atory work as of 28.2.67 (4) (\$US)	Estim- ated cost of approved projects under SIS as of 28.2.67. (5) (\$US)	Total ob- ligations incurred as of 31.12.66 (provis- ional) (6) (\$US)
<u>AFRICA</u> (cont'd)					
67/67	TUN-2	Tunisia		4,000	
66/24	UAR-1	UAR		10,580	9,730
66/6	UAR-2	UAR	275		275
67/53	UAR-3	UAR		4,500	
67/54	UAR-4	UAR		7,500	
<u>MIDDLE EAST</u>					
67/52	ISR-1	Israel		71,000	
66/12	JOR-1	Jordan		35,000	104
<u>ASIA AND FAR EAST</u>					
66/17	IND-1	India		32,000	
66/37	IND-2	India		35,000	191
66/34	IPAN-2	Iran			56
66/40	IRAN-3	Iran		3,500	4,040
66/41	IRAN-4	Iran		3,125	

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<u>UNIDO No.</u> (1)	<u>Country</u> (2)	<u>Project</u> (3)	Estim- ated cost of explor- atory work as of <u>28.2.67</u> (4) (\$US)	Estim- ated cost of approved projects under SIS as of <u>28.2.67</u> (5) (\$US)	Total ob- ligations incurred as of 31.12.66 (provis- ional) (6) (\$US)	
<u>ASIA AND FAR EAST (cont'd)</u>						
67/58	IRAN-6	Iran		Railroad workshop	6,000	
66/30	KCR-1	Korea		Steel project) (i) exploratory) work)	2,175	
66/43	KCR-2	Korea		(ii) investigatory) mission)		
66/38	PHI-1	Philippines		Integrated iron and steel mill	5,600	
66/62	THA-2	Thailand		Sugar industries	* 6,000	
<u>EUROPE</u>						
66/36	BULG-1	Bulgaria		Institute for instruments design (i) exploratory work	400	313
67/50	BULG-2	Bulgaria		(ii) advisory services	51,000	
66/14	CYF-1	Cyprus		Fertilizer ind-) ustries: explor-) atory phase)	1,650	1,650
66/28	CYF-3	Cyprus		- feasibility study)		
66/15	CYF-2	Cyprus		Paper mill (explor- atory work)	1,640	815

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<u>UNIDO No.</u> (1)	<u>Country</u> (2)	<u>Project</u> (3)	Estim- ated cost of explor- atory work as of <u>28.2.67</u> (4) (\$US)	Estim- ated cost of approved projects under SIS as of 28.2.67 (5) (\$US)	Total ob- ligations incurred as of 31.12.66 (provis- ional) (6) (\$US)
<u>EUROPE</u> (cont'd)					
66/46	CYP-4	Cyprus	Saw mill	4,000	
66/48	CYP-6	Cyprus	Asbestos pipe plant	4,000	
66/47	CYP-5	Cyprus	Industrial estates	6,000	
66/20	GRE-1	Greece	Industrial estates (exploratory work)	700	668
67/51	TUR-1	Turkey	Fertilizer project (evaluation of tenders)	40,000	
67/55	TUR-2	Turkey	Cement factories	14,000	
<u>THE AMERICAS</u>					
66/8	CHI-1	Chile	Engineering industries	45,900	
67/59	CORI-1	Costa Rica	Formulation and evaluation of industrial projects	21,500	
67/68	GUYA-1	Guyana	Exploratory mission	250	
66/39	TRTO-1	Trinidad	Study on furfural	6,000	199

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<u>UNIDO No.</u> (1)	<u>Country</u> (2)	<u>Project</u> (3)	Estimated cost of explor- atory work as of <u>28.2.67</u> (4) (\$US)	Estimated cost of approved projects under SIS as of <u>28.2.67</u> (5) (\$US)	Total ob- ligations incurred as of 31.12.66 (provis- ional) (6) (\$US)
<u>REGIONAL (Exploratory Missions)</u>					
66/18	Central America			7,000	2,534
66/21	Turkey, Iran		4,000		3,614
66/23	Ghana, Nigeria			7,410	7,533
66/25	Greece, Cyprus, Somalia, Malta		2,300		1,871
67/75	China, Malaysia		550		
		TOTAL	19,100	769,315	63,658
				19,100	
		GRAND TOTAL		<u>788,415</u>	

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ANNEX II

DESCRIPTION OF EXPLORATORY MISSIONS AND
APPROVED PROJECTS FINANCED UNDER SIS

as of 28 February 1967

AFRICA

Algeria

An expert undertook an exploratory mission to advise on possible assistance for the reactivation of industries which were idle or working below capacity (SIS-66/16 ALG-1). On the basis of his findings, he has recommended technical and managerial assistance under SIS to four different enterprises:

- (a) to streamline the operation of a group of four biscuit factories in Algiers, formerly run by private entrepreneurs, which have recently been integrated under the management of one General Manager;
- (b) to improve the operation of four canning and food processing plants;
- (c) to improve the operation of a glassware industry in Oran;
- (d) to improve the operation of a lock factory in Algiers.

Ethiopia

Advisory services have been approved for industrial projects studies in connexion with the preparation of the Third Five-Year Plan (SIS-67/70 ETHIO-1). The objective of this project is to complete an over-all survey of the manufacturing industry in the country, set out targets for new capacity, as well as expand existing capacity, define priorities, examine and expand existing feasibility studies, and identify and formulate specific industrial projects.

Ghana

A four-man advisory mission visited Ghana and Nigeria (SIS-66/23) in April and May 1966 to make recommendations for assistance under the SIS

programme in various areas of industrial activity. As a result of the team's recommendations, several projects have been developed.

Assistance is to be provided for the selection of a suitable firm to take over the management of the State Match Corp. (SIS-66/1 GHA-1). The rated capacity of the Government-owned State Match Corp. in Kada is sufficient to meet Ghana's entire demand for matches, as well as to produce surpluses for export. However, the factory produces only about 65 per cent of the country's present demand, the deficit having to be covered by imports. With proper management, finance control and production supervision, the company should be able to function efficiently and show substantial profits. A managing agency contract is envisaged for the duration of two years. The firm selected will, in addition to running the factory, also train Ghana's counterpart to take over the management after expiration of the contract.

A team consisting of three experts recruited under the SIS programme is assisting - as OPEX personnel - the Fibre Bag Manufacturing Corp. in Kumasi in running the plant efficiently (SIS-66/2 GHA-2). The Fibre Bag Manufacturing Corp. is a wholly owned Government enterprise making jute bags from imported raw materials. The factory has been operating at only about 50 per cent of capacity. The services of the required experts are to be financed by SIS funds during the initial year of the assignment, the Government of Ghana assuming the financial responsibilities for the following year.

Two senior experts visited Ghana to advise the Government on the role, organization, and financial and administrative structure of the State Enterprises Secretariat in Accra (SIS-66/3 GHA-3). The State Enterprises Secretariat is a body set up by the Government to exercise control and supervision over state enterprises, of which there are over 50 in the country engaged in various fields such as manufacturing, mining, trading, aviation, shipping, etc. The role of the Secretariat and its relations with other governmental institutions has never been clearly defined. The two experts have completed their work and a report containing their recommendations has been submitted to the Government.

An expert in finance and cost control accounting was sent to Ghana to assist the Paper Conversion Corp. in Takoradi in setting up a proper

financial control and accounting system (SIS-66/4 GHA-4). The Paper Conversion Corp. is a government-owned concern manufacturing packaging materials and other paper products.

Ivory Coast

A paper mill expert is to be sent to the Ivory Coast on an exploratory mission to investigate the possibilities of giving assistance under the SIS programme to a paper mill which the Government has decided to set up (SIS-66/22 IVCO-1). The expert is to investigate the assistance needed to start up the mill, to advise on the establishment of efficient management, and to recommend programmes for the training of specialized personnel.

Liberia

A comprehensive engineering-economic study for a steel project is to be undertaken (SIS-66/26 LIBE-1). In order for the Liberian Government to be able to approach possible sources of financing, it has been found necessary to further examine certain aspects of the existing feasibility study. The Government of Liberia is participating in the cost of preparing the study to the extent of 15 per cent of the expert costs. A consultant firm has been selected and the study is expected to be completed by October 1967.

A top-level adviser is to be put at the Government's disposal for shorter periods of time to provide advisory services for the steel project (SIS-67/64 LIBE-2). This expertise is meant to be of supplementary assistance to the engineering-economic study of the steel project. The major tasks for the adviser will be: (a) to assist in contacting various prospective financing sources and (b) to visit Liberia from time to time for high-level consultations.

Malawi

Some initial exploratory work was undertaken in response to a request to advise on the level of protection for the first brewery to be established in the country (SIS-66/32 MLW-1). The project request was subsequently withdrawn by the Government.

A high-level industrial adviser was sent to Malawi to explore possibilities of industrial technical assistance as well as inform various Government departments of the services available under the SIS programme (SIS-66/44 MLW-2). He has recommended that a detailed survey of the entire field of industry be undertaken in order to identify areas of possible SIS assistance by the provision of two short-term experts.

The services of an expert on industrial estates have been provided under the SIS programme (SIS-66/45 MLW-3). The Government intends to set up an experimental industrial estate in the Blantyre area which would be designed to promote Malawian-owned industries of the small-scale or artisan type. The expert examined existing industries and drew up a proposal for the planned industrial estate, as well as advised on possibilities of locating sources for financing of the project.

Morocco

A number of projects dealing with the development of metallurgical industries, specifically the exploitation of iron ore deposits, smelting of zinc, production of lead and recovery of copper and iron from pyrrhotine ashes have been suggested as areas of possible assistance (SIS-67/66 MOROC-1).

Nigeria

As result of the recommendations by the four-man exploratory mission to Ghana and Nigeria (SIS-66/23), several projects have been developed.

The assistance of two experts has been provided to undertake a study of the methods of production and marketing of Bauchi Meat Products Co., a partly Government-owned factory which was not operating according to plan (SIS-66/7 NIG-2). The experts have completed the assignment and submitted their reports.

The services of a high-level consultant have been approved to undertake a market study on iron and steel to ascertain both the existing and potential demand for steel products in Nigeria (SIS-66/10 NIG-4).

A survey of the problems connected with the running of the Nigerian Paper Mills, Jebba, has been undertaken by a paper industry expert, and a report on

the findings has been submitted to the Government (SIS-66/19 NIG-6). The Nigerian Paper Mills is 90 per cent Government controlled. As experience in modern processing and marketing techniques is not locally available, the Government wishes to employ the services of a group of consultants interested in taking over the management of the plant. The contacting of such experienced firms or groups is being undertaken as a second phase of this project within the SIS programme (SIS-66/11 NIG-5).

Somalia

A UNIDO Inter-Regional Adviser visited Somalia in October 1966 (SIS 66/25). He proposed that the Government request contingency financing under UNDP to advise on the establishment of an industrial development corporation.

Sudan

Exploratory work has been completed in analysing certain technological problems connected with the pulping of cotton stalks at the cardboard factory at Aroma (SIS-66/13 SUD-1).

A staff member of UNIDO has undertaken an investigatory mission to determine the scope of assistance that could be made available to small-scale industries under the SIS programme (SIS-66/27 SUD-2).

In addition two projects have been approved:

- (a) a team of two top-level consultants will study the existing organization and administration of public sector industries, and recommend improvements and/or changes necessary in improving over-all efficiency as well as the quantity and quality of production (SIS-67/60 SUD-3);
- (b) an expert will survey the textile industry of Sudan, pinpoint its basic problems and present guidelines for its further development, with particular emphasis on the most economical use of local raw materials and reduction of cost of production (SIS-67/61 SUD-4). He is also expected to recommend assistance pertinent to specific technical and marketing aspects of the textile industry.

Tunisia

The Tunisian Government has requested the assistance of one expert in industrial organization and methods and one expert in tool engineering to advise on the running of the tool factory, Atelier Mécanique du Sahel, (SIS-66/33 TUN-1). From the outset, both experts were envisaged to be financed from the SIS fund. However, it has since been decided that only the tool engineer will be employed under the SIS programme, whereas the services of the other expert will fall under the UNDP (SF) Industrial Studies Centre project.

Under another approved project a chemical engineer will be provided to evaluate the possibilities of producing sulphuric acid from gypsum to meet the demands of the phosphate fertilizer industry (SIS 67/67 TUN-2). The expert will make pre-investment studies, provide an estimate of capital requirements, production costs and anticipated returns.

United Arab Republic

A team of two experts, with the support of a consulting firm, made a study of the Edfu Pulp and Paper Mill to ascertain why the mill was unable to attain rated capacity and produce consistent quality pulp (SIS-66/24 UAR-1). The experts located several deficiencies and made recommendations for further assistance under SIS.

A staff member visited UAR on an exploratory mission to advise the Government regarding possible Special Industrial Services assistance in connexion with the proposed phosphorous complex and other projects in the field of fertilizer industry (SIS-66/6 UAR-2). In accordance with his specific recommendations, the following proposals have been made for assistance under SIS:

- (a) an expert on phosphorous furnaces to assist the Government in preparing engineering drawings and tender specifications for the proposed phosphorous complex;
- (b) a two-man mission to assist the Government in deciding on the location of an urea and ammonia sulphate complex.

An expert is presently in UAR to assist the Government on the utilization of excess chlorine produced as a by-product of the caustic soda produced by Misr Chemical Co. (SIS-67/54 UAR-4).

An expert in the extraction of bromine and iodine from oil well brine will investigate, assess and recommend specific steps to be taken in connexion with the Government's request for assistance in this field (SIS-67/33 UAR-3).

MIDDLE EAST

Israel

A team of experts in selected fields of specialization in the metal-working industries is to assist the Government in solving such urgent problems as are arising out of the change in structure of these industries (SIS-67/52 ISR-1). The pattern of development of the metal-working industries has hitherto been predominantly oriented towards the domestic market. The changes which will be necessary to adapt the present structure of the industry to the requirements of foreign markets are of a long-term nature, but even now, there are certain bottlenecks which could be removed in the short run with the proper assistance. Under the approved project, experts in the following fields will be provided: food and dairy equipment manufacture; ferrous casting, non-ferrous casting; tool and die making; conveying and hoisting equipment; automotive parts production and automation.

Jordan

Assistance has been requested in providing the services of two experts in metallurgical engineering for a planned steel rolling mill (smelting and steel rolling) (SIS-66/12 JOR-1). Jordan is taking initial steps in setting up facilities for the production of rolled steel products. A mill is currently being set up, which, as a first stage, will produce reinforcing bars. The

steel rolling expert will be expected to supervise and direct the starting up and subsequently the routine production operations. The smelting expert will assist in setting up the smelting facilities and initiate their operation.

ASIA AND THE FAR EAST

China

A UNIDO staff member will shortly visit China (SIS-67/75) to discuss a number of proposals for assistance under SIS, among others, in the following fields:

- (a) Research and training in the electronics industry;
- (b) Utilization of domestically produced synthetic materials;
- (c) Manufacture of refractory materials, melamine, optical instruments and glass fibre products;
- (d) Export orientation of industries producing pharmaceuticals, electrical appliances and agricultural implements;
- (e) Analysis of operational problems such as plant utilization, quality control, etc.;
- (f) Low-cost technological improvements in a number of industrial enterprises.

India

A project has been approved for assistance in connexion with the establishment of a footwear plant (SIS-66/17 IND-1). The new plant which is to operate within the scope of the State Trading Corporation of India Ltd. will primarily be export-oriented. Specific guidance will be provided for the preparation of a project report including a market study, choice of designs and raw materials, selection of machinery, quality control, plant location and the training of personnel.

A top-level team has recently completed a mission to India to assist in formulating projects aiming at a reinforcement of the Government's efforts to build up export production (SIS-66/37 IND-2). The Government has for

several years been intensifying its efforts to promote exports of manufactured goods in order to improve the foreign exchange situation. However, it is felt that the exports have not attained a satisfactory volume. The team, which consisted of specialists in the following fields: engineering industries, electronics components industries, chemical industries (organic and inorganic), has recommended several projects to be undertaken under SIS, mainly with the objective of quality control and cost reduction, product design and development, sales promotion, and development of new industries.

Iran

Two staff members made an exploratory survey mission in September 1966 to Iran and Turkey assisting the Governments in the formulation of a number of requests under the SIS programme (SIS-66/21).

Exploratory discussions were subsequently held in Teheran in connexion with plans to set up an engineering plant at Tabriz (SIS-66/34 IRAN-2).

Furthermore the services of two staff members were provided in connexion with the engineering plant at Tabriz to assist the Government in further groundwork for the evaluation of a project report and approval of the cost of equipment required for the plant (SIS-66/40 IRAN-3). The final study will be undertaken by an Indian consulting firm under a Special Fund project.

Exploratory work in connexion with plans to set up an iron and steel plant at Isfahan was undertaken by an expert (SIS-66/41 IRAN-4). His mission has been concluded and recommendations for future action have been submitted to the Government.

The services of an expert are being provided to railroad workshops in Teheran to assist in reviewing the present operation of the workshop, in ascertaining the existing unused potential capacities for repairing and maintaining the existing rolling stock in the country and the building up of additional freight and passenger capacity (SIS-67/58 IRAN-6).

As a follow-up of the exploratory mission, and in addition to the above approved projects, two requests for assistance under SIS have been received:

- (a) evaluation of two project reports for an alkaline plant, advice on location and assistance in preparing tender documents;
- (b) evaluation of a project report concerning a proposed direct reduction steel plant using natural gas.

Korea

Preliminary work in connexion with an integrated iron and steel project was done by staff members of UNIDO (SIS-66/30 KOR-1), and a staff member visited Korea to formulate the terms of reference, on the basis of which consulting services can be employed for undertaking a comprehensive review of proposals submitted to the Government (SIS-66/43 KOR-2). Subsequently a team of three experts specializing in metallurgy, industrial marketing and economics, and general engineering respectively, has been requested to further advise the Government on this project.

Malaysia

A staff member of UNIDO is to make an exploratory visit to Malaysia to follow up proposals concerning industrial projects in view of assistance under the SIS programme (SIS-67/75).

EUROPE

Bulgaria

An expert visited Sofia to undertake certain exploratory work in connexion with the preparation of a request for assistance to the Research Institute for Instruments Design (SIS-66/36 BULG-1). Assistance has subsequently been approved under SIS for the Institute, to which six highly specialized experts will be attached for periods up to four months (SIS 67/50 BULG-2).

Cyprus

A staff member of UNIDO held exploratory discussions with the planning authorities to determine the form of SIS assistance for the establishment of a fertilizer industry using indigenous pyrites (SIS-66/14 CYP-1). A feasibility study has subsequently been prepared by a consultant and is being submitted to the Government (SIS-66/28 CYP-3).

An expert on paper and pulp manufacturing has visited Cyprus on an exploratory mission to investigate the feasibility of the Government's plan to establish a paper mill (SIS-66/15 CYP-2). The report resulting from this exploratory mission is expected shortly.

Two staff members visited Cyprus in October 1966 to investigate and advise on formulation of requests for assistance under the SIS programme (SIS-66/25). The following three projects have since been approved:

- (a) an expert on lumber marketing is to be provided to advise on the running of a sawmill set up by the Government a few years ago (SIS-66/46 CYP-4). The sawmill in question is not operating at present due to the fact that its products do not find a ready domestic market. It is felt that the sawmill could be run on a profitable basis provided that the plant be realigned to meet realistic market requirements.
- (b) The services of a specialist in the field of asbestos pipe manufacturing is to be provided in connexion with the planned establishment of such a plant (SIS-66/48 CYP-6). The project is now at a point where initial discussions with prospective investors have been started. However, the authorities concerned feel that an outside expert should evaluate and analyse in detail the underlying studies before further action is taken.
- (c) Two short-term experts will assist in the preparation of a study for the establishment of free-zone industrial estates attached to Famagusta Harbour and Nicosia International Airport (SIS-66/47 CYP-5). The study is to contain detailed analyses and recommendations on a phased programme of development, indicating priorities.

Greece

A staff member has visited Greece on an exploratory mission to investigate ways and means of providing assistance in connexion with policy and implementation aspects of the country's industrial estates programme (SIS-66/20 GRE-1).

Malta

As a result of an exploratory mission to Malta by a UNIDO Inter-Regional Adviser, a project request is being investigated involving advice on improvements in factory building methods and materials (SIS-66/25).

Turkey

As a result of the earlier mentioned survey mission to Iran and Turkey (SIS-66/21), several requests for assistance under SIS have been submitted by the Government of Turkey.

The services of a consulting firm will be provided to the Government to analyse tenders for two fertilizer projects designed to produce ammonia, urea, sulphuric acid, phosphoric and triple superphosphate (SIS-67/51 TUR-1). Further, on the basis of these tenders, a competent firm is to be selected and negotiations and preparation of contract terms will be initiated.

The Government will be provided with the services of: (a) a cement production expert who will study and evaluate the operations of existing factories and recommend measures for improvement; (b) a slag granulation expert who will advise the Government on how to increase cement production by using slag - wasted at present - from iron and steel factories (SIS-67/55 TUR-2).

In addition to the above two approved requests, and also as a follow-up of the survey mission, a request has been received for consulting services to advise on questions relating to the modernization of the Seka pulp and paper factory, the recovery of waste in the cellulose plant and the utilization of paper waste.

AMERICA

Chile

A five-man mission has been sent to Chile to undertake a study of the country's engineering industries manufacturing capital goods with a view to locating deficiencies in the equipment and production processes and to recommend the necessary measures to correct such deficiencies (SIS-66/8 CHI-1).

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Central America

A regional exploratory mission to the Central American countries was undertaken by a three-man team from UNIDO to investigate possibilities of assistance under the SIS programme (SIS 66,18). As a direct follow-up of the mission requests for assistance have been advanced:

Costa Rica

The services of an adviser on formulation and evaluation of industrial projects to be attached to the Banco de Costa Rica (SIS-67/59 COFI-1). This request has already been approved. Provisions for supporting advisory services in connexion with specific market studies are included in the project.

The services of a short-term consultant in the field of industrial standardization.

Nicaragua

The short-term services of two experts to advise the National Committee of Industrial Co-ordination on industrial development problems.

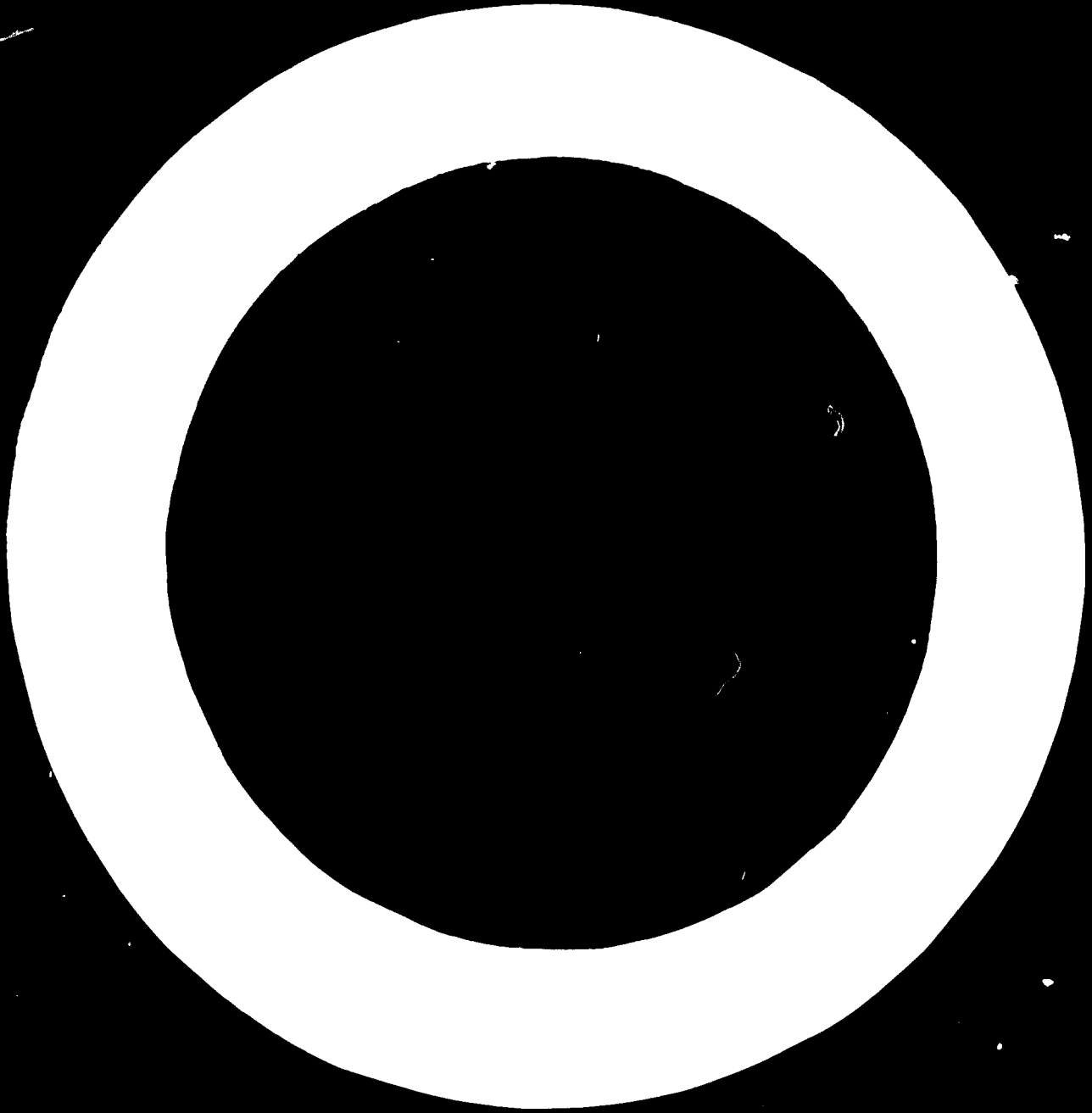
Assistance of a high-level expert to give advice in the field of petro-chemicals.

Guyana

A staff member is to make an investigatory visit to Guyana to advise the Government on the possibilities of assistance under SIS in the development of small and medium-sized industries (SIS-67/68 GUY.-1).

Trinidad and Tobago

A team of three experts is currently visiting Trinidad to complete a study on the technological processes and uses of furfural and its immediate derivatives to be extracted from sugar-cane bagasse (SIS-66/39 TRTO-1).



ANNEX III

OFFICIAL CORRESPONDENCE CONCERNING CONTRIBUTIONS
TO THE TRUST FUND FOR SPECIAL INDUSTRIAL SERVICES

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FEDERAL REPUBLIC OF GERMANY

The Permanent Observer

to the United Nations

New York, 16 August 1966

The Permanent Observer of the Federal Republic of Germany to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour to give the following information.

At the first session of the Governing Council of the United Nations Development Programme on 10 January 1966 in New York the Delegate of the Federal Republic of Germany, Mr. Lamby, announced that the Federal Government would increase its annual contribution to United Nations technical assistance activities of \$8 million by a further \$1 million in 1966 (document LP/SR.1).

This additional \$1 million is to be regarded as a contribution of the Federal Republic of Germany to the United Nations Organization for Industrial Development.

FEDERAL REPUBLIC OF GERMANY
The Permanent Observer
to the United Nations

New York, 25 November 1966

The Permanent Observer of the Federal Republic of Germany to the United Nations presents his compliments to the Secretary-General of the United Nations and, with reference to the pledging conference on 6 October 1966 of the United Nations Development Programme, has the honour to inform upon instructions of his Government that the total German contribution to UNDP for 1967, subject to parliamentary approval, is to be applied as follows:

3,000,000.00 US-\$	for the Expanded Programme of Technical Assistance (EPTA)
6,000,000.00 US-\$	for the Special Fund,
1,000,000.00 US-\$	for the United Nations Industrial Development Organization (UNIDO)
<u>10,000,000.00 US-\$</u>	total amount.

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NOTE: ORIGINAL CO. 2 from the
GOVERNMENT OF THE NETHERLANDS

New York, January 4, 1966

The Permanent Representative of the Kingdom of the Netherlands to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour to refer to Resolution 2029 of the XXth General Assembly concerning the consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme, as well as to Resolution 2089 of the same General Assembly concerning activities in the field of industrial development.

Further to the statement made by the Netherlands Representative to the Second Committee of the XXth General Assembly on 6 December, 1965, to the effect that the Netherlands Government had decided to make available for 1965 an additional contribution to the United Nations Development Programme, the Netherlands Government will transfer, in the near future, an amount of 3,000,000 guilders to the "United Nations Special Fund Account" with the "N.V. Amsterdamsche/Rotterdamse Bank" at The Hague.

This amount of 3,000,000 guilders represents a special Netherlands contribution to the United Nations Development Programme, earmarked for industrial projects to be executed on the basis of a co-operative effort of the United Nations Development Programme and the Centre for Industrial Development (later the United Nations Organization for Industrial Development). The special contribution of 3,000,000 is given on the understanding that it should indeed be supplementary and not a substitute of what the United Nations Development Programme would in any case spend on activities in the field of industrial development.

The Permanent Representative of the Kingdom of the Netherlands would be grateful if in due course the Secretary-General of the United Nations could send him a receipt in duplicate for the above-mentioned payment.

/...

Permanent Mission of the
Kingdom of the Netherlands
to the United Nations

New York, April 6, 1966

Sir,

I am referring to your letter of March 4, last, concerning your plans with regard to the administration of the trust fund to be opened for the receipt and custody of the special Netherlands contribution of 3,000,000.- guilders for industrial projects to be executed on the basis of a co-operative effort of the United Nations Development Programme and the Centre for Industrial Development (later the United Nations Organization for Industrial Development).

I have the honour to inform you that the plans as described in your letter are acceptable to the Netherlands Government.

Accept, Sir, the assurances of my highest consideration.

Jonkheer L. Quarles van Ufford
Acting Permanent Representative of the Kingdom
of the Netherlands to the United Nations

His Excellency
U Thant
Secretary-General of the
United Nations
NEW YORK, N.Y.-10017

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PERMANENT MISSION OF SWEDEN
TO THE UNITED NATIONS

New York, January 20, 1966

The Permanent Representative of Sweden to the United Nations presents his compliments to the Secretary-General of the United Nations and, with reference to the statement of the representative of Sweden at the United Nations Pledging Conference on the Expanded Programme of Technical Assistance and the Special Fund 2 November 1965, has the honour to inform him as follows.

The Government of Sweden in a Bill submitted to Parliament last week has proposed contributions for 1966 in the amount of \$10 million to the Special Fund and \$3 million to the Expanded Programme for Technical Assistance. In addition it proposes to make available to the United Nations Development Programme \$0.5 million to be used for financing special industrial services in collaboration with the United Nations Organization for Industrial Development.

Further the Government is seeking the Parliament's authorization to pledge contributions for 1967 and 1968 in the amount of \$15.5 million annually. This further increase will presumably be broken down according to the same pattern as the increase for 1966, which would mean that a total of \$11 million would go to the Special Fund, \$3.5 million to the Expanded Programme for Technical Assistance and \$1 million to special industrial services.

Action by Parliament is expected to be taken during the course of the spring.

Statement to the General Assembly by Lord Caradon,
the representative of the United Kingdom.

Excerpts from Provisional Verbatim Record of the General
Assembly, Twentieth Session, 1404th Plenary Meeting
20 December 1965

In the midst of the many difficult and controversial problems which beset us in our Political Committees, we can all take satisfaction from the constructive and harmonious work of the Second Committee. This Committee has a number of substantial achievements to its credit during this session, and I believe that this is in part due to the co-operative method of working which the Committee manages to preserve.

I have already expressed a warm welcome to the newly established United Nations Development Programme, and since I did that it has been possible to make a further step forward to agree on the outline of a new and enlarged Organization for Industrial Development. The United Kingdom has for some time pressed for a stronger organization in the industrial field. We wanted to see an organization with increased resources from the regular budget and also a supplement to existing technical assistance funds in the shape of voluntary contributions to finance operational activities in the industrial field, which could not be adequately or satisfactorily carried out under the existing programmes. We stated that if suitable organizational arrangements were made, we would ourselves be willing to contribute. We regard the arrangements provided for in the draft resolution presented by the Special Committee as a basis for new and more consistent endeavour by the United Nations.

Some work on these arrangements remains to be done by the ad hoc committee established by operative paragraph 6 of the draft resolution, particularly as regards the relationship of the new organization with the Economic and Social Council. But this need not impede progress meanwhile. Within the provisions of the regular budget now envisaged for 1966, there is scope for a major expansion for industry.

On the operational side a lead has already been given by the Government of the Netherlands in announcing a voluntary contribution of 3 million guilders for special industrial services, and we were glad to hear the announcement made by the representative of Sweden just now. I am now able and happy to follow up this lead and the earlier statements and proposals by my own Government announcing that we will make a similar contribution of the equivalent of \$840,000.

Since the detailed shape and structure of the new organization remains to be worked out, this contribution will be made to the United Nations Development Programme in the form of funds in trust for the financing of special industrial services to be administered by the United Nations Development Programme in close co-operation with the Industrial Development Organization.

We trust that with this and other contributions it will be possible to make a more vigorous attack on the obstacles to more rapid industrialization of developing countries.

UNITED KINGDOM MISSION
TO THE UNITED NATIONS

15 September 1966

Your Excellency,

I have the honour to refer to Your Excellency's letter of the 25th May, 1966 in which you informed me that you have arranged to open a Trust Fund for the receipt and custody of all the special contributions for industrial development. I have noted that the Administrator of the United Nations Development Programme has consented to assume responsibility jointly with the Commissioner for Industrial Development for the Administration of the Trust Fund.

In accordance with your request I have arranged for payment of £300,000 representing Her Majesty's contribution, to be made to United Nations Number 1 Account, Midland Bank Limited, Overseas Division, Gracechurch Street, London. E.C.1.

This contribution by Her Majesty's Government is being made available on the understanding that it will be supplemental to and not a substitution for resources which the United Nations Development Programme would in any case spend on activities in the field of industrial development; and that it will be utilised to bridge the "gaps" in advisory assistance activities in the field of industrial development described in paragraphs 8, 9 and 10 of document A/6070/Rev 1.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Caradon)

His Excellency U Thant,
Secretary-General,
United Nations.

/...

UNITED STATES MISSION
TO THE UNITED NATIONS

January 18, 1966

Dear Mr. Hoffman:

The purpose of this letter is to confirm my announcement in my General Assembly statement of December 20 of the increase in the U.S. pledge to the United Nations Development Program for 1966 to \$65 million, and to set forth the principal conditions which should be applied to the \$2 million of this total to be devoted to special industrial services and expanded activities in the field of industrialization.

It is the intention of the U.S. Government that the total of \$65 million shall be made available subject to the usual formula that it not exceed 40 percent of total contributions, including assessed and audited local costs. In applying this formula, we would include as matchable contributions any funds which may be made available to the United Nations Development Program for special industrial services, or other expanded activities related to industrialization through funds in trust or other arrangements.

Two million of the \$65 million pledged for 1965 is intended to be used for expanded activities in the field of industrialization. Activities described as specialized industrial services by the Secretary General in Paragraph 10 of his report on Activities in the Field of Industrial Development (E/6070/Rev. 1) may thus be financed. These are listed for convenience in an attachment to this letter. Since they resemble activities financed through EPTA contingency funds or Special Fund projects, I assume that these will not require prior approval of the UNDP Council but will be undertaken on the authorization of the Administrator after being developed, of course, in close collaboration with the Commissioner for Industrial Development and with his approval.

Mr. Paul G. Hoffman, Administrator
United Nations, Development Program
A-3004, United Nations

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Mr. Paul J. Hoffman

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January 18, 1966

These funds may also be used to finance other expended activities in industrialization. These could be EFTA or Special Fund type activities over and above the level of such activities which would be possible within the limits of funds otherwise available. In these cases too, it should be understood that the recommendation for use of these funds for a particular purpose would either be initiated by the Commissioner for Industrial Development (or whoever is appointed the Executive Director of UNOID), or have his approval in addition, of course, to the approval of the Administrator. We would expect that the Center for Industrial Development of the United Nations Organization for Industrial Development, when it is established, would be responsible for the implementation of such activities although, in a rare instance, an activity recommended by the Commissioner or the Executive Director might be implemented by another unit of the United Nations family.

I would appreciate hearing from you of the detailed arrangements which will be made for the receipt and use of the \$2 million intended for industrial development activities, and I would hope that such arrangements could be operative at an early date.

Sincerely yours,

James Roosevelt

Attachment: a/s

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UNITED STATES MISSION
TO THE UNITED NATIONS

March 23, 1966

Dear Mr. Secretary-General:

I have the honor to acknowledge your letter of March 14, 1966 which refers to my letter of January 18, 1966 to the Administrator of the United Nations Development Program and sets forth arrangements which will obtain with respect to that portion of the United States pledge which is to be devoted to activities in the field of industrialization.

The arrangements set forth in your letter are satisfactory, and I am happy to confirm this to you as requested.

Cordially yours,

His Excellency

U Thant

Secretary-General

United Nations

/...

Model of letter from the Secretary-General to interested Governments

The letter to the Permanent Representative of the Government of the Netherlands which is reproduced below is similar to letters sent to other Governments which expressed interest in participation.

4 March 1966

Sir,

I have the honour to refer to your Note Verbale No.2 of 4 January 1966 informing me that the Netherlands Government has decided to make a special contribution of 3,000,000 guilders for industrial projects to be executed on the basis of a co-operative effort of the United Nations Development Programme and the Centre for Industrial Development (later the United Nations Organization for Industrial Development), on the understanding that the special contribution should indeed be supplementary and not in substitution for resources which the United Nations Development Programme would in any case spend on activities in the field of industrial development.

It has now been possible to review this generous offer of the Netherlands Government with the Administrator of the United Nations Development Programme and the Commissioner for Industrial Development. We are hopeful that special contributions for industrial development projects will also be forthcoming from other governments over the next several months and I am therefore arranging to open a trust fund for the receipt and custody of all such special contributions. The trust fund, which would consist of fully convertible currencies, is to be utilized exclusively for industrial development activities. It is foreseen that the principal use of monies received into the trust fund will be to finance special industrial services of the type listed in paragraph 10 of document A/6070/Rev.1.

To assure that these additional funds are administered within the context of the United Nations Development Programme, the Administrator of UNDP has consented to assume responsibility jointly with the Commissioner for Industrial Development for the administration of the trust fund. Normally

The Permanent Representative of the
Kingdom of the Netherlands to the
United Nations
111 Third Avenue
New York, New York 10017

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the activities which they agree for financing from the trust fund will be executed by the United Nations Centre for Industrial Development, but they may jointly decide, in the case of a particular activity, that execution may be entrusted to another organ or agency within the United Nations system.

The trust fund will permit the launching of what has been described as an experimental programme, featuring new approaches to problems of industrial development. Arrangements for the administration of the trust fund, as described in the paragraphs which follow, are thus provisional in character, subject to review in the light of experience, and in the light of such decisions as are taken by the General Assembly when it establishes the United Nations Organization for Industrial Development called for in resolution 2089 (XX). Detailed procedures for the operations will be developed which will provide for speedy and flexible responses to the requests of governments and will respect such reasonable requirements of confidentiality as may exist.

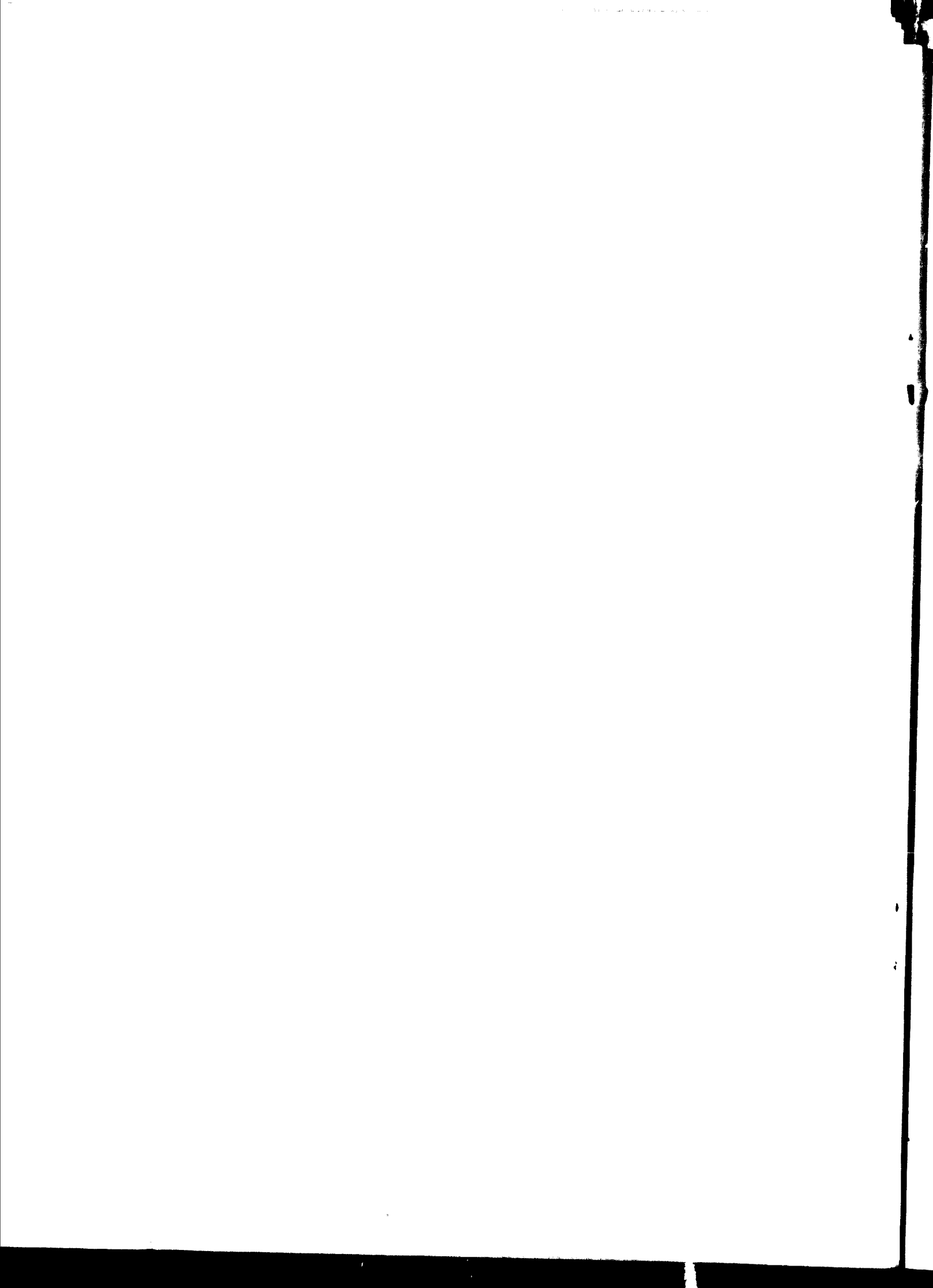
The Administrator and the Commissioner have undertaken to arrange for the issuance of periodic status reports on the trust fund, including both financial and programme material, for the information of contributing governments and of the United Nations legislative bodies most concerned in Industrial Development matters.

I would be most grateful if you would advise me whether the plans I have described are acceptable to your Government. Upon receipt of such an advice, I would consider that I have the consent of your Government to draw upon the deposit of 3,000,000 guilders which it has made available to the "United Nations Special Fund Account" with the NV/Amsterdam/Rotterdam Bank at The Hague, for the purposes and in accordance with the procedures just mentioned. These funds and all uses made of them would then be recorded in the accounts of the trust fund. Costs incurred in the administration of the trust fund for which the organizations concerned cannot make other financial provisions would be charged to the trust fund and separately identified within its accounts. The accounts of the fund will be subject to the reporting and audit requirements of the United Nations Financial Regulations.

On behalf of the Administrator of the United Nations Development Programme, the Commissioner for Industrial Development and myself, may I express deepest gratitude for the very welcome supplementary support your Government has decided to give to the industrialization programme of the United Nations.

Accept, Sir, the assurances of my highest consideration.

U Thant
Secretary-General





United Nations Industrial Development Organization

Distr.
GENERAL

ID/B/7/Add.1
12 April 1967

ORIGINAL: ENGLISH

INDUSTRIAL DEVELOPMENT BOARD
First session
New York, 10-28 April 1967

REPORT OF THE EXECUTIVE DIRECTOR ON THE
PROGRAMME OF SPECIAL INDUSTRIAL SERVICES

, Addendum

Page 8, Table 2, Column 2: "Cost of approved projects and exploratory missions". Add figure for March 1967: \$990,165.

Annex I: Following page 6 of Annex I, add the attached page.

ADDENDUM TO ANNEX I

Summary: Exploratory Missions and Approved Projects Financed under SIS
 (Incorporating Figures for March 1967)

<u>UNIDO No.</u>	<u>Country</u>	<u>Project</u>	Est. cost of exploratory work as of <u>31.3.67</u>	Est. cost of approved pro- jects under SIS <u>as of 31/3/67</u>
Total as of 28 Feb., 1977 (Document ID/B/7 Annex I)			19,100	769,600
67/71 LIBE-3	Liberia	Steel project fellowship		3,600
67/82 MOR-3	Morocco	Fish protein concentrate i) pre-project phase ii) consulting engineering services	4,900	28,000
67/73 TUN-3	Tunisia	Processing of oil seeds		14,000
67/74 TUN-4	Tunisia	Société de Fonderie et de Mecanique		14,000
67/78 UAR-7	U.A.R.	Edfu Paper Mill (team of experts)		71,200
67/56 UAR-5	U.A.R.	Phosphorus complex		2,500
67/57 UAR-6	U.A.R.	Urea and ammonium sulphate		3,700
67/76 TUR-3	Turkey	Paper industry		2,000
67/81 IRAN-7	Iran	Direct reduction of iron ore (exploratory mission)	2,200	
67/72 KOR-3	Korea	Steel project		16,000
67/71 MEK-3	Mekong Committee	Industrial development investiga- tion		7,500
66/35 THA-1	Thailand	Industrial estates		30,000
67/77 DORE-1	Dominican Republic	Building materials factories (exploratory)	650	
66/39 TRTO-1	Trinidad and Tobago	Furfural study (additional allo- cation for finalizing of report)		1,500
Total			26,850	963,315 <u>26,850</u> 990,165



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INTERNATIONAL SYMPOSIUM ON INDUSTRIAL DEVELOPMENT
Athens, 29 November-30 December 1967
Provisional agenda, Item 4(c)

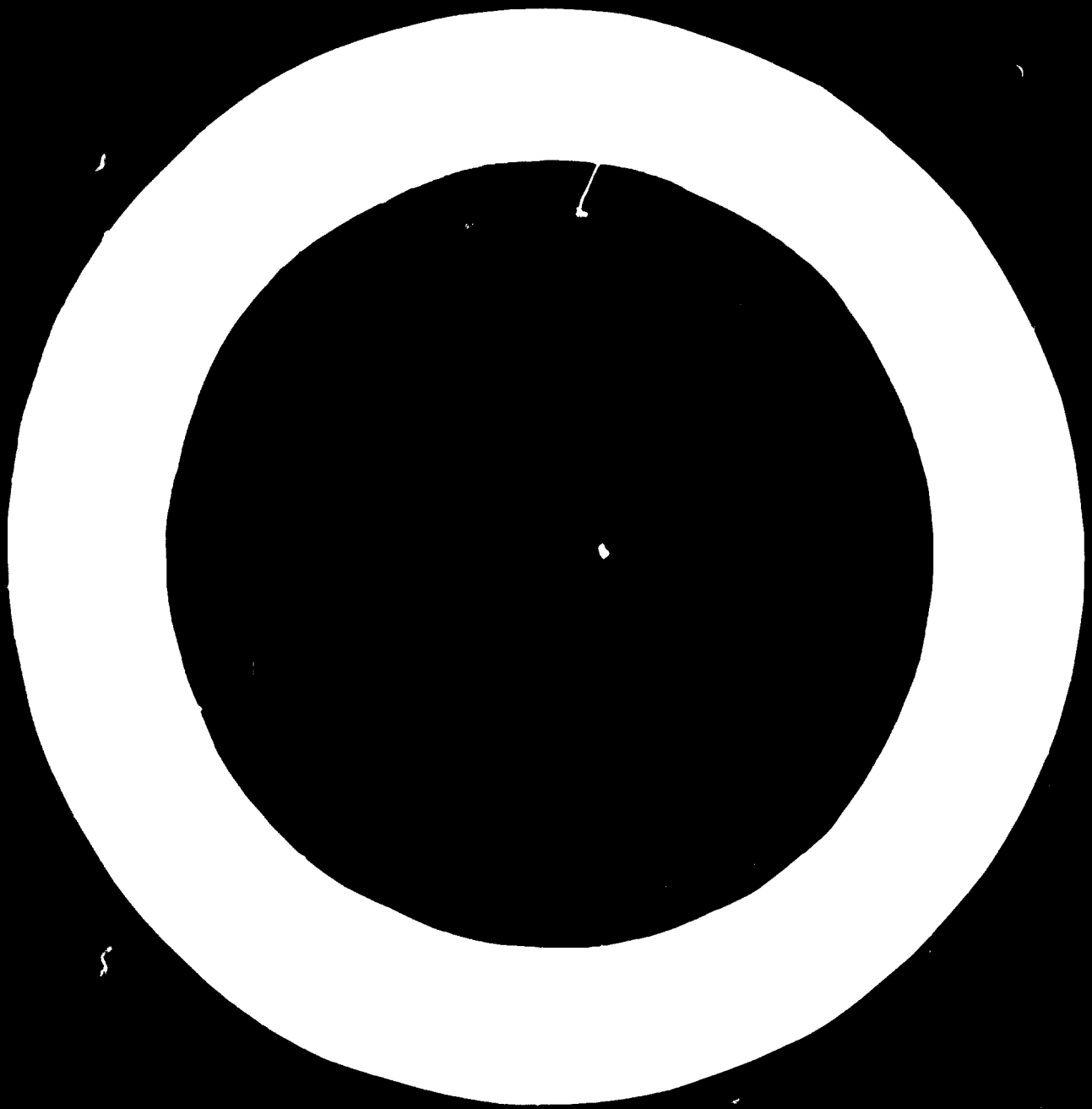
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
PROGRAMME OF SPECIAL INDUSTRIAL SERVICES

Athens

Presented by the Executive Director
of the United Nations Industrial Development Organization

* This document was issued originally for the Industrial Development Board
as ID/E/7/Add.1.

67-16426





United Nations Industrial Development Organization

INDUSTRIAL DEVELOPMENT BOARD

Report of the Board of Directors
for the year ending 31 December 1967

Annex I: General Report of the Board of Directors
for the year ending 31 December 1967. (ECLA/IDB/67/1)

Annex II: Report of the Board of Directors on the
work of the Board of Directors for the year ending
31 December 1967. (ECLA/IDB/67/2)

Annex III: Financial Report of the Board of Directors
for the year ending 31 December 1967. (ECLA/IDB/67/3)

Note: This document is issued for the information of the
national governments of the IDB member countries.

INDUSTRIAL AND COMMERCIAL PROJECTS AND INVESTMENTS

through the end of the year (April 1967)

<u>Project No.</u>	<u>Country</u>	<u>Project</u>	<u>Est. cost of exploratory work as of 3.31.67</u>	<u>Est. cost of approved pre- liminary work as of 3.31.67</u>
67-01-01-1	Algeria	Food processing	1,000	1,000
67-01-01-2	Algeria	Food processing	1,000	1,000
67-01-01-3	Algeria	Food processing	1,000	1,000
67-01-01-4	Algeria	Food processing	1,000	1,000
67-01-01-5	Algeria	Food processing	1,000	1,000
67-01-01-6	Algeria	Food processing	1,000	1,000
67-01-01-7	Nigeria	Food processing	1,000	1,000
67-01-01-8	U.S.B.	Textile laboratory	4,000	4,000
<u>INDONESIA</u>				
67-01-01-1	China	Electronics industry	7,500	7,500
67-01-01-2	Iran	Food industries	1,000	1,000
<u>TRINIDAD AND TOBAGO</u>				
67-01-01-1	Colombia	Food processing plant	7,500	7,500
67-01-01-2	Peru	Sugar utilization	1,700	1,700
67-01-01-3	Trinidad and Tobago	Industrial standardization	2,000	2,000
67-01-01-4	Trinidad and Tobago	Food processing	950	950
<u>Regional (exploratory missions)</u>				
67-02	Exploratory mission		400	400
			Total: 31,500	1,040,315
				<u>31,500</u>
GRAND TOTAL:				1,071,815

ADDENDUM TO ANNEX II

DESCRIPTION OF EXPERIMENTAL DESIGN AND
APPROVED PROJECTS FINANCED UNDER SIS
March-April 1967

ALGERIA

Algeria

An expert will assist in working out a re-organization plan for a group of four biscuit and pastry factories, which have been placed under central management. (SIS 67/85 ALG-2). Furthermore, he will give advice on matters relating to supply, specialization of production, quality control and sales.

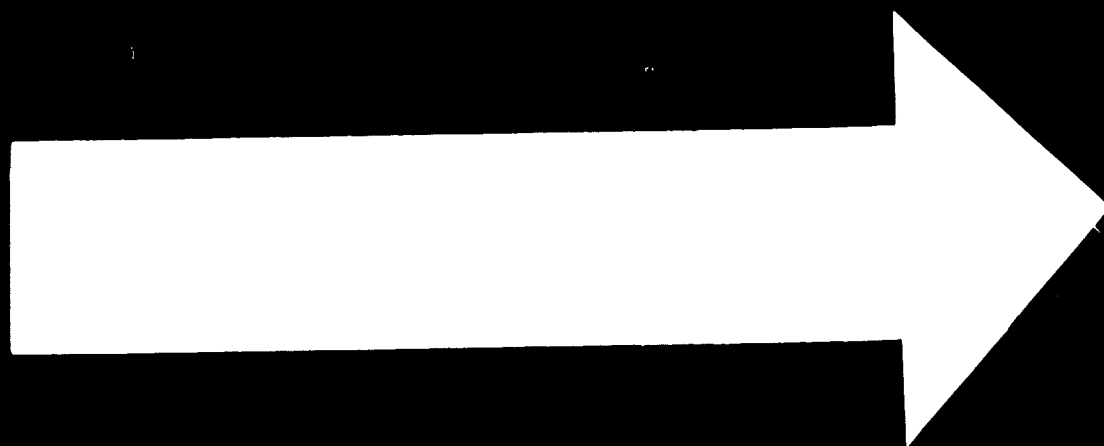
Expertise will be provided to advise on the managing of four factories processing fruit and vegetables, none of which are operating efficiently (SIS 67/86 ALG-3). The expert will focus his attention primarily on technical and economic aspects of management but will also advise on the reorganization of the four factories.

An industrial engineer is to assist in solving certain technical problems which have arisen in connection with the production of container type glass at the "Verrerie de l'Afrique du Nord" at Oran (SIS 67/88 ALG-4). The plant has not been working at a profit and a thorough reorganization is considered necessary.

A hardware specialist will advise the management of the lock factory "Serrurerie Chaabia" on how to streamline the production process (SIS 67/89 ALG-5). The lock factory has not been running profitably, primarily due to the fact that available equipment has not been utilized efficiently.

Liberia

In connection with the steel project SIS 66/26 LIBE-1 and SIS 67/64 LIBE-2 a fellowship award has been granted for an Industrial Economist (SIS 67/69 LIBE-3). The economist has been assigned as a

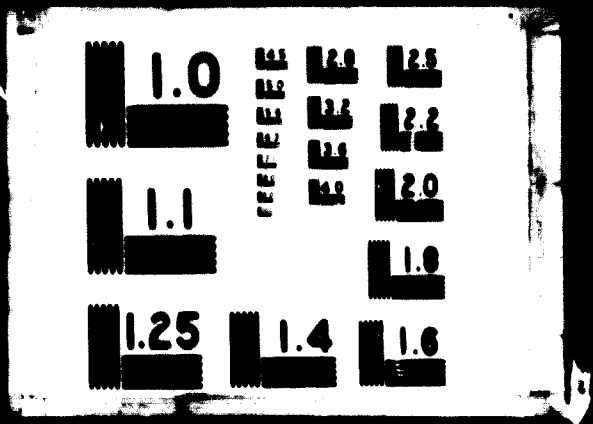


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counterpart to an UNFA expert to be attached to a special co-ordinating unit established within the country's Department of Planning and Economic Affairs for the steel project.

Morocco

An exploratory mission (SIS 67/82 MOROC-3) is to visit Morocco to assess the present situation of the fish protein concentrate plant at Agadir, to study the alternative technological possibilities and to formulate the specific terms of reference for a subsequent mission of two experts who will be responsible for developing specific recommendations on required plant modifications (SIS 67/69 MOROC-2).

Nigeria

A staff member will assist the Managing Director of Bauchi Meat Products Co. in finalizing a management contract with a Yugoslav meat packing company (SIS 67/91 NIG-7). This collaboration agreement is the outcome of recommendations made following an earlier investigation of the plant under SIS 66/7 NIG-2.

Tunisia

A vegetable oil technologist is to assist the Société Industrielle de Moknine which is not operating at full capacity (SIS 67/73 TUN-3). The expert will analyze deficiencies in the plant and make proposals for the required alterations in order to ensure high-efficiency operation. He will also investigate the feasibility of processing other oil-bearing materials with a view to running the factory on a year-round basis.

An expert in production engineering will be provided to assist in the selection of equipment required for the Société de Fonderie et de Mécanique (SOFOMECA), as well as to advise on the introduction of appropriate methods of production and industrial management (SIS 67/74 TUN-4).

United Arab Republic

A two-man team of experts will visit the United Arab Republic to advise the Government with regard to the development of a phosphorous complex project (SIS 67/56 UAR-5). .. They will assist in determining the location and capacity of the plant, advise on the preparation of the preliminary engineering drawings and tender specifications as well as review such basic data as has already been compiled by the Government.

A further two-man mission will visit the United Arab Republic to advise on the development of a urea and ammonium sulphate complex as well as assist in determining the location and capacity of the plant (SIS 67/57 UAR-5). Although the Government has made previous studies of the proposed projects, assistance from SIS will help in finalising the plans for this industrial complex.

In pursuance of recommendations made by experts in connection with the study of the Edfu Pulp and Paper Mill (SIS 66/24 UAR-1), it has been decided that a team of four experts shall assist in preparing schedules and plans for the efficient running of this pulp and paper mill and in recommending future courses of action required for the successful operation of the mill (SIS 67/78 UAR-7). Two fellowships are also being granted under this project.

A textile technologist will assist the Cotton Textile Consolidated Fund, a public sector organisation, in drawing up plans for the extension of the Textile Research Laboratory which is operated by the Fund (SIS 67/83 UAR-8).

ASIA AND THE FAR EAST

China

An expert is to survey the electronics industry with a view to raising the standard of products intended for the domestic market (SIS 67/84 CHINA-1). At present, the products manufactured by local firms are inferior to those of foreign-owned companies, which are predominantly export-oriented.

Iran

The Government has requested that a pre-project field survey be undertaken for the purpose of studying the various aspects of industrial application of the HYL direct ore reduction process (SIS 67/81 IRAN-7). A team consisting of an Iranian steel expert and three UNIDO staff members will study the operation of an existing plant in Mexico.

In order to assist in the development of the food processing industry, expert advice has been requested to formulate an integrated programme of raw material production, processing and marketing (SIS 67/93 IRAN-8). A staff member of UNIDO will make an initial survey of the needs of the food industry and investigate further areas where UN assistance may be provided.

Korea

Three experts will be visiting Korea in order to advise the Government on the integrated iron and steel project (SIS 67/72 KOR-3). The mission will comprise experts in metallurgy, marketing and economics and general engineering. This project is a follow-up of previous investigatory work done under SIS 66/30 KOR-1 and SIS 66/43 KOR-2.

Mekong Committee

Three experts will assist the Mekong Committee in assessing the industrial development possibilities in the Lower Mekong Basin (SIS 67/71 Mekong Committee). The experts will take into account the development of power, irrigated agriculture, mineral resources and the improvement of transportation, including that of inland navigation, following dam construction.

Thailand

An industrial economist and an engineer will study the feasibility of establishing an industrial estate for small-scale industries in the Bangkok and Thonburi areas (SIS 66/35 THAI-1). The experts are to make a cost estimate for the creation of such an estate and to make necessary recommendations, if so warranted, for further UN assistance.

Regional: Pakistan - Ceylon

A staff member has visited Pakistan and Ceylon under an exploratory mission for preliminary discussions re assistance in the field of industrial development, especially with a view to assistance under the SIS programme (SIS 67/92).

EUROPE

Turkey

The services of a chemical engineer are to be provided to the Government-owned SEKA Pulp and Paper Mill (SIS 67/16 TUR-3). The tasks of the expert will primarily be to analyze the problems which are currently hindering the efficient running of the mill and prepare a background brief to be sent to consulting engineers.

THE AMERICAS

Colombia

An expert is to be sent to the coal-washing plant at Cali to study the means of re-activating the plant which is at present idle (SIS 67/97 COL-1). Advice is especially sought on how to align the available equipment and machinery so as to achieve maximum productivity.

Dominican Republic

An exploratory mission was undertaken by a staff member in order to ascertain the possibilities of reactivating the production of a building materials factory, the Dominico-Suiza particle board and plywood plant (SIS 67/77 DORE-1). As a result of this mission a request is being processed in order to provide the required assistance by a consulting engineering firm.

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Peru

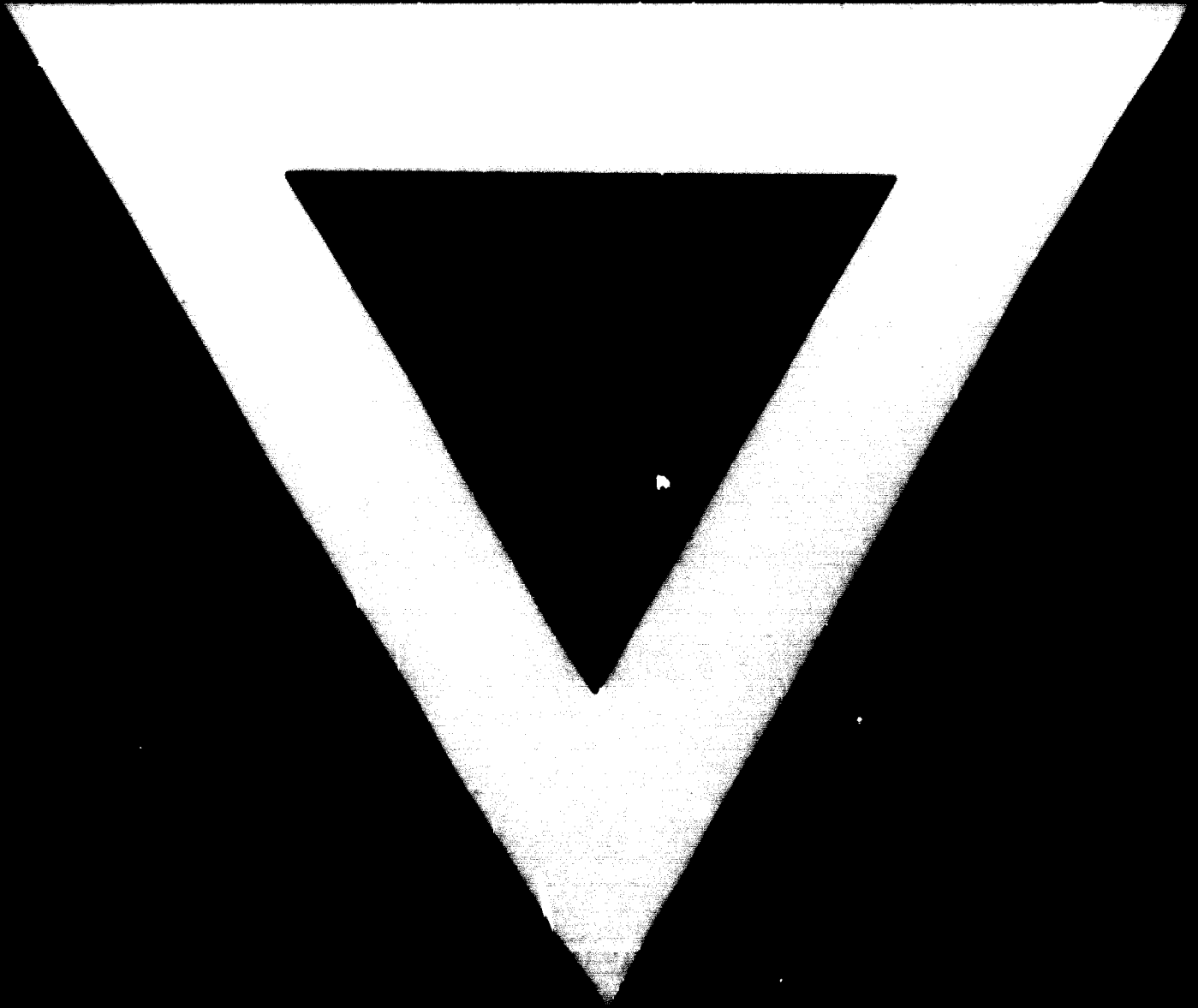
An exploratory mission is to visit Peru in order to gather information required by the Government to invite bids from specialized consulting engineering firms for a feasibility study of a plant manufacturing pulp, paper and paper products from sugar cane bagasse (SIS 67/95 PERU-1).

Trinidad-Tobago

The assistance of two experts will be provided to advise on guidelines for a national standardization organization, the establishment of which is considered a matter of great urgency by both industry and government (SIS 67/87 TRTO-2).

The Government requested assistance in conducting a survey of available supplies of fruit and vegetables as a basis for a food processing industry (SIS 67/90 TRTO-3). A UNIDO staff member will outline a programme for the utilization of existing fruit surpluses as well as suggest the introduction of other food products suitable for processing.





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