



**TOGETHER**  
*for a sustainable future*

## OCCASION

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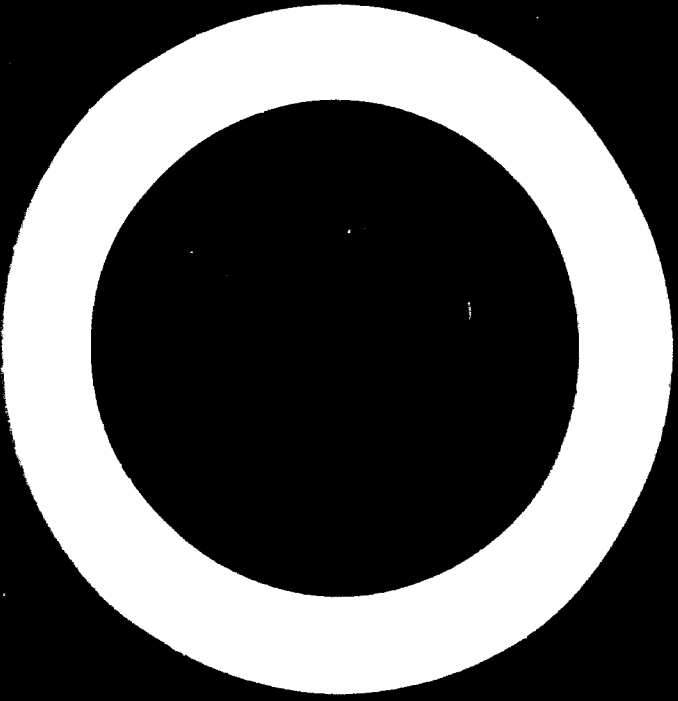
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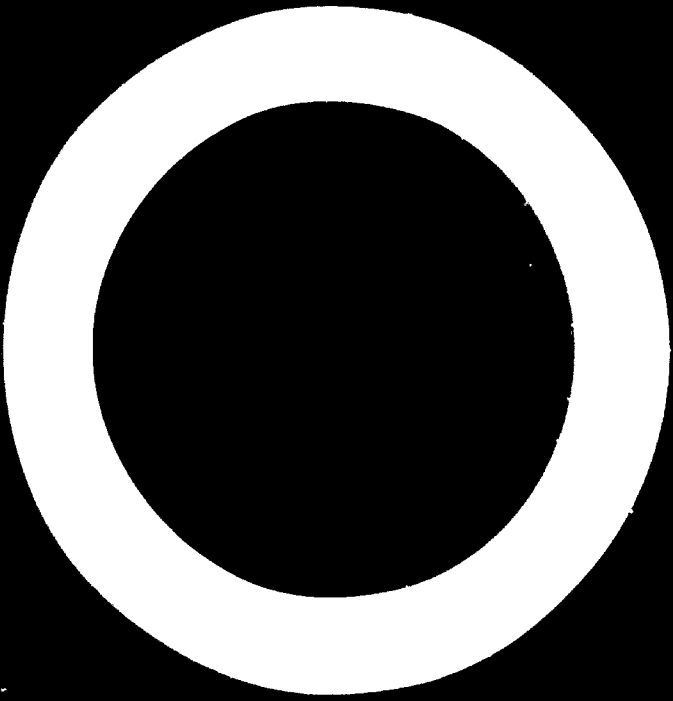
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**INSTITUTIONS AND SERVICES  
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**SMALL-SCALE  
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**UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION**  
Vienna

**This brochure is one of a series published to inform developing countries of the types of assistance available from UNIDO to advance their industrialization programmes.**

## **Introduction**

The United Nations Industrial Development Organization (UNIDO) was established by the United Nations General Assembly in 1966 as an autonomous body within the United Nations to promote and accelerate the industrialization of the developing countries. It was given the central role in co-ordinating all the activities undertaken by the United Nations family in this field. UNIDO came into existence on 1 January 1967 and has its headquarters at Vienna.

UNIDO provides advisory and promotional assistance and training to Governments and organizations in the establishment, reorganization and reinforcement of industrial infrastructure. This assistance is provided by agreement between a requesting Government and UNIDO, and, in most cases, the United Nations Development Programme (UNDP).

The contribution of UNIDO to technical assistance projects may take many forms depending on the requirements of the requesting Government and the size of the project. Projects may include:

**Provision of experts**

**Provision of fellowships for individual training or for participation in group training programmes organized by UNIDO or other institutions**

**Provision of equipment**

**Short-term (one month or less) exploratory or advisory missions by UNIDO headquarters staff members or consultants**

**Any other forms of assistance mutually agreed upon between the Government and UNIDO**

## **Contribution of small-scale industry to development**

In many of the developing countries, particularly in the less developed ones, the establishment of small-scale industries has assumed a critical role in industrialization. In view of the low capital requirements per employed person in small enterprises and the narrow markets of many of these countries, setting up small-scale manufacturing and service enterprises is a means of stimulating local industry and initiative, providing employment, using local natural resources and mobilizing domestic capital, and ultimately increasing net national product and income. In the least developed countries, the promotion of small-scale industries enables the local population to participate actively in the economy. In the relatively advanced developing countries, small-scale industry is increasingly regarded as a way of decentralizing industry and accelerating provincial and rural development.

In the least developed countries, the promotion of small-scale industries faces many difficulties: the dearth of potential entrepreneurs; the inadequacy or lack of physical infrastructure, except in a few urban centres; the shortage of financial resources; the narrowness of markets; the lack of certain raw materials; the low educational level of a large part of the population; the adherence to traditional ways of life; and lack of experience in industrial administration. Thus, lengthy and concentrated efforts by both national authorities and foreign aid organizations will be required if these difficulties are to be overcome.

In the more developed of the developing countries, those obstacles also exist but are less acute. The existing facilities are usually inadequate to cope with the task of assisting widely scattered small-scale industries in provincial and rural areas; of modernizing industry; and of promoting subcontracting.



## Types of UNIDO assistance

To strengthen small-scale industries, UNIDO provides.

(a) Assistance to the less and least developed countries in establishing industrial extension services, industrial estates and programmes for small-industry development;

(b) Assistance to less developed areas of many developing countries in decentralizing industry by providing provincial or regional technical services, promoting industrial estates and financing programmes for the rapid development of small-scale industries;

(c) Guidance in selecting product lines and appropriate technology for small-scale industry;

(d) Financing linked to technical assistance, which is increasingly being provided in co-operation with the World Bank and with bilateral financing agencies;

(e) Assistance in promoting domestic subcontracting and marketing programmes for small-scale industries.

The table below shows where UNIDO activities to promote small-scale industry are being carried out.

TYPES OF UNIDO ACTIVITIES UNDER  
IMPLEMENTATION<sup>a</sup>

<i>Location</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>Africa</i>					
Botswana		X			X
Burundi	X				
Chad	X				
Dahomey	X		X		
Ethiopia	X				X
Gabon	X	X		X	
Ghana	X				
Liberia					X
Madagascar	X				
Niger		X			
Nigeria	X	X	X		X
Rwanda	X	X			
Senegal	X	X		X	X
Somalia	X				

**TYPES OF UNIDO ACTIVITIES UNDER  
IMPLEMENTATION<sup>a</sup> (continued)**

<i>Location</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>Africa (continued)</i>					
Swaziland		X			X
Togo	X	X		X	
United Republic of Cameroon	X	X			
United Republic of Tanzania	X	X	X		
Upper Volta	X	X			
Zaire	X			X	
Zambia				X	X
<i>Asia and the Pacific</i>					
Fiji	X	X			X
Indonesia	X	X	X		
Iran	X	X	X		
Nepal	X				X
Papua New Guinea	X	X			
Republic of Korea			X	X	
Republic of Viet-Nam	X	X			
Thailand	X	X		X	X
<i>Europe and the Middle East</i>					
Cyprus	X				
Democratic Yemen	X	X			X
Malta	X		X	X	
Oman	X			X	X
Saudi Arabia	X	X			
Turkey	X	X	X		
Yemen	X	X	X		
<i>The Americas</i>					
Argentina		X			X
Barbados		X			
Brazil	X	X			X
Colombia			X		
Costa Rica	X				
Ecuador		X			X
Haiti		X			
Honduras	X				
Mexico		X			X
Nicaragua	X		X		
Peru	X				X
Trinidad and Tobago	X		X		

<sup>a</sup>Numbers used refer to the following: 1—Establishment and strengthening of advisory and extension centres; 2—Establishment and operation of industrial estates and common services facilities; 3—Financing of small-scale industries; 4—Marketing; 5—Rural industrialization or industrial decentralization.

## Sources of finance

Technical assistance projects, or their preparation, can be financed from several sources, as shown in the table below.

### TYPE OF PROJECT AND SOURCE OF FINANCE

<i>Type of project</i>	<i>Approval granted by</i>
Large-scale projects (UNDP participation more than \$150,000) financed from the UNDP Indicative Planning Figure (IPF)	UNDP, New York
Small-scale projects (UNDP participation up to \$150,000) financed from UNDP/IPF	Local UNDP resident representative <sup>a</sup>
Projects of any scale financed from UNIDO funds derived from voluntary contributions	UNIDO, Vienna
Projects under Special Industrial Services (SIS) (UNIDO participation generally less than \$50,000)	Local UNDP resident representative
Short-term missions by UNIDO headquarters staff members or consultants financed from UNDP/IPF, SIS or UNIDO funds	Local UNDP resident representative and UNIDO, Vienna UNIDO, Vienna

*Note:* UNIDO itself cannot provide capital for or participate in new industrial enterprises except small pilot plants. This capital should be obtained from development banks, private investors and other financial institutions. Through its investment promotion programme, UNIDO may, however, bring together those who require capital, know-how or partners for joint ventures and those who can meet one or more of these requirements.

<sup>a</sup>Some types of small-scale UNDP/IPF projects also require approval from UNDP, New York.

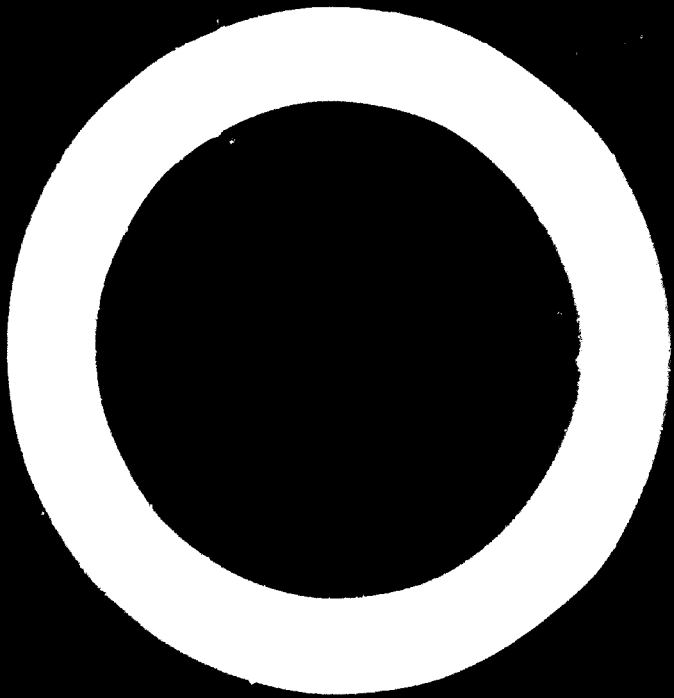
### How to apply for assistance from UNIDO

All requests for assistance from UNIDO should normally include a short description of the objectives, duration and type of assistance

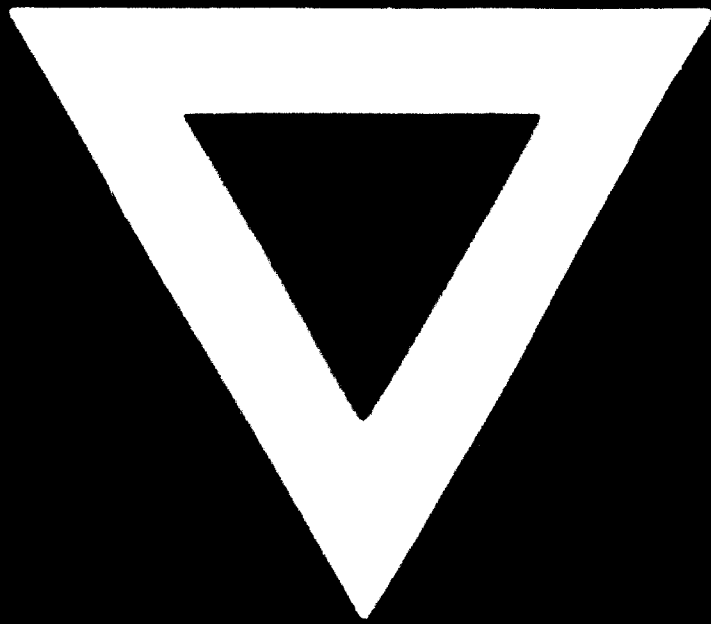
required. They should be directed through the appropriate government department to the local UNDP resident representative who acts as the UNIDO representative in the country. If the originators of requests wish to have preliminary discussions about their project ideas, the office of the resident representative can arrange a meeting with the UNIDO industrial development field adviser assigned to that area.

For further information on the work of UNIDO, communications may be addressed to:

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