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United Nations Industrial Development Organization

Meeting on Self-help [illegible]
Small-scale industry [illegible] countries
Vienna, Austria, [illegible]

ANNOTATED AGENDA

AND

GUIDES FOR DISCUSSION 1/

Note on the Meeting

In most developing countries, the promotion of small-scale industry is carried out almost entirely under the responsibility of government-sponsored institutions. Non-governmental bodies hardly participate directly - except for representing to the Government and negotiating with it on policies, incentives and facilities - in that endeavour. The few efforts made to induce such a participation by these bodies have not been very successful.

Whether - as is the case in some relatively advanced of the developing countries - government-sponsored organizations are being much and sometimes even too much for small-scale industries, or - as is the case in most of the less developed countries - too little, there is clearly scope for small-scale industries, either individually or collectively, to develop complementary programmes of promotion, in other words, to develop self-help programmes. What is not so evident is how this can be achieved.

Admittedly, the term self-help is used, for the purpose of the present meeting, in a broad sense. It embraces not only, what an industrial entrepreneur can do for himself in his own factory, but also what associations of small-scale industries, chambers of commerce and industry, co-operatives, ad hoc companies of small industrialists, and private commercial firms can do to help that sector. If the expression "self-help programme" was been chosen for the title of this meeting, rather than that - which would have been entirely correct - of "governmental and non-governmental programmes for small industry

1/ This document has been reproduced without formal editing.

development", [illegible] emphasis on self-help, viewed both as [illegible] objective of a governmental programme of assistance and as the activity which could be undertaken under non-governmental auspices. Thus, the meeting will deal with both public and private action for small industry development, the strongest emphasis being put on the latter.

Item 1. Opening addresses

Item 2. Adoption of the agenda

Item 3. Help and self-help

The following issues are proposed for discussion:

3.1. Evaluation of country experience

Participants are invited to describe and evaluate the respective contribution of government and non-government bodies in the promotion of small-scale industry in their country. Is it felt, in particular, that the government does too much ("mother-feeding") or not enough for that sector and that the government programme is or is not well adapted to inducing self-help on the part of the industrialists? Is it felt that non-governmental action, if any is taken in the country, is or is not effective?

Documents:

- Country papers by the participants

3.2. Self-help as an objective of government promotion programmes

The paper entitled "Help and Self-Help" (ID/WG.210/BP.1) contains some suggestions on means whereby government programmes can be oriented towards the stimulation of self-help by the small industrial entrepreneur. Discussion is invited of these views and, in particular, of the following:

(a) restricting assistance to enterprises finding themselves within the limits of a definition of small-scale industry; a major exception might be assistance to

indigenous industries, irrespective of their size, in the least developed countries; another exception might be special assistance to certain industries considered to be of particular priority (e.g. export or sub-contracting industries);

(b) concentrating assistance programmes on the initial stages of the establishment and operation of an industrial enterprise or on the early phases of a programme of plant modernization ("pump-priming"); and providing only occasional "follow-up" assistance, as required;

(c) improving the quality of assistance through special training programmes for extension workers;

(d) providing comparatively less assistance to small industries located in the main metropolitan centres than to industries located in the smaller towns (it may be noted that it is the reverse that generally prevails even in countries actively engaged in programmes of industrial decentralisation): e.g., scaling down the provision of extension services, providing industrial areas rather than industrial estates, reducing tax concessions and subsidies, charging fees for services etc. to industries located in the main centres;

(e) discontinuing assistance to inefficient entrepreneurs;

(f) encouraging take-over by associations or co-operatives or other legal organizations of small industrialists of facilities initially set up and operated by the government (industrial estates, common service facilities, demonstration plants);

(g) providing financing on a supervised credit basis or through temporary equity participation schemes or through credit guarantee co-operatives;

(h) adopting other measures whereby small or diminishing inputs by government agencies lead to self-help action by the small industrial entrepreneurs.

Document:

- "Help and Self-Help" (ID/WG.210/BP.1)

Item 4. Selected [illegible]

4.1. Training [illegible]

[illegible] to the Meeting [illegible] to their [illegible] Chamber Organization ([illegible]), the Imperial Chamber of Commerce (ID/[illegible]), the Hungarian Chamber of Commerce (ID/[illegible]), [illegible] Chamber of Commerce, Industry [illegible] (ID/[illegible]). All the services described appear to industry in general, though many if not most would undoubtedly be relevant to small-scale industry. The industrial services mentioned in those documents are summarized in the following synoptic table. While it cannot be exhaustive, it may be representative of the services provided by other similar organizations in developed countries.

Services	Austria	Hungary	London	Spain
1. Advice to Government	x	x	x	x
2. Arbitration	x	x		x
3. Economic surveys				x
4. Marketing research	x	x		x
5. Training	x	x	x	x
6. Seminars, study groups	x	x	x	x
7. Export promotion and trade facilitation	x	x	x	x
8. Trade fairs and exhibitions	x		x	x
9. Trade missions	x	x	x	x
10. Subcontracting				x
11. Partnerships abroad		x		
12. Industrial news				x
13. Employment exchanges				x
14. Collective agreements	x			
15. Information and publications	x	x	x	x

It is significant that [illegible] counselling at the plant level is not expected by any of the Chambers under review. [illegible] of a general character, both the European and Arab Chambers refer inquirers using specific questions to specialized consultant firms providing consultations against a fee. The scope of training varies considerably. Subcontracting is promoted by a chamber in Spain (this is also done by chambers and professional organizations in France, the Federal Republic of Germany, Turkey and the Scandinavian countries). Industrial areas are provided directly by chambers only in Spain ; in other European countries, chambers and professional organizations contribute to a varying extent to the establishment of industrial estates and areas.

In its report, which is also submitted to the Meeting as a background document (ID/WG.170/6), the Regional Seminar for Managers of Chambers of Commerce and Industry of Arab Countries, organized by UNIDO from 14 to 16 January 1974 in Beirut, made, among others, the following recommendation (p.6):

> " 4. Chambers of commerce and industry and federations or associations of industrialists (C&F) should provide a number of practical industrial services to their members, such as information on machinery, equipment and raw materials most suitable for production, as well as information and advice on production, investment, and new export opportunities, and advice on standardization and quality control. They should also provide advisory services and organize training programmes to increase productivity, and assist in negotiating licensing agreements for the acquisition of new technology and know-how. C&F could also be useful in providing assistance in the promotion of industrial products for export."

The report also suggests (p.7) that C&F might take the initiative in promoting and assisting the development of industrial cooperatives among small-size enterprises.

[illegible] "[illegible] and Non-[illegible] [illegible] Development" [illegible] scope for [illegible] industrial organi-[illegible] [illegible] areas of training, [illegible] information.

[illegible] of services for small-[illegible] [illegible] by [illegible] countries at different levels of [illegible] development.

4.2. Conditions for the [illegible] of industrial organizations in promotion of small-scale industry

The following issues, [illegible], are proposed for discussion:

(a) What are the reasons for limited participation of industrial organizations, including unions, of many developing countries in the provision of promotional services to industry, in particular, to small-scale industry: lack of interest, lack of financial resources; lack of skilled personnel; others?

(b) What could be done (i) by the organizations themselves, (ii) by the governments, to achieve and to expand such participation?

Documents:

- "Experiences of the Hungarian Chamber of Commerce in Providing Industrial Services to its Member Industrial Enterprises", by F. Szekis (ID/WG.170/2)
- "Activities of the International Bureau of Chambers of Commerce and Service Activities of the London Chamber of Commerce", by W.F. Nicholas (ID/WG.170/3)
- "The Economic Chambers in Austria and the Foreign Trade Promotion Activities of the Austrian Economic Chamber Organization", by Benno Koch (ID/WG.170/4)
- "Services of the Spanish Chambers of Commerce, Industry and Shipping to their Members", by A. Sevilla (ID/WG.170/5)
- "Report of the Regional Seminar for Managers of Chambers of Commerce and Industry of Arab Countries" (ID/WG.170/6)
- "Government and Non-Governmental Action for Small Industry Development" (ID/WG.170/[illegible])

Item 5. Self-help through co-operatives

5.1. Conditions for the development of industrial co-operatives

(a) In her report - "Industrial Co-operatives in Developing Countries" (IW/WG.10/2 and Summary) - Mrs. L. Stettner indicates that while co-operative facilities for handicrafts, processing and light industries exist in more than sixty developing countries, it is in some of the relatively advanced among these countries that industrial co-operatives have made the more rapid progress. Common facility co-operatives are more widespread, in the developing countries, than joint enterprise co-operatives.

The major influences accounting for the more rapid development of industrial co-operatives in a few countries are, according to the author of the report: better training opportunities for both members of the co-operatives and co-operative management and staff; better access to essential industrial services; and better access to finance. All three have, to some extent, been provided by co-operators themselves, but in the main it is the governments of the countries concerned which have been the major source of such technical and financial assistance. As stated in the report, "there will be no effective and lasting co-operative development in a country if the government does not will it and support it". Among the measures of state support are: government grants, loans and loan guarantees; governmental provision of co-operative installations; tax and trading concessions; government orders for co-operative goods; training facilities for co-operators; co-operative legislation; and governmental supervision and technical advice (Ibid. p.40).

Participants are invited to discuss the above views including the question of the prospects for the promotion of industrial co-operatives of different

type in [illegible] and [illegible] the developing countries.

(b) In the [illegible] section (p.40): "Sometimes [illegible] co-operatives to [illegible] beyond their capacities. In other cases, the [illegible] weaknesses of co-operatives have led governments to stiffen legislative requirements and [illegible] intervention to the point where [illegible] co-operatives have felt that their initiative [illegible] stifled and their autonomy threatened". The author suggests (p.41) that government intervention should be [illegible] and only to the extent, [illegible] required; that such intervention should be withdrawn as rapidly as possible; and that there should be [illegible] time-table for such withdrawal.

Discussion on these views is invited.

5.2. Joint enterprise co-operatives

In the [illegible] countries, the joint enterprise co-operative is the usual form of organisation of small-scale or light industries. In most developing countries, including those advocating socialist economic systems, the development of production co-operatives has [illegible] been modest, even in the field of handicrafts, where such co-operatives are considered to be particularly effective.

Discussion is invited on the causes of this state of affairs. Should governments of developing countries be encouraged to [illegible] technical assistance for the development of [illegible] co-operatives? [illegible], the [illegible] of such requests has been small.

5.3. Common facility co-operatives

In the report entitled "Governmental and Non-Governmental Action for Small Industry Development" (ID/WG.210/4) it is suggested that the scope for action by co-operatives would be mainly in the organization of common service facilities and joint procurement and marketing. There is some scope for co-operative financing and co-operative industrial estates. To these forms of common facility co-operatives, the report on "Industrial Co-operatives in Developing Countries" adds (p.7) : testing ; research ; workshop layout ; design ; advice (legal, economic or financial) ; training ; joint use of machinery, storage, transport ; specialized production operations in common workshops for preliminary processing, finishing and assembly operations or repairs and maintenance.

Discussion is invited of the appropriateness of these forms of co-operation to the conditions and needs in the developing countries. The feasibility of co-operative credit and co-operative industrial estates might be of special interest. A subsidiary question might be whether marketing co-operatives should be encouraged to enter into the field of processing.

Documents:

- "Industrial Co-operatives in Developing Countries", by L. Steiner (ID/WG.210/ and summary)
- " Governmental and Non-Governmental Action for Small Industry Development" (ID/WG. 10/4)

Item 6. Self-help through groupings of small-scale industries

In recent years, ad hoc groupings - institutional and non-institutional - of small-scale enterprises have been set up in some of the Western European countries, especially in France, for a variety of "collective actions". These have included:

[illegible]

The [illegible] Economic Co-operation [illegible] importance of such [illegible] industry not only in [illegible] in the [illegible], in September [illegible] on the Promotion of [illegible] Collective Actions [illegible] Promotion of Small Firms [illegible] Santiago, the other in [illegible] meetings [illegible] OECD [illegible] and Medium-sized Firms [illegible] Dev. Centre of OECD, [illegible] through Collective Action, [illegible] and Non-Governmental Actions [illegible] (ID/WG.210/4) [illegible] developing countries [illegible] of small-scale industries [illegible] promotion, [illegible].

[illegible], [illegible] from Western [illegible] developments in the field of collective [illegible] and an evaluation of the [illegible].

In the light of [illegible] are invited to [illegible]:

(a) the [illegible] for collective [illegible], both [illegible];

(b) [illegible] countries in the [illegible].

Item 7. Mergers and [illegible] in small-scale industries

In his report on "[illegible] in Small Industries in India" (ID/WG.[illegible]/[illegible]), Dr. Abid Hussain [illegible] that mergers - either between [illegible] small units or between small [illegible] "[illegible] have [illegible] significant contribution [illegible] the growth of small-scale industries in India.

In India, "the [illegible] of a fundamental policing in such [illegible] are [illegible] in remaining small" (p.7). On the one hand, mergers or amalgamations with large industries (monopolistic corporations) are discouraged, because the small units are [illegible] to the benefits reserved by [illegible] within the definition of small-scale industry. There is even an indication that the definition of small-scale industry may inhibit the growth of small units, which at [illegible] is more advantageous to start another small-scale industry than to expand the existing one. On the other hand, mergers among small-scale industries may be discouraged by personal factors (individualism of the entrepreneurs).

The authors of the report feel that inter-firm action ("functional mergers") among small industries such as establishment of [illegible] co-operatives, and subcontracting between large and small industries offer better prospects for the growth of small industries than corporate mergers.

Discussion of these views is invited.

Documents:

- "Mergers in Small Industries in India", by Abid Hussain (ID/WG.[illegible]/[illegible])

Item 8. Scope for the participation of private sector firms in the development of small-scale industry

It is proposed, under this item, to discuss the potential role of private firms in the promotion of small-scale industry in the developing countries. The private firms include, among others, entrepreneurial, management and marketing consultant firms, commercial banks; [illegible]; and

[illegible]

(ID/WG. [illegible] types of [illegible] assistant [illegible] difficulties experienced [illegible] African countries [illegible] of governments and [illegible] of private [illegible] consul- tants, [illegible] of such [illegible] additionally [illegible] of the firms [illegible] other fields of [illegible] in all studies financed [illegible].

[illegible] Governmental [illegible] /[illegible]/4), [illegible] private [illegible] annex 2, [illegible] services [illegible] the govern- ment [illegible].

Documentation

- "[illegible] Management [illegible] Small-Scale In- [illegible]", by [illegible] (ID/WG. [illegible])
- "[illegible] for Small [illegible] Development" ([illegible])

3.[illegible]. [illegible]

[illegible] Governmental and Non-G[illegible] Industry Develop- ment [illegible] scope

[illegible]

[illegible]

[illegible]

( ) [illegible] to participate [illegible]

( ) [illegible] provide some [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Item 9. [illegible]

(a) [illegible]

(b) [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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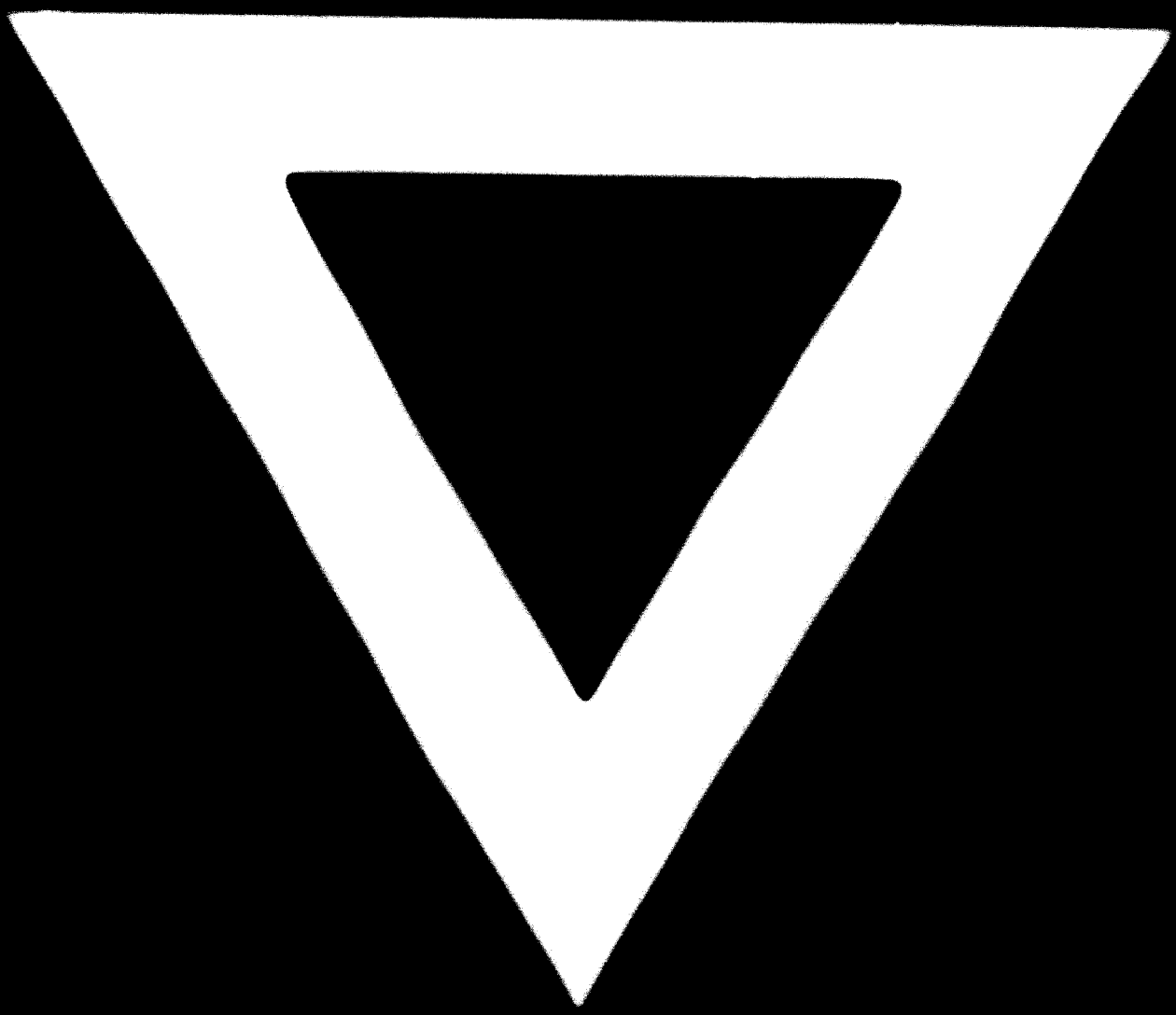

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