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PROGRAMME OF WORK FOR 1971 INCLUDING REPORT OF ACTIVITIES

FOR 1969 AND UPDATING OF 1970 PROGRAMME

PART TWO

Group 13: Industrial Policies and Financing

NOTE

Documents ID/B/64/Add.1-15 contain a detailed description of the fifteen groups of activities of UNIDO for the years 1969 to 1971. A list of these fifteen groups appears in the preface to document ID/B/64.

The material in each addendum is organized as follows:

Introduction

- A. Operational Activities
- B. Supporting Activities

Section A on Operational Activities lists the field projects by technical assistance programmes (UNDP/SF, UNDP/TA, RP and SIS). Under each programme appears a detailed description of the projects approved as of 30 September 1969 and a forecast of new projects. The list of approved projects is followed by a summary of expenditures. Projects that have been completed in 1969 (barring possible extension) are indicated by an asterisk.

Section B on Supporting Activities is divided into "projects" corresponding to major areas of work, each project being subdivided into "components". Under each component, details of expenditure are given for the following items: staff man/months, meetings and consultants. The priorities A and B, under which components are listed, apply to the programmed activities in 1970 and 1971, priority B indicating that implementation is subject to availability of funds. Unless otherwise indicated, expenditures on supporting activities are financed from the UNIDO Regular Budget. Because of the nature of the item, expenditures on publications are listed separately in this section. Finally, the section contains summary tables of expenditures on supporting activities by sources of funds for 1969, 1970 and 1971.

INTRODUCTION

1. The activities of Group 13 relate to three areas: industrial policies; industrial financing; and industrial investment promotion.
2. During 1969, requests for technical assistance in the area of industrial policies indicated that developing countries were becoming concerned about policies for achieving the objectives of their industrialization programmes. The number of experts advising on industrial policies increased from six in 1968 to twelve in 1969.
3. Assistance provided to developing countries covered practically all aspects of industrial policies. For countries at an early stage of industrialization, assistance was provided in the formulation and implementation of sets of policies to encourage the establishment, development and expansion of industries, while for countries that had already formulated a set of policies and measures, assistance focused on evaluation of existing policies. For countries which required advice on designing specific policy measures, advice was given on foreign investment policy measures, licensing of new investments, incentives, policy measures for specific branches of industry, administrative machinery to implement policies and policy measures, and on policies for regional co-operation in industry.
4. Developing countries are also devoting attention to the mobilization of financial resources for their industrialization programmes. The number of experts in industrial financing increased from five in 1968 to nine in 1969. UNIDO assistance in industrial financing covers mainly: (a) review of the adequacy of existing policies for the mobilization of financial resources; (b) promotion of the establishment of financial institutions and organizations for stimulating a greater inflow of domestic and foreign capital; (c) assistance to industrial financing institutions in formulating and implementing their lending policy and loan appraisal techniques; (d) advice on international financing; (e) promotion of the establishment or strengthening of the financial infrastructure (e.g. stock markets); (f) aid in utilizing effectively the financial resources available; and (g) advice to groups of countries on the financial aspects of industrial co-operation.

5. Promotion of specific industrial projects was another major area of assistance in 1969. An increasing number of countries requested assistance in investment promotion, and the number of experts provided in this area increased from two in 1968 to fourteen in 1969. Assistance took the following forms: (a) strengthening of a national investment promotion institution; (b) establishing new institutions (in the form of a UNDP/SF project or of expert assistance); and (c) locating sources of finance for specific industrial projects.
6. In addition to helping countries establish and strengthen their investment promotion machinery, a programme to promote financing and investment in specific industrial projects, which were submitted by a wide range of countries, has been carried out by headquarters staff. This direct assistance was implemented by preparing the way for continuous promotion of a portfolio of projects and by organizing promotion meetings at national and regional levels. A promotion meeting was held in Tunis in May 1969, and a regional meeting in Rabat in October 1969, in co-operation with ECA and the African Development Bank.
7. As a result of these meetings and of headquarters' work on promotion of specific projects sent to UNIDO for inclusion in its portfolio, a network of contacts has been established in the industrialized countries (in both market and centrally-planned economies). By the end of 1969, about 300 projects had been included in the portfolio.
8. A notable feature of the development of these activities in 1969 was a greater involvement of staff members in the implementation of technical assistance assignments, particularly when the urgency, short-term nature, or subject of the request made it more appropriate to use headquarters staff.
9. In 1970, the number of experts advising on industrial policies is expected to increase from 12 to 25. In addition to assistance provided by individual experts, a new type of assistance has been developed in the form of short-term visits from an advisory group of experts to examine existing policies, discuss them with the authorities and advise on the future orientation of such policies.
10. Field activities in the area of industrial financing are also expected to expand in 1970; it is anticipated that the number of experts will increase to seventeen. Field operations planned for 1970 are aimed at assisting countries in the development of techniques for raising domestic resources for the financing

of their industrialization programmes. Other operations will provide advice at project level on the adequate use of financial resources. Experts will also advise on special financing problems of public manufacturing enterprises. A number of requests in the form of UNDP/SF projects for the establishment of new industrial financing institutions are anticipated.

11. In the field of investment promotion, interest has been expressed in the establishment of investment promotion centres, or - in some cases - of promotion units within development banks or similar institutions. This assistance could take the form of UNDP/SF projects. In addition, an increasing demand is expected for assistance in locating potential foreign sources of financing and investment in projects initiated by the UNIDO portfolio.

12. In 1971, the activities of Group 13 will have developed to a stage at which greater emphasis will be on direct assistance by headquarters staff, for experience has proved the value of using UNIDO staff. Some of the forms of assistance that have been developed require involvement of a staff member in implementation.

13. By 1971, research, studies and other headquarters' supporting activities will have yielded enough knowledge and experience to form a basis for direct application in the field. Moreover, a wide range of contacts will have been developed to implement a more comprehensive promotion programme. Direct assistance by staff members will take different forms, including participation in missions aimed at identification of the needs of requesting countries and at the drawing up of long range projects of technical assistance. UNIDO staff will also undertake the preparatory work for promotion of projects requiring external financing. Examples of assistance performed at headquarters include preparation of brief reports on projects submitted by developing countries, identification of potential investors and of sources of finance, and submission of proposals emanating from advanced countries to potential partners in developing countries. The link between the larger number of experts advising countries in the field and headquarters staff will be strengthened.

14. It is planned to bring a group of experts to Vienna in 1970 for a meeting and exchange of views on ways in which technical assistance could be improved; this will be followed in 1971 by an expanded programme of visits by staff members to developing countries where the experts are working.

15. In 1969, a long-term programme was developed to examine the effects of industrial policies on the processes of industrialization. Studies of the experience of developing countries with incentive policies for industrial development were made in 1968 and a training programme on this subject was organized in 1969. A similar training programme was organized in 1969 on policy and financial aspects of the operation of manufacturing enterprises in the public sector.
16. In 1969, work was begun on examining the relationship between the objectives of the industrialization programme and the plans and policies needed to achieve these objectives; this was done in preparation for two regional training programmes, to be organized in 1970. Work was also started in 1969 on the experience of groups of developing countries in developing regional industrial co-operation; an expert group meeting on this subject will be held in 1970.
17. In the field of domestic financing, activities in 1969 concentrated on preparation of prototype industrial financing institutions, in anticipation of requests for assistance in this field. Following the first 1968 workshop, in the Regional Co-operation for Development (RCD) countries, on techniques of financial planning and analysis at the project level, two further workshops were held in 1969 for participants from countries in East and West Africa.
18. In the field of external financing, activities were concentrated on promotion of project financing. A directory of external sources of financing available for industrial projects in developing countries is scheduled for publication in 1970.
19. Preparatory work was started in 1969 on prototype basic texts for the establishment or strengthening of national investment promotion institutions. Following the training programmes on investment promotion techniques, organized for English-speaking participants in 1968, two further training programmes were held in 1969 for groups of French and Spanish-speaking participants.
20. In 1971, the primary task of headquarters staff in the area of studies and research will be to supervise research carried out by consultants and co-ordinate this with information gathered from the field trips and from reports of UNIDO experts in the field. Training programmes will be continued. The programme of meetings and seminars will be somewhat reduced.

A. OPERATIONAL ACTIVITIESUNDP/SPECIAL FUND - approved projectsProject
numberAFRICAIvory CoastIVC-13 Centre for industrial studies and promotion

Purpose: To establish an organization to undertake industrial feasibility and market studies leading to investment. The plan of operation has been drafted and is under review.

Approved: June 1968 UNDP: \$479,100
Duration: 3 years Gov't: \$318,000

RegionalREG-43 African Development Bank: pre-investment unit

Purpose: To provide an industrial development adviser. ILO is the executing agency.

Approved: January 1967 UNDP: \$2,993,000
Duration: 5 years Gov't: \$1,908,000

Table 1

Estimated expenditures for approved UNDP/SF projects, 1969-1971
(in US dollars)

| | 1969 | | | 1970 | | | 1971 | | |
|--------|----------------|----------------|---------------------------|----------------|----------------|---------------------------|----------------|----------------|---------------------------|
| | <u>Experts</u> | <u>Fellows</u> | <u>Other^{a/}</u> | <u>Experts</u> | <u>Fellows</u> | <u>Other^{a/}</u> | <u>Experts</u> | <u>Fellows</u> | <u>Other^{a/}</u> |
| IVC-13 | - | - | - | 127,050 | 1,000 | 10,500 | 167,400 | 18,000 | 9,000 |
| REG-43 | - | - | - | 23,100 | - | - | 23,100 | - | - |
| Total | - | - | - | 150,150 | 1,000 | 10,500 | 190,500 | 18,000 | 9,000 |

a/ Including equipment and subcontracting.

UNDP/TECHNICAL ASSISTANCE - approved projects

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|-----------------------|--|------------------------|-------------|---------------|
| | | <u>(in US dollars)</u> | | |
| <u>AFRICA</u> | | | | |
| <u>Ghana</u> | | | | |
| GHA-69-7 | <u>Assistance to Central Investment Board - investment promotion (OPAS) (project started under SIS 69/544)</u> | | | |
| | expert | 1/6 m/m | - | 9,600 - |
| <u>Madagascar</u> | | | | |
| MAG-68-8 | <u>Industrial investment promotion - assistance to the BDPI and SNI</u> | | | |
| | expert | 1/32 m/m | 15,400 | 24,000 24,000 |
| <u>Niger</u> | | | | |
| NER-68-22 | <u>Industrial promotion - advice on industrial projects (OPAS)</u> | | | |
| | expert | 1/17 m/m | - | 21,000 8,750 |
| <u>Zambia</u> | | | | |
| ZAM-68-15 | <u>Assistance to Industrial Development Corporation of Zambia Limited</u> | | | |
| | Expert | 1/24 m/m | 23,100 | 24,000 - |
| <u>Regional</u> | | | | |
| AFR-69-1 | <u>West African regional workshop^{1/*} - financial analysis and planning industrial projects</u> | | | |
| | experts | 3/3 m/m | 5,500 | - - |
| | fellows | 35/35 m/m | 8,500 | - - |
| | miscellaneous | | 1,250 | - - |

1/ This project is also reported under Supporting Activities (13.06.01).

UNDP/TECHNICAL ASSISTANCE - approved projects (cont'd)

| <u>Project number</u> | | | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|-----------------------------------|--|-----------|-----------------|-------------|-------------|
| | | | (in US dollars) | | |
| <u>THE AMERICAS</u> | | | | | |
| <u>Honduras</u> | | | | | |
| HON-68-15 | <u>Industrial promotion - assistance to National Bank for Development</u> | | | | |
| | expert | 1/6 m/m | 9,625 | 2,000 | - |
| <u>ASIA AND THE FAR EAST</u> | | | | | |
| <u>Indonesia</u> | | | | | |
| INS-69-28 | <u>Loan appraisal</u> | | | | |
| | expert | 1/15 m/m | - | 24,000 | 6,000 |
| <u>Pakistan</u> | | | | | |
| PAK-68-10 | <u>Industrial financing - appraisal of loans for chemical and allied industries, Industrial Development Bank of Pakistan</u> | | | | |
| | expert | 1/12 m/m | 19,250 | 4,000 | - |
| <u>EUROPE AND THE MIDDLE EAST</u> | | | | | |
| <u>Israel</u> | | | | | |
| ISR-69-4 | <u>Industrial economics* - business finance and marketing</u> | | | | |
| | fellow | 1/3 m/m | 2,200 | - | - |
| <u>INTERREGIONAL</u> | | | | | |
| INT-68-4 | <u>Seminar on industrial policies for industrial development 2/*</u> | | | | |
| | experts | 4/4 m/m | 8,000 | - | - |
| | fellows | 20/15 m/m | 22,000 | - | - |
| | miscellaneous | | 1,000 | - | - |

2/ This project is also reported under Supporting Activities (13.02.01).

UNDP/TECHNICAL ASSISTANCE - approved projects (cont'd)

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> | <u>1971</u> |
|-------------------------------|--|-----------------|-------------|-------------|
| | | (in US dollars) | | |
| <u>INTERREGIONAL (cont'd)</u> | | | | |
| INT-68-5 | <u>Seminar on financial aspects of public manufacturing enterprises^{3/}</u> | | | |
| | experts | 4/2 m/m | 4,000 | - |
| | fellows | 20/10 m/m | 20,000 | - |
| | miscellaneous | | 1,000 | - |

Table 2

Estimated expenditures for approved UNDP/TA projects, 1969-1971

| | <u>1969</u> | | <u>1970</u> | | <u>1971</u> | |
|--------------|-------------|----------------|-------------|----------------|-------------|---------------|
| | <u>m/m</u> | <u>US\$</u> | <u>m/m</u> | <u>US\$</u> | <u>m/m</u> | <u>US\$</u> |
| Experts | 15/44 | 84,875 | 7/57 | 106,600 | 3/20 | 38,750 |
| Fellows | 76/63 | 52,700 | - | - | - | - |
| Other | - | 3,250 | - | - | - | - |
| Total | | 140,825 | | 106,600 | | 38,750 |

^{3/} This project is also reported under Supporting Activities (13.05.03)

UNDP/TECHNICAL ASSISTANCE - forecast of new projects for 1971

| | <u>Experts</u> <u>m/m</u> | <u>Fellows</u> <u>m/m</u> | <u>Other</u> <u>US\$</u> |
|---|------------------------------|------------------------------|-----------------------------|
| <u>AFRICA</u> | | | |
| Financial analysis | 2/24 | - | - |
| Industrial investment promotion | 1/12 | - | - |
| Industrial credit | 1/12 | - | - |
| Industrial policies | 4/48 | - | - |
| Assistance in setting up development corporations (co-director, industrial economics, project preparation, industrial finance and investment promotion) | 6/36 | - | - |
| Advice in industrial banking operations | 1/12 | - | - |
| Organization and operation of industrial development bank | 2/24 | - | - |
| <u>THE AMERICAS</u> | | | |
| Industrial promotion | 2/12 | - | - |
| Financial analysis of industrial projects | 3/18 | - | - |
| Industrial policies | 2/24 | - | - |
| Workshop on industrial policies | 3/6 | 16/32 | - |
| <u>ASIA AND THE FAR EAST</u> | | | |
| Establishment of an investment advisory centre | 3/24 | - | - |
| Industrial policies adviser | 3/30 | - | - |
| Investment promotion | 3/36 | - | - |
| Assistance in setting up and running an investment promotion machinery | 2/12 | - | - |

UNDP/TECHNICAL ASSISTANCE - forecast of new projects for 1971 (cont'd)

| | <u>Experts</u> m/m | <u>Fellows</u> m/m | <u>Other</u> US\$ |
|---|-----------------------|-----------------------|----------------------|
| <u>ASIA AND THE FAR EAST (cont'd)</u> | | | |
| Industrial financial analyst | 3/36 | - | - |
| Adviser on industrial international finance | 2/24 | - | - |
| <u>EUROPE AND THE MIDDLE EAST</u> | | | |
| Investment promotion | 1/12 | - | - |
| Industrial policies | 2/24 | - | - |

UNIDO REGULAR PROGRAMME - approved projects

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> |
|------------------------------------|---|-----------------|-------------|
| | | (in US dollars) | |
| <u>AFRICA</u> | | | |
| <u>United Republic of Tanzania</u> | | | |
| RP-13-68 | <u>Industrial policies*</u> - workshop on financial planning of industrial projects | | |
| | expert | 1/1 m/m | 2,339 - |
| <u>Regional</u> | | | |
| RP-13-10 | <u>Industrial promotion</u> - project evaluation and industrial financing | | |
| | regional adviser | 1/12 m/m | - 24,500 |

UNIDO REGULAR PROGRAMME - approved projects (cont'd)

| <u>Project number</u> | | | <u>1969</u> | <u>1970</u> |
|-----------------------------------|---|----------|-----------------|-------------|
| | | | (in US dollars) | |
| <u>ASIA AND THE FAR EAST</u> | | | | |
| <u>Ceylon</u> | | | | |
| RP-13-6 | <u>Investment promotion</u> - training in industrial investment promotion | | | |
| | fellows | 2/12 m/m | - | 6,800 |
| RP-13-138 | <u>Industrial financing*</u> - investment promotion | | | |
| | fellow | 1/5 m/m | 3,000 | - |
| <u>Fiji (Oceania)</u> | | | | |
| RP-13-54 | <u>Industrial investments*</u> - industrial financing | | | |
| | fellow | 1/6 m/m | 3,400 | - |
| <u>Malaysia</u> | | | | |
| RP-13-66 | <u>Investment promotion*</u> - industrial investment policies | | | |
| | fellows | 2/10 m/m | 6,000 | - |
| <u>EUROPE AND THE MIDDLE EAST</u> | | | | |
| <u>Greece</u> | | | | |
| RP-13-115 | <u>Industrial policies*</u> - industrial investment promotion | | | |
| | fellow | 1/6 m/m | 2,100 | - |

UNIDO REGULAR PROGRAMME - approved projects (cont'd)

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> |
|---------------------------|---|-----------------|-------------|
| | | (in US dollars) | |
| <u>INTERREGIONAL</u> | | | |
| RP-13-149 | <u>Group training programme</u> ^{4/} * - investment promotion for French-speaking countries (preparatory work) | | |
| | experts | 2/2 m/m | 1,850 - |
| | fellows | 17/30 m/m | 37,520 - |
| RP-13-155 | <u>Group training in investment promotion - Office de la Coopération au Développement</u> | | |
| | fellows | 3/3 m/m | 2,000 - |

Table 3

Estimated expenditures for approved RP projects, 1969-1970

| | <u>1969</u> | | <u>1970</u> | |
|---------|-------------|---------------|-------------|---------------|
| | <u>m/m</u> | <u>US\$</u> | <u>m/m</u> | <u>US\$</u> |
| Experts | 1/3 | 4,189 | 1/12 | 24,500 |
| Fellows | 25/60 | 54,020 | 2/12 | 6,800 |
| Other | - | - | - | - |
| | | <u>58,209</u> | | <u>31,300</u> |

^{4/} This project is also reported under Supporting Activities (13.08.02).

UNIDO REGULAR PROGRAMME - forecast of new projects for 1971

| | <u>Experts</u> | <u>Fellows</u> |
|--|----------------|----------------|
| | <u>m/m</u> | <u>m/m</u> |
| <u>AFRICA</u> | | |
| Investment promotion | - | 4/24 |
| Regional adviser, industrial promotion, project evaluation and industrial financing | 1/12 | - |
| <u>THE AMERICAS</u> | | |
| Industrial policies | - | 3/18 |
| Investment promotion | - | 1/6 |
| <u>ASIA AND THE FAR EAST</u> | | |
| Industrial policies | - | 1/3 |
| Industrial financing | - | 2/12 |
| Investment promotion | - | 1/6 |
| <u>EUROPE AND THE MIDDLE EAST</u> | | |
| Investment promotion | - | 2/12 |

SPECIAL INDUSTRIAL SERVICES - approved projects

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> |
|-----------------------|--|-----------------|--------------|
| | | (in US dollars) | |
| <u>AFRICA</u> | | | |
| <u>Cameroon</u> | | | |
| 67-165 CMR-1 | <u>Industrial finance adviser to the National Investment Corporation</u> expert | 1/12 m/m | 2,000 22,000 |
| <u>Ghana</u> | | | |
| 69-544 GHA-7 | <u>Industrial promotion adviser - foreign investment</u> expert | 1/6 m/m | - 12,000 |
| <u>Kenya</u> | | | |
| 68-391 KEN-9 | <u>Preparation and promotion of specific industrial projects*</u> experts | 2/2 m/m | 2,600 - |
| <u>Rwanda</u> | | | |
| 68-331 RWA-9 | <u>Industrial investment promotion*</u> expert | 1/1 m/m | 3,000 - |
| <u>Sierra Leone</u> | | | |
| 67-134 SIL-1 | <u>Particle board factory project - industrial financing specialist</u> expert | 1/1.5 m/m | - 3,000 |
| 68-378 SIL-2 | <u>Assistance in the establishment of the national development bank - industrial economist</u> expert | 1/3 m/m | 3,000 3,200 |

SPECIAL INDUSTRIAL SERVICES - approved projects

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> |
|------------------------|--|-----------------|---------------|
| | | (in US dollars) | |
| <u>AFRICA (cont'd)</u> | | | |
| <u>Sudan</u> | | | |
| 68-326 SUD-15 | <u>Assistance to the Industrial Bank of Sudan</u> - finance and research adviser experts | 2/12 m/m | 10,000 12,000 |
| <u>Togo</u> | | | |
| 69-603 TOG-3 | <u>Preparation of industrial project reports</u> <u>for an investment promotion meeting -</u> exploratory mission expert | 1/0.75 m/m | 1,500 - |
| <u>Tunisia</u> | | | |
| 69-463 TUN-12 | <u>Organization of "Journées de Promotion des</u> <u>Investissements"</u> experts | 2/2 m/m | 8,000 - |
| <u>THE AMERICAS</u> | | | |
| <u>Paraguay</u> | | | |
| 69-543 PAR-5 | <u>Assistance in reviewing industrial policies</u> <u>and programming</u> expert | 1/6 m/m | - 12,000 |
| <u>Regional</u> | | | |
| 68-360 LA-4 | <u>Study on the industrial development in the</u> <u>member countries of the Caribbean Free Trade</u> <u>Association (CARIFTA)* - textiles, food pro-</u> <u>cessing, industrial estates</u> experts | 4/16 m/m | 33,300 - |
| 69-477 LA-5 | <u>Exploratory mission on industrial policies*</u> expert | 1/1 m/m | 2,500 - |

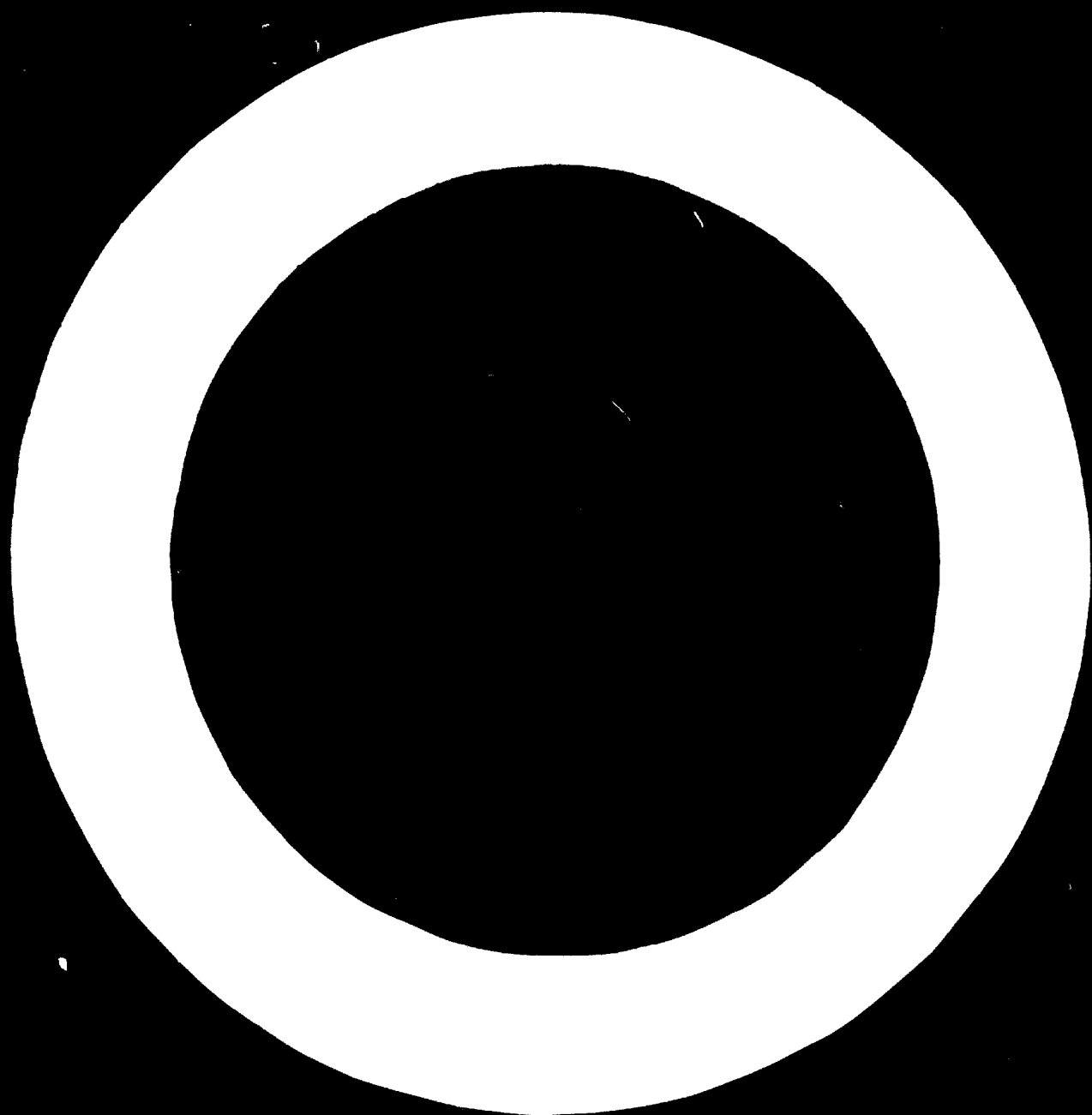
SPECIAL INDUSTRIAL SERVICES - approved projects (cont'd)

| <u>Project number</u> | | <u>1969</u> | <u>1970</u> |
|-----------------------------------|--|-----------------|--------------|
| | | (in US dollars) | |
| <u>ASIA AND THE FAR EAST</u> | | | |
| <u>Iran</u> | | | |
| 68-356 IRA-14 | <u>Identification of sources of finance for specific industrial projects - phase II*</u> expert | 1/3 m/m | 7,436 - |
| 69-538 IRA-24 | <u>Advisory panel on industrial policies for the following branches of industry: textiles, electrical and electronics, automotive and pharmaceuticals</u> experts | 6/10 m/m | 1,400 17,600 |
| <u>EUROPE AND THE MIDDLE EAST</u> | | | |
| <u>Iraq</u> | | | |
| 69-518 IRQ-4 | <u>Assistance and advice to the Industrial Bank on industrial programmes</u> expert | 1/6 m/m | - 12,000 |

Table 4

Estimated expenditures for SIS projects, 1969-1970

| | <u>1969</u> | | <u>1970</u> | |
|---------|-------------|-------------|-------------|-------------|
| | <u>m/m</u> | <u>US\$</u> | <u>m/m</u> | <u>US\$</u> |
| Experts | 17/33 | 74,736 | 14/49 | 93,800 |
| Fellows | - | - | - | - |
| Other | - | - | - | - |
| Total | | 74,736 | | 93,800 |



B. SUPPORTING ACTIVITIES

21. The supporting activities for Group 13 are classified under the following projects:

Industrial policies

| | |
|--|-------|
| Policies to achieve the objectives and targets of the industrialization programme | 13.01 |
| Designing industrial policy measures | 13.02 |
| Machinery to implement industrial policies | 13.03 |
| Policies for regional co-operation in the field of industrial development and machinery needed to implement them | 13.04 |

Industrial financing

| | |
|---|-------|
| National policies and institutions for financing industrial development | 13.05 |
| Industrial financing at the project level | 13.06 |
| External financing for industrial projects | 13.07 |

Industrial investment promotion

| | |
|--|-------|
| National investment promotion machinery | 13.08 |
| Promotion of specific industrial projects | 13.09 |
| Floating display for investment and export promotion | 13.10 |

22. As was mentioned in the prefatory remarks to the section on supporting activities in Part One (ID/B/64), the objective of the supporting activities is to establish a two-way flow of information and experience between the supporting activities at headquarters and the field. A great deal of material on which headquarters' studies and meetings are based is derived from information received from the field. In turn, the studies and meetings are intended to improve the substantive support given by headquarters to the field operations. In many cases these results are fed directly to the field in the form of reports. In all cases, they constitute an accumulation of knowledge and experience on which both headquarters and field staff are able to draw in response to the needs arising in the technical assistance operations.

INDUSTRIAL POLICIES

23. Requests for assistance on industrial policies fall into four groups:

- (a) Identification of objectives of the industrialization programme;
- (b) Formulation of policies and policy measures to implement these objectives;
- (c) Improvement of the machinery needed to formulate and implement industrial policies;
- (d) Promotion of regional co-operation and the machinery needed to implement it.

24. The activities planned for 1971 will benefit from the work carried out in previous years and will be characterized by the following features:

- (a) In the field, by increased use of headquarters staff to identify problems, formulate a programme of assistance and participate in its implementation;
- (b) At headquarters, by examination of the relationship between the objectives of an industrialization programme and the plans and policies used to achieve them, by the continuation of training programmes and by preparation of manuals on design and implementation of policy measures.

Policies to achieve the objectives and targets of the industrialization programme (13.01)

25. Experience has shown that, in the formulation of industry programmes, some conflicts between objectives are inevitable. UNIDO can help resolve some of these conflicts by drawing on the accumulated experience of other countries. Case studies of the experience of selected countries are being made. Moreover, two training programmes, planned for 1970, will develop additional experience.

Case studies of the relationship between the objectives of the industrialization programme and the plans and policies used to achieve them (13.01.01)

26. Particular attention was paid by the Industrial Development Board at its second session to this relationship (A/7215, para. 219). The experience of a number of developing and industrially advanced countries will be considered. The project will examine the relationship between the industrial policy measures and the chosen strategy and plans for industrialization, and the side-effects of these measures on the achievement of other objectives.

27. In 1969, an outline for the commissioning of case studies on the experience of selected countries was prepared. In 1970, a number of case studies will be completed. These studies, together with other material collected and compiled by headquarters staff, will be used for the two training programmes to be held in 1970 (see 13.01.02, below). In 1971, the studies will be continued and selected case studies will be submitted for publication.

Priority A

| | Staff (in m/m) | Consultants (US\$) |
|------|-------------------|-----------------------|
| 1969 | 1 | - |
| 1970 | 3 | 2,500 |
| 1971 | 3 | 3,000 |

Identification of objectives of the industrialization programme and formulation of industrial policies to achieve them (13.01.02)

28. In 1969, studies of the experience of selected countries in Latin America and the Middle East were commissioned. In 1970, these studies will be continued to be used as reference material for the two training seminars in this sector, planned for the same year (ID/B/44, para. 378). The training seminar for Latin America will be organized in co-operation with ECLA and ILPES; the seminar for countries in the Middle East will be organized jointly with UNESOB. These training seminars will provide an opportunity for officials of developing countries to review the experience of other developing countries and to learn about recent developments in this sector. Some of the participants will be counterparts of UNIDO experts working in the field.

29. In 1971, a report of these training programmes is to be published, along with some of the case studies on incentive policies.

Priority A

| | Staff (in m/m) | Meetings (US\$) | Consultants (US\$) |
|------|-------------------|--------------------|-----------------------|
| 1969 | 3 | 5,100 | - |
| 1970 | 9 | 2,500 | 24,000 ^{a/} |
| 1971 | 3 | - | - |

a/ UNDP/TA funds.

Priority B

| | <u>Consultants (US\$)</u> |
|------|-------------------------------|
| 1969 | - |
| 1970 | 2,500 |
| 1971 | - |

Designing industrial policy measures (13.02)

30. There is a need for detailed advice on the design of different types of industrial policy measures and policy instruments for the development of industrial projects in both the public and private sectors. The project has three components: (a) training programmes; (b) a series of manuals on industrial policies dealing with the design of industrial policy measures; and (c) a directory of incentive measures.

Training programmes on the design of
industrial policy measures (13.02.01)^{5/}

31. In 1969, participants from 25 developing countries attended an inter-regional training seminar on incentive policies for industrial development. Case studies of the experience of 21 developing countries were prepared. Issues faced in the design of incentive measures and the machinery to implement them were considered on the basis of papers prepared by the secretariat.

32. In 1970, the series of studies mentioned above will be continued to cover more countries. A report of the training seminar will be submitted for publication in 1971 along with the case studies on the experience of a number of developing countries.

33. In 1971, it is planned to hold another interregional training seminar dealing with the formulation of policy on tariffs and other forms of protection and on the machinery of implementation. The studies, launched in 1969 and continued in 1970, will be used for the training seminar.

^{5/} This activity is also reported under Operational Activities (UNDP/TA approved project, INT-68-4) p. 10.

| | | | <u>Priority A</u> |
|------|-------------------|----------------------|-----------------------|
| | Staff (in m/m) | Meetings (US\$) | Consultants (US\$) |
| 1969 | 4 | 31,000 ^{a/} | - |
| 1970 | 4 | - | - |
| 1971 | 9 | 25,000 ^{a/} | 3,000 |

a/ UNDP/TA funds.

| | <u>Priority B</u> |
|------|-----------------------|
| | Consultants (US\$) |
| 1969 | - |
| 1970 | 3,000 |
| 1971 | - |

Manuals on industrial policies (13.02.02)

34. Experience has shown the usefulness of manuals on the design of industrial policy measures. The manuals will draw on the experience of UNIDO and research conducted by the United Nations and other organizations. (This is a continuation of the work mentioned in ID/B/44, para. 372, 374, 380.)

35. The manuals will outline the criteria that need to be considered when designing policy measures and describe the forms which measures have taken in a number of countries.

36. In 1969, material was collected and compiled and case studies were launched on the subject. In 1970, this work will be continued and new case studies will be commissioned (ID/B/44, para. 372). An advisory consultant panel will be convened to review the material of the manuals and to advise on future studies (ID/B/44, para. 374).

37. In 1971, a number of manuals will be submitted for publication. Among the topics dealt with will be: (a) government assistance at the pre-investment stage; (b) tariff structure and other forms of protection; and (c) systems and criteria for licensing new industrial investment. Other manuals will also be prepared in this series dealing with: (a) measures to raise the locally-produced content of selected manufactured goods; (b) measures governing the

terms and conditions for foreign financial investment; and (c) measures on the purchase of foreign technical know-how. Certain members of the consultant panel to be convened in 1970 will be asked to advise on preparation of new material for publication.

| | | | <u>Priority A</u> |
|------|--------------------------|---------------------------|------------------------------|
| | <u>Staff</u> (in m/m) | <u>Meetings</u> (US\$) | <u>Consultants</u> (US\$) |
| 1969 | 2 | - | 150 |
| 1970 | 6 | 3,000 | 2,000 |
| 1971 | 6 | 3,000 | 2,000 |

Directory of incentive measures in developing countries (13.02.03)

38. The officials participating in the training programme on incentive policies recommended that UNIDO develop a directory of incentive measures covering all developing countries.

39. In the preparation of this directory, use is being made of existing information collected by the United Nations and other organizations. The incentive laws and other documentation which UNIDO has collected enabled a start to be made in late 1969. At a second stage, the directory will be expanded to include information on forms of business organization in each country, statistics on available markets and brief information on existing industries established by foreign investors. Work will continue in 1970 with the aim of covering as many developing countries as possible in the first issue of the directory which will appear in mimeographed form in 1970. The directory will be enlarged, up-dated and published in 1971.

| | <u>Staff</u> (in m/m) | <u>Priority A</u> |
|------|--------------------------|-------------------|
| 1969 | 3 | |
| 1970 | 6 | |
| 1971 | 6 | |

Machinery to implement industrial policies (13.03)

40. Problems sometimes arise out of the conflicting interests of various government organizations responsible for formulating and implementing industrial policy measures. In this connexion the advantages and disadvantages of a more centralized decision-making process should be investigated.

Case studies (13.03.01)

41. Subject to availability of funds, the machinery used to implement industrial plans and policies in a number of selected countries will be examined in 1970. This work will be continued in 1971, and the results will be collected in a report to be prepared for publication in 1971.

Priority B

| | Staff (in m/m) | Consultants (US\$) |
|------|-------------------|-----------------------|
| 1969 | 2 | - |
| 1970 | 3 | 3,000 |
| 1971 | 3 | 3,000 |

Policies for regional co-operation in the field of industrial development and machinery needed to implement them (13.04)

Expert group meeting on policies for regional co-operation in the field of industrial development (13.04.01)

42. A series of studies was started in 1969 on existing schemes of regional co-operation among groups of developing countries. These studies will be continued in 1970, and the senior officers of some of these organizations will be invited to an expert group meeting. In addition to examining the various forms which co-operation has taken, the meeting will help to identify areas that need to be examined in the future.

43. The report of the expert group meeting and case studies of selected schemes will be submitted for publication in 1971.

Priority A

| | Staff (in m/m) | Meetings (US\$) | Consultants (US\$) |
|------|-------------------|--------------------|-----------------------|
| 1969 | 2 | - | - |
| 1970 | 6 | 5,500 | 1,500 |
| 1971 | 3 | - | - |

INDUSTRIAL FINANCING

44. The programme of activities in the field of industrial financing is designed to supplement existing work in this field carried out by the World Bank Group, regional development banks etc. In contrast with these organizations, UNIDO is not a source of finance. The programme of activities therefore concentrates on assisting developing countries in formulating appropriate policies and in establishing and strengthening their national institutions to mobilize finance for their industrial development. This programme will be implemented in co-operation with the World Bank Group and the regional and national development banks.

45. Requests for technical assistance show that developing countries need advice in four areas: (a) policies and institutions needed to mobilize financial resources for the industrial sector; (b) establishment and operation of industrial financing institutions (e.g. industrial development banks and stock exchanges); (c) mobilization of external financing; and (d) training of officials.

National policies and institutions for financing industrial development (13.05)

46. This project has three components. The first component aims at developing the knowledge, experience and techniques needed to advise developing countries on the establishment and operation of institutions for industrial financing. The second component consists of case studies to identify the policies and institutions to mobilize and channel financial resources. The third component aims at using the case studies to train officials of developing countries.

Institutions for industrial finance (13.05.01)

47. A start was made in 1969 on the development of prototype statutes and other related basic material needed for the incorporation of industrial financing institutions (ID/B/50, para. 44), and this work will be completed in 1970 (ID/B/44, para. 388, 389). An examination of the experience of certain countries in operating a capital market and stock exchange will also be made in 1970 (ID/B/44, para. 390). The aim of this exercise is to advise developing

countries on the establishment and operation of similar institutions. In the same year, a meeting will be organized for representatives of industrial financing institutions in developing and industrialized countries to discuss possible co-operation, particularly in increasing the flow of financial resources to developing countries.

48. In 1971, the basic material for establishing industrial financing institutions will be reviewed by consultants, and their review will subsequently be published.

| | Staff (in m/m) | Meetings (US\$) | Consultants (US\$) |
|------|-------------------|--------------------|-----------------------|
| 1969 | 6 | - | 6,000 |
| 1970 | 6 | 16,500 | 4,000 |
| 1971 | 6 | - | 3,000 |

Priority A

Case studies of the policies and institutional arrangements
for industrial financing in selected countries (13.05.02)

49. The aim of these case studies is to examine the experience of countries at different stages of industrial development in mobilizing finance for the industrial sector. Policies which promote savings within the industrial sector itself will be examined. The financial infrastructure will be studied in detail. The study will review the forms in which industrial finance is supplied - long-term loans, equity financing and short-term loans - and the lending policies of the institutions.

50. Subject to availability of funds, case studies will be made in 1970 of the policies and institutional arrangements used to promote the mobilization of domestic savings and to channel them into industry.

51. In 1971, additional case studies will be prepared and used for the training programme of industrial financing described below (13.05.03); some of them will be submitted for publication.

| | Staff (in m/m) | Consultants (US\$) |
|------|-------------------|-----------------------|
| 1969 | - | - |
| 1970 | 3 | - |
| 1971 | 3 | 3,000 |

Priority B

| | <u>Consultants (US\$)</u> |
|------|-------------------------------|
| 1969 | - |
| 1970 | 2,000 |
| 1971 | - |

Training programme on industrial financing (13.05.03)^{6/}

52. In December 1969, 32 participants from developing countries attended an interregional training seminar, held in Rome, which considered the industrial financing and other policy problems of manufacturing enterprises in the public sector (ID/B/26, para. 328; ID/B/50, para. 45). The experience of fifteen developing countries and of industrially advanced countries, including those with centrally-planned economies, were studied. A report on this training seminar, along with case studies of a number of developing and industrialized countries, will be published in 1971. Subject to availability of funds, a second seminar will be organized to examine the special aspects and problems of public manufacturing enterprises identified in the 1969 seminar (ID/B/44, para. 383, 384).

53. An interregional training seminar on industrial financing will be organized in 1971. The seminar will consider the relationship between policies of industrial financing and other credit policies, the institutional arrangements required for industrial financing and their place in the banking system, special features of industrial long-term lending, and the organization and lending policies of industrial financing institutions.

Priority A

| | <u>Staff (in m/m)</u> | <u>Meetings (US\$)</u> | <u>Consultants (US\$)</u> |
|------|---------------------------|----------------------------|-------------------------------|
| 1969 | 6 | 25,000 ^{a/} | 5,400 ^{b/} |
| 1970 | 8 | - | - |
| 1971 | 8 | 25,000 ^{a/} | - |

^{a/} UNDP/TA funds.

^{b/} Including \$1,000 from the General Trust Fund of UNIDO.

^{6/} This activity is also reported under Operational Activities (UNDP/TA approved project, INT-68-5) p. 11.

Priority B

| | <u>Meetings (US\$)</u> |
|------|----------------------------|
| 1969 | - |
| 1970 | 36,000 ^{a/} |
| 1971 | - |

a/ UNDP/TA funds.

Industrial financing at the project level (13.06)

54. There is a need to train officials in developing countries in techniques of financial analysis and planning. Such training should include a review of the techniques of financial analysis and planning, capital budgeting and financial reporting. The project has two components: organization of training workshops and development of case studies.

Workshops on financial planning and analysis techniques
for industrial projects (13.06.01)^{1/}

55. In 1969, following the 1968 regional workshop in the Regional Co-operation for Development (RCD) countries - Iran, Turkey and Pakistan - two similar workshops were organized for the East African countries and for the West African English-speaking countries (ID/B/26, para. 232, 233). In 1970, similar regional workshops are planned in Asia and the Far East (ID/B/44, para. 385, 386).

56. In 1971, the workshops will be organized at the country level. The programme of each workshop will be developed in consultation with the requesting government and the national institutions concerned. The contribution of UNIDO will consist of organizing the course and supplying instructors. Part of the course will be based on case studies of selected industrial enterprises located in the country.

Priority A

| | <u>Staff (in m/m)</u> | <u>Meetings (US\$)</u> | <u>Consultants (US\$)</u> |
|------|---------------------------|----------------------------|-------------------------------|
| 1969 | 6 | 15,250 ^{a/} | 5,000 |
| 1970 | 6 | 20,000 ^{a/} | - |
| 1971 | 6 | 20,000 ^{a/} | - |

a/ UNDP/TA funds.

^{1/} This activity is also reported under Operational Activities (UNDP/TA approved project, Regional AFR-69-1) p. 9.

Case studies of the application of financial analysis and planning techniques (13.06.02)

57. In 1969, preparatory work was initiated to develop case studies in forms that could serve as operational guides for the utilization of financial resources at the project level (ID/B/26, para. 233). This work will continue in 1970 and 1971 to supplement the teaching materials used in the workshops in previous years. Selected studies will be submitted for publication.

Priority A

| | Staff (in m/m) | Consultants (US\$) |
|------|-------------------|-----------------------|
| 1969 | 3 | - |
| 1970 | 3 | - |
| 1971 | 3 | 2,500 |

Priority B

| | Consultants (US\$) |
|------|-----------------------|
| 1969 | - |
| 1970 | 2,500 |
| 1971 | - |

Training workshop on industrial banking techniques (13.06.03)

58. There is a need to develop the skills required to evaluate applications for financing industrial projects and to develop procedures for following up the use of loans.

59. In 1969, a start was made on collecting case studies and other material for a workshop on this subject, and an interregional workshop will be organized in 1970 (ID/B/44, para. 382); a similar workshop is planned for 1971.

Priority A

| | Staff (in m/m) | Meetings (US\$) | Consultants (US\$) |
|------|-------------------|----------------------|-----------------------|
| 1969 | 2 | - | - |
| 1970 | 6 | 18,000 ^{a/} | - |
| 1971 | 6 | 18,000 ^{a/} | - |

a/ UNDP/TA funds.

External financing for industrial projects (13.07)

60. A programme of work has been formulated to help developing countries to obtain external financing for specific industrial projects. The present project has two components: publication of an up-to-date directory of external sources of finance and the development of prototype texts for joint-venture and other financing agreements.

Directory of external sources of financing (13.07.01)

61. In 1969, a first version of this directory was issued and circulated (ID/B/50, para. 43). It contains practical information on terms and conditions, procedure and other information on some 130 sources of external financing in industrialized countries. This version was in high demand by experts, investment promotion centres, government agencies, industrial firms and industrial financing institutions. The final version will be printed and issued for general distribution in 1970 (ID/B/44, para. 392) and will be updated in 1971.

Priority A

| | Staff (in m/m) |
|------|-------------------|
| 1969 | 6 |
| 1970 | 4 |
| 1971 | 4 |

Joint-venture and external financing agreements (13.07.02)

62. The Athens Symposium recommended that UNIDO formulate prototype agreements which might be used for bilateral and multilateral negotiations. The prototype agreements will contain notes on the following subjects: equity participation of foreign and local interests; management control and composition of boards of directors; arrangements for licensing of technical know-how; arrangements for training local staff and labour; policies to be followed in the distribution of profits; and possible restrictions on marketing of the firm's products in third countries. The aim is to help promoters of a project in a developing country to obtain the best terms and conditions and to assist the party concerned in negotiating and drafting joint-venture agreements which would protect their financial and commercial interests.

63. Twenty case studies of existing joint-venture agreements were prepared in 1969 (ID/R/26, para. 229). A start was made on developing an annotated text of prototype agreements in certain branches of industry. These prototype agreements will be completed in 1970 (ID/B/44, para. 405) and a set of selected prototypes of joint-venture agreements will be published in 1971.

| | Staff (in m/m) | Consultants (US\$) | <u>Priority A</u> |
|------|-------------------|-----------------------|-------------------|
| 1969 | 6 | - | |
| 1970 | 6 | 3,000 | |
| 1971 | 6 | 3,000 | |

INDUSTRIAL INVESTMENT PROMOTION

64. A survey of industrial development possibilities of a country and the evaluation, elaboration and presentation of bankable projects should be followed by a promotion of investment in these projects. In most of the developing countries, there are economically and technically viable industrial projects. In order to transform them into operating enterprises, a promotion drive is needed to interest domestic and foreign sources of financing. Two important points should be mentioned. Promotion is generally treated at the global level rather than at the level of the project, and the lack of facilities to promote investment in industries in developing countries is often overlooked.

65. For these reasons, UNIDO has developed a programme of assistance to promote investment at project level. Under this programme, UNIDO renders assistance in: (a) establishing new investment promotion machinery or improving the operations of the existing machinery; (b) training of nationals in techniques of investment promotion; and (c) promoting industrial projects through establishing at UNIDO headquarters a portfolio of projects and organizing from time to time promotion meetings to bring interested parties together.

National investment promotion machinery (13.08)

66. An increasing number of developing countries are requesting the assistance of UNIDO in this field. The number of experts provided in this area increased from two in 1968 to five in 1969 and is expected to reach ten in 1970 and

about 20 in 1971. Headquarters staff will be involved in 1971 in identifying, on the spot, the needs of developing countries for such assistance and in formulating programmes for this assistance.

67. To support these field operations, this project aims at developing material needed for the establishment of investment promotion machinery or improvement of existing machinery and focuses on the training of nationals.

Establishment and operation of national investment
promotion machinery (13.08.01)

68. Work has started at headquarters to develop a number of prototype statutes. In 1969, statutes of a number of existing investment promotion centres were collected and compiled, and an outline was prepared for the drafting of prototypes (ID/B/50, para. 46). The drafting work will be completed in 1970 (ID/B/44, para. 397). The final draft text will be submitted in 1971 to experts, prior to its publication as reference material. The text will describe the functions, organization and methods of operation of such centres.

| | <u>Staff</u> (in m/m) | <u>Meetings</u> (US\$) | <u>Consultants</u> (US\$) |
|------|--------------------------|---------------------------|------------------------------|
| 1969 | 3 | - | - |
| 1970 | 1 | - | 1,500 |
| 1971 | 4 | 2,000 | 2,000 |

Training programmes in techniques of investment promotion (13.08.02)

69. The topics of these programmes include such subjects as how to identify investment opportunities; problems of development of domestic entrepreneurship; and techniques of approaching a prospective investor. The programmes consist of lectures, discussions, field trips and on-the-job training in capital-exporting countries.

70. The first programme was arranged in co-operation with UNITAR in 1968 for participants from English-speaking countries. In 1969, two more programmes were conducted for participants from Spanish-speaking and French-speaking countries (ID/B/50, para. 51 to 53). In view of the interest shown in these programmes, it was suggested that they be continued on an annual basis. Thus two training programmes are planned for implementation in 1970 (ID/B/44, para. 396) and two in 1971.

| | | | <u>Priority A</u> |
|------|--------------------------|---------------------------|------------------------------|
| | <u>Staff</u> (in m/m) | <u>Meetings</u> (US\$) | <u>Consultants</u> (US\$) |
| 1969 | 12 | 58,000 ^{a/} | - |
| 1970 | 6 | 20,000 ^{b/} | - |
| 1971 | 6 | 20,000 ^{b/} | - |

a/ The programme for participants from Spanish-speaking countries. Since arrangements were concluded in 1968, the project was financed under the 1968 UNIDO Regular Programme (\$18,630). The programme for participants from French-speaking countries is also reported under Operational Activities (Regular Programme approved project, RP-13-149; \$39,370).

b/ UNDP/TA funds.

Promotion of specific industrial projects (13.09)

71. The direct assistance provided by UNIDO headquarters in promoting projects requiring foreign financing or know-how is designed to supplement the promotional activities of the developing countries themselves. This service is of particular value to countries that have not yet established their own machinery, and even countries that have such offices have found it useful to use the contacts developed by UNIDO in both market and centrally-planned economies for the promotion of some of their projects. The assistance of UNIDO may take the following forms:

- (a) Financing either in the form of long-term loans or export credits. This type of promotion provides financing for both private and public projects, and is also suitable for capital-exporting countries whose policy favours financing through credits rather than direct investment;
- (b) Joint-venture enterprises;
- (c) Direct foreign investment.

72. The assistance rendered by UNIDO consists of:

- (a) Collection of information on the industrial project;
- (b) Analysis of the information and preparation of reports on each project to enable the prospective investor to make a decision;

- (c) Location of appropriate sources of financing and submission of the project to the prospective investor;
- (d) Assistance in the initiation of a dialogue between the two interested parties, if such assistance is requested.

73. This programme of action is implemented by establishing a portfolio of project reports and by organizing meetings to provide a market place for promotion.

Portfolio of industrial projects (13.09.01)

74. The portfolio is a bank of project information contributed by developing countries seeking external financing. UNIDO studies the information and prepares a report which is brought to the attention of the appropriate sources of financing. The selection of these sources is facilitated by a network, established by UNIDO, which includes international commercial banks, international investment banks, chambers of commerce and associations of industries. UNIDO assists the interested parties in establishing contacts and aids in organizing face-to-face meetings between the interested parties.

75. The projects presented in the three promotion meetings held so far - Vienna (1968), Tunis (1969) and Rabat (1969) - formed the nucleus of the portfolio (ID/B/50, para. 47). Other projects have been added since then. By the end of 1969, some 300 projects from about 35 developing countries in Africa, Asia and Latin America had been entered in the portfolio; about half of these projects received UNIDO assistance for promotion.

76. In 1970, it is anticipated that new projects will be forthcoming, and their number may reach approximately 450. Facilities will have to be expanded to meet this increased volume of requested assistance (ID/B/44, para. 403). After preliminary screening, each project will be written up in a condensed form, suitable for presentation. The index of potential sources of finance, management and technical know-how will be continuously updated.

77. In 1971, a permanent unit will be established for promotion of projects submitted by developing countries, and efforts will be made to improve the services by visits to developing countries and to business and financial establishments in developed countries.

| | Staff (in m/m) | Consultants (US\$) | <u>Priority A</u> |
|------|-------------------|-----------------------|-------------------|
| 1969 | 17 | - | |
| 1970 | 30 | 8,000 | |
| 1971 | 42 | 5,000 | |

78. If additional resources are available at the time, it will be possible to meet the expansion in the portfolio and to promote the projects submitted by developing countries to UNIDO. This would call for the following requirements:

| | Staff (in m/m) | <u>Priority B</u> |
|------|-------------------|-------------------|
| 1970 | 18 | |
| 1971 | 30 | |

Organization of markets to promote industrial projects (13.09.02)

79. In order to give greater opportunities to individual enterprises and institutions from both developing and industrialized countries to develop their contacts, UNIDO supplements the permanent activity described above by the organization, on a regular basis, of meetings that provide a market place for the demand and supply of financial resources, investment, proposals and know-how.

80. As preparatory work, described above, is necessary, participation in the meetings is limited to sources of financing that have expressed interest. The meetings do not consist of round table discussions but are devoted to bilateral private conversations, programmed in advance, in order to safeguard the confidential nature of the discussion.

81. Following the organization, on an experimental basis, of a meeting in Vienna in September 1968, the first national meeting was organized in Tunis at the request of the Tunisian Government in 1969. It provided Tunisian sponsors, private and public, of 30 industrial projects with an opportunity to initiate contacts with 65 financiers and investors from sixteen industrialized countries (both market and centrally-planned economies). Six months after

the meeting, an official Tunisian source announced that the contacts initiated there yielded concrete results leading to the implementation of six projects. Follow-up action is carried out through the portfolio, described above (13.09.01).

82. A regional promotion meeting for African countries was organized in Rabat in October 1969, in co-operation with ECA and the African Development Bank (ID/B/50, para. 48). At this meeting, 160 industrial projects submitted by 24 African countries were discussed by 175 participants from 20 industrialized countries. Among the participants were representatives of 118 industrial firms, 22 banks and other financial institutions, five international organizations and ten observers from chambers of commerce and industrial federations. Participants on both sides have expressed their satisfaction with this meeting. Although it is too early to evaluate the results, it is clear that this technique of promotion proved its usefulness by bringing forward projects and by stimulating the interest of business and financial circles from the industrially-advanced countries. It creates for the developing countries a co-operative market that enables them to find financing sources at favourable terms.

83. At the request of the participating countries and enterprises from industrialized countries, the regional African meeting will be repeated in 1970. The three sponsoring organizations (ECA, the African Development Bank and UNIDO) urged that the meeting be repeated regularly (ID/B/44, para. 401, 402). A similar promotion meeting will be organized for Asian countries, in co-operation with ECAFE and the Asian Development Bank. It will be held in Tokyo in September 1970 in connexion with the Second Asian Conference on Industrialization.

84. The African and Asian meetings will be repeated in 1971. A third meeting will be organized in that year for Latin American countries, in co-operation with ECLA and the Inter-American Development Bank. These meetings will then be repeated on a regular basis, and the projects promoted through these meetings will be followed up by the investment promotion unit at UNIDO headquarters.

85. A number of developing countries have requested the assistance of UNIDO in organizing national financing and investment promotion meetings. These requests will be considered in the light of the available resources.

| | Staff (in m/m) | Meetings (US\$) | Consultants (US\$) | <u>Priority A</u> |
|------|-------------------|----------------------|-----------------------|-------------------|
| 1969 | 16 | 15,000 ^{a/} | 5,000 | |
| 1970 | 34 | 45,000 ^{b/} | 8,000 | |
| 1971 | 73 | 45,000 ^{c/} | 5,000 | |

a/ \$5,000 from the Regular Budget; \$5,000 financed by ECA; and \$5,000 financed by the African Development Bank.

b/ From extrabudgetary sources including \$30,000 from the budget of the Asian Conference on Industrialization.

c/ From extrabudgetary sources.

86. The first Asian meeting in 1970 can be organized only if resources are made available. In order to hold the first Latin American meeting in 1971, in addition to repeating the Asian and African meeting, the following requirements would have to be met:

| | Staff (in m/m) | <u>Priority B</u> |
|------|-------------------|-------------------|
| 1969 | - | |
| 1970 | 38 | |
| 1971 | 19 | |

Floating display for investment and export promotion (13.10)

87. Preliminary studies made in 1969 indicated that a group of developing countries might be interested in renting a ship on which they could establish displays designed to promote foreign investment and exports of their manufactured goods. UNIDO sponsors the organization of this project on the understanding that it will be self-financing from rental payments made by the developing countries that were allocated display space on the ship.

88. Early in 1969, a letter was sent to developing countries to ascertain their interest in the project, and fourteen countries indicated that they would welcome its implementation. As a result, detailed offers were sent to these countries by mid-1969 with a request to make a firm commitment to rent

a display stand on the ship. It was suggested that a ship be hired for three months and that it should call at the following ten ports: Gothenburg, Oslo, London, Le Havre, Antwerp, Rotterdam, Hamburg, Copenhagen, Leningrad and Gdynia. A cost plan was prepared on the basis of offers from nine shipping companies and six display organizers (ID/B/50, para. 55).

89. As soon as a minimum of ten countries agree to participate and contribute their share of the finances, the project will be implemented (in 1970 or 1971).

PRINTED PUBLICATIONS

| | <u>Languages</u> | <u>Cost</u> <u>(US\$)</u> |
|---|------------------|------------------------------|
| <u>1970 publications programme</u> | | |
| ID/WG.35/32 Report of investment promotion conference for Tunisian industry (Tunis, May 1969) | E F | |
| - Directory of external sources of financing available for industrial projects in developing countries | E F | |
| | | <hr/> 5,600 |
| <u>Forecast of 1971 publications programme</u> | | |
| Report: Meeting to promote specific industrial projects (Rabat, October 1969) | E F S | |
| Prototypes of statutes for the establishment and operation of investment promotion centres | E | |
| Report: Seminar on financial aspects of manufacturing enterprises (Rome, December 1969) | E F S | |
| Report and proceedings: Interregional seminar on incentive policies for industrial development (Vienna, March 1969) | E F S | |
| Directory on investment conditions in selected developing countries and updating | E F S | |
| Technical assistance in the field of industrial policies | E F S | |
| Country studies: Incentive policies for industrial development | E F S | |
| Manual on industrial policies: No. 1 - Incentive policies and measures | E F | |
| Prototype statutes for establishment and operation of industrial finance institutions | E F | |
| Indicative prototypes of international joint venture agreements | E F | |
| | | <hr/> 24,300 |

Note: In the computation of the printing costs a standard formula was applied based on averaging the cost of printing inside UNIDO and by an outside firm. The standard formula is used to provide for comparability of the cost of printing.

Table 5
Expenditures for supporting activities in 1969^{a/}

| Project components | UNIDO Regular Budget | | | | UNDP/TA | UNIDO General Trust Fund | Total ^{b/} |
|--------------------|----------------------|----------------------|---------------------|----------------------|---------|--------------------------|---------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| | Staff n/a | Meetings US\$ | Consultants US\$ | Publications US\$ | US\$ | US\$ | US\$ |
| 13-01-01 | 1 | - | - | - | - | - | - |
| 13-01-02 | 3 | - | 5,100 | - | - | - | 5,100 |
| 13-02-01 | 4 | - | - | - | 31,000 | - | 31,000 |
| 13-02-02 | 2 | - | 150 | - | - | - | 150 |
| 13-02-03 | 3 | - | - | - | - | - | - |
| 13-03-01 | 2 | - | - | - | - | - | - |
| 13-04-01 | 2 | - | - | - | - | - | - |
| 13-05-01 | 6 | - | 6,000 | - | - | - | 6,000 |
| 13-05-03 | 6 | - | 4,400 | - | 25,000 | 1,000 | 30,400 |
| 13-06-01 | 6 | - | 5,000 | - | 15,250 | - | 20,250 |
| 13-06-02 | 3 | - | - | - | - | - | - |
| 13-06-03 | 2 | - | - | - | - | - | - |
| 13-07-01 | 6 | - | - | - | - | - | - |
| 13-07-02 | 6 | - | - | - | - | - | - |
| 13-08-01 | 3 | - | - | - | - | - | - |
| 13-08-02 | 12 | 39,370 ^{c/} | - | - | - | - | 39,370 |
| 13-09-01 | 17 | - | - | - | - | - | - |
| 13-09-02 | 16 | 15,000 ^{d/} | 5,000 | - | - | - | 20,000 |
| Total | 100 | 54,370 ^{e/} | 25,650 | - | 71,250 | 1,000 | 152,270 |

- a/ Expenditures have been calculated on the basis of actual expenditures up to 30 September 1969, projected to the end of the year.
- b/ The totals in column 7 do not include the cost of publications. Thus the total of the items in this column does not correspond to the last line of the column.
- c/ From the Regular Programme.
- d/ \$5,000 from Regular Budget, \$10,000 from extrabudgetary sources.
- e/ Only \$5,000 from Regular Budget.

Table 6

Estimated expenditures for supporting activities in 1970

| Project components | UNIDO Regular Budget | | | | UNDP/TA | UNIDO General Trust Fund | Total ^{a/} |
|--------------------|----------------------|----------------------|---------------------|----------------------|---------|--------------------------|---------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| | Staff #/# | Meetings US\$ | Consultants US\$ | Publications US\$ | US\$ | US\$ | US\$ |
| Priority A | | | | | | | |
| 13-01-01 | 3 | - | 2,500 | | - | - | 2,500 |
| 13-01-02 | 9 | - | 2,500 | | 24,000 | - | 26,500 |
| 13-02-01 | 4 | - | - | | - | - | - |
| 13-02-02 | 6 | 3,000 | 2,000 | | - | - | 5,000 |
| 13-02-03 | 6 | - | - | | - | - | - |
| 13-04-01 | 6 | 5,500 | 1,500 | | - | - | 7,000 |
| 13-05-01 | 6 | 16,500 | 4,000 | | - | - | 20,500 |
| 13-05-02 | 3 | - | - | | - | - | - |
| 13-05-03 | 8 | - | - | | - | - | - |
| 13-06-01 | 6 | - | - | | 20,000 | - | 20,000 |
| 13-06-02 | 3 | - | - | | - | - | - |
| 13-06-03 | 6 | - | - | | 18,000 | - | 18,000 |
| 13-07-01 | 4 | - | - | | - | - | - |
| 13-07-02 | 6 | - | 3,000 | | - | - | 3,000 |
| 13-08-01 | 1 | - | 1,500 | | - | - | 1,500 |
| 13-08-02 | 6 | - | - | | 20,000 | - | 20,000 |
| 13-09-01 | 30 | - | 8,000 | | - | - | 8,000 |
| 13-09-02 | 34 | 45,000 ^{b/} | 8,000 | | - | - | 53,000 |
| Total | 147 | 70,000 ^{c/} | 33,000 | 5,600 | 82,000 | - | 190,600 |
| Priority B | | | | | | | |
| 13-01-02 | - | - | 2,500 | | - | - | 2,500 |
| 13-02-01 | - | - | 3,000 | | - | - | 3,000 |
| 13-03-01 | 3 | - | 3,000 | | - | - | 3,000 |
| 13-05-02 | - | - | 2,000 | | - | - | 2,000 |
| 13-05-03 | - | - | - | | 36,000 | - | 36,000 |
| 13-06-02 | - | - | 2,500 | | - | - | 2,500 |
| 13-09-01 | 18 | - | - | | - | - | - |
| 13-09-02 | 38 | - | - | | - | - | - |
| Total | 59 | - | 13,000 | - | 36,000 | - | 49,000 |

a/ The totals in column 7 do not include the cost of publications. Thus the total of the items in this column does not correspond to the last line of the column.

b/ From extrabudgetary sources.

c/ Only \$25,000 from the Regular Budget.

Table 7

Estimated expenditures for supporting activities in 1971

| Project components | UNIDO Regular Budget | | | | UNDP/TA | UNIDO General Trust Fund | Total ^{a/} |
|--------------------|----------------------|----------------------------|----------------------------|-----------------------------|----------------|--------------------------|---------------------|
| | (1) Staff m/m | (2) Meetings US\$ | (3) Consultants US\$ | (4) Publications US\$ | (5) US\$ | (6) US\$ | (7) US\$ |
| Priority A | | | | | | | |
| 13-01-01 | 3 | - | 3,000 | | - | - | 3,000 |
| 13-01-02 | 3 | - | - | | - | - | - |
| 13-02-01 | 9 | - | 3,000 | | 25,000 | - | 28,000 |
| 13-02-02 | 6 | 3,000 | 2,000 | | - | - | 5,000 |
| 13-02-03 | 6 | - | - | | - | - | - |
| 13-04-01 | 3 | - | - | | - | - | - |
| 13-05-01 | 6 | - | 3,000 | | - | - | 3,000 |
| 13-05-02 | 3 | - | 3,000 | | - | - | 3,000 |
| 13-05-03 | 8 | - | - | | 25,000 | - | 25,000 |
| 13-06-01 | 6 | - | - | | 20,000 | - | 20,000 |
| 13-06-02 | 3 | - | 2,500 | | - | - | 2,500 |
| 13-06-03 | 6 | - | - | | 18,000 | - | 18,000 |
| 13-07-01 | 4 | - | - | | - | - | - |
| 13-07-02 | 6 | - | 3,000 | | - | - | 3,000 |
| 13-08-01 | 4 | 2,000 | 2,000 | | - | - | 4,000 |
| 13-08-02 | 6 | - | - | | 20,000 | - | 20,000 |
| 13-09-01 | 42 | - | 5,000 | | - | - | 5,000 |
| 13-09-02 | 73 | 45,000 ^{b/} | 5,000 | | - | - | 50,000 |
| Total | 197 | 50,000^{c/} | 31,500 | 24,300 | 108,000 | - | 213,800 |
| Priority B | | | | | | | |
| 13-03-01 | 3 | - | 3,000 | | - | - | 3,000 |
| 13-09-01 | 30 | - | - | | - | - | - |
| 13-09-02 | 19 | - | - | | - | - | - |
| Total | 52 | - | 3,000 | - | - | - | 3,000 |

a/ The totals in column 7 do not include the cost of publications. Thus the total of the items in this column does not correspond to the last line of the column.

b/ From extrabudgetary sources.

c/ Only \$5,000 from the Regular Programme.



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