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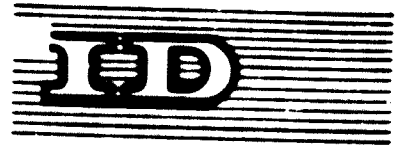
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Agenda item 5

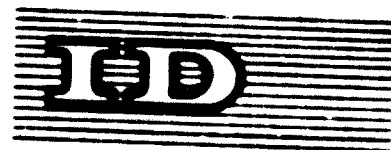
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PROGRAMME OF WORK FOR 1972. REPORT OF ACTIVITIES IN 1970
AND UPDATING OF 1971 PROGRAMME

PART TWO

Industrial Policies and Programming Division

(Groups 12 to 15a)



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PROGRAMME OF WORK FOR 1972, REPORT OF ACTIVITIES IN 1970

AND UPDATING OF 1971 PROGRAMME

PART TWO

Industrial Policies and Programming Division

(Groups 12 to 15a)

Corrigendum

Page 43

Delete: para. 137

Page 64, para. 215

Change: project component number "14.04.01" to "14.05.01"



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PROGRAMME OF WORK FOR 1972, REPORT OF ACTIVITIES IN 1970 AND UPDATING OF 1971 PROGRAMME

PART TWO

Industrial Policies and Programming Division

(Groups 12 to 15a)

Corrigendum

Page 21, para.66

Delete present text of para.66.

Insert new text to read as follows:

"In 1971, UNIDO proposes to hold a training workshop on project implementation in the ECA/FE region, with possible co-operation with the United Nations Asian Institute for Economic Development and Planning."

004227

Contents

| | | | <u>Paragraph</u> | <u>Page</u> |
|---------------|--------------|---|------------------|-------------|
| | Introduction | | 1 - 13 | 3 |
| 004228 | Group 12: | Industrial programming and project planning | 14 - 81 | 6 |
| 4229 | Group 13: | Industrial policies and financing | 82 - 169 | 30 |
| 4230 | Group 14: | Promotion of export-oriented industries | 170 - 221 | 54 |
| 4231 | Group 15a: | Industrial surveys | 222 - 266 | 69 |

Editorial Note: All project components
under supporting and other activities
are Priority A unless otherwise stated.

INTRODUCTION

1. The activities being undertaken by UNIDO in the field of industrial policies and programming are related to the economic and financial aspects of the industrialization process of developing countries. The activities are being carried out at the (a) country level; (b) regional and subregional levels; and (c) at the international level as defined by the International Development Strategy adopted by the General Assembly in resolution 2626 (XXV).

COUNTRY LEVEL

2. At this level UNIDO aims at proposing to developing countries services of a continuing nature that would be better adapted to their individual needs. To this end, UNIDO will utilize the basic material prepared in past years (such as profiles, methodology in planning and project evaluation, studies on policies and export industries) for practical application in case studies and advisory missions. The requests received from developing countries show an increasing need for a consistent approach to their economic and financial problems in industry, either at the macro-economic level of industrial programmes and policies or at the micro-economic level of individual projects and products. To meet these requirements, particular attention is being given to increasing the integration of the programmes of the various sections, as described under groups 12 through 15a, and to linking more closely operational and supporting activities.

3. At the macro-economic level, the activities of UNIDO may be classified in a logical sequence:

- Collection and processing of data;
- Survey of the industrial sector, including identification of problems and opportunities;
- Elaboration of a long-term strategy of industrial development;
- Preparation of medium-term industrial development plans, including more or less detailed sets of objectives;
- Formulation of industrial policies for the implementation of the defined objectives;
- Measures and institutions for financing industrial development; and
- Establishment of a system of review and assessment of industrial performance, using periodic country surveys and appraisal of achievements of industrial plans.

At all stages, the promotion of export-oriented industry is a key issue which is given special attention, particularly with regard to the Generalized Scheme of Preferences.

4. Within the framework of the United Nations Second Development Decade UNIDO proposes to render assistance to the developing countries, upon request, in the formulation of industrial strategy and policies and in the establishment of a system whereby the above-mentioned operations can be assessed. This programme could be worked out jointly by UNIDO and the regional economic commission concerned. Assistance could be given through traditional types of technical assistance and through short-term advisory missions which would carry out joint consultation with policy makers on the main issues of their industrial strategy and policies. UNIDO is also taking part in country missions organized by other institutions such as the World Bank and the International Labour Organisation.

5. One of the purposes of the supporting programme at the macro-economic level is to enable UNIDO to make its co-operation more specific. Examples of the supporting activities of UNIDO in this field are: analytic profiles, country case studies on policies, studies on export industries based on the Generalized Scheme of Preferences and the country file system.

6. Assistance at the micro-economic level, i.e. on specific projects and products, is increasingly being requested by developing countries for the implementation of their industrial plans and programmes. In the development of a specific project successive steps can be listed, calling for the participation of various units. These steps normally occur in the following sequence:

- Identification of investment opportunities as part of the over-all survey of the industrial sector;
- Project preparation and evaluation, taking into account commercial feasibility and the consistency with the over-all objectives of industrialization;
- Mobilization of internal and external resources through promotion programmes of specific industrial projects or products;
- Implementation of industrial projects.

7. At these various stages, technical assistance is being rendered through long-term field projects such as centres of industrial studies or through direct help given by short-term missions composed of staff members and outside experts. UNIDO is increasingly organizing such short-term missions, composed of economists and engineers, who would advise jointly on economic and technical aspects of industrial projects. UNIDO's promotion programme of industrial projects and products is also being linked increasingly to technical assistance.

REGIONAL AND SUBREGIONAL LEVELS

8. At these levels, UNIDO is giving assistance to groups of developing countries which have agreed on a programme of closer economic co-operation. Operational activities are already being carried out with several regional groupings in Africa, Asia and Latin America. Such activities usually require the joint participation of various groups. In this work, close contacts are maintained with UNCTAD and the regional economic commissions.

9. Supporting activities at the regional and subregional levels are linked directly to operational programmes. The supporting activities are related to the following fields:

- Data collection and analysis;
- Analytical studies of cost structures;
- Criteria for location of multi-national industries;
- Harmonization and revision of industrial policies, including measures for an equitable sharing of benefits among participating countries;
- Creation of joint export-oriented industries;
- Promotion activities, including definition of common attitudes towards foreign capital.

INTERNATIONAL LEVEL

10. At this level UNIDO is periodically reviewing current trends and developments in industry and publishing this information in the Industrial Development Survey. This basic task is supplemented by special studies that pinpoint some major problems of common interest to developing countries in their industrialization process. New emphasis is being given to this activity as part of the contribution of UNIDO to the elaboration and implementation of the International Development Strategy for the Second Development Decade.

11. A number of activities of all four sections of the Industrial Policies and Programming Division are related to work in the field of industrial strategy, policies and systems for review and amendment. Among the activities of this type described in the programme, the following are worthy of special notes:

- Projections of industrial production, employment and trade in developing countries during the 1970s;
- Analysis of the principle long-term common problems facing the developing countries in their industrialization which may require joint action by the international community;
- Studies on long-term policies for industrialization;
- Perspectives and specific policies for the development of export-oriented industries, with particular reference to the implementation of the Generalized Scheme of Preferences;
- System of review and assessment of industrial performance at the over-all level.

12. The findings and results of these studies and analyses will be used to initiate a continuous dialogue with policy makers, industrialists and scientific workers of both developing and developed countries. It is expected that such exchanges of views may lead to appropriate action at all levels beneficial to the industrialization process of developing countries.

13. The activities on international strategy, policies and assessment will draw widely on the work conducted at the country and regional levels. They will be undertaken in close co-operation with other United Nations bodies, especially UNCTAD and the regional economic commissions, and will be part of the general contribution of the United Nations family to the implementation of the International Development Strategy.

GROUP 12: INDUSTRIAL PROGRAMMING AND PROJECT PLANNING

14. The International Development Strategy, adopted by the General Assembly for the Second United Nations Development Decade, stresses the importance for developing countries to strengthen their planning mechanisms and to seek, when necessary, international assistance to carry out their planning tasks. Accordingly, the activities of UNIDO within group 12 are concentrated on assisting developing countries to determine their industrial development strategy and to formulate and implement industrial development plans and programmes. Particular attention is paid in the work programme to operational and supporting activities designed to assist in the solution of a selected number of crucial problems. Other problems, particularly those related to regional industrial co-operation, are also subject to systematic scrutiny by UNIDO. The identification of specific problems is a joint effort of the developing countries concerned and UNIDO, and each problem is viewed within the context of the situation and the over-all development of the country concerned.
15. While continuing to render assistance in the planning of the over-all industrial development of the developing countries, UNIDO will place more emphasis on the preparation, evaluation and implementation of sound industrial projects through which industrialisation becomes a reality.
16. In order to make technical assistance more efficient, increasing weight will be given to supporting activities that are directly related to field operations, e.g. advisory missions, training workshops, the preparation of respective supporting studies and direct substantive servicing of field operations.
17. By 1972, it is expected that many of the project components contained in the work programme for 1970 and 1971 will have been completed, particularly the preparation and publication of technical monographs. Such publications will be discontinued except in certain instances when there is a strong potential of their being directly associated with field activities.

OPERATIONAL ACTIVITIES

18. In 1970, the impact of the long-term programming of technical assistance was already noticeable. There appears to have been a trend towards projects dealing with industrial development strategy, including regional co-operation, plan formulation, project planning and implementation. Further, the growing complexity of many of the projects requires increasingly an interdisciplinary approach. Such projects are jointly backstopped by group 12 and other groups of activities, and teams of experts in the field of industrial planning, policies and export promotion are being considered for various countries.
19. In 1970, approximately 100 experts served under the various technical co-operation programmes on one or more of the above-mentioned projects. About one third of the projects were related to the development of industrial programmes and identification of priorities and included advice on strategy and organisation for planning and assistance in the preparation of pre-investment of feasibility studies. Thus, for instance, in Mali and Nigeria industrial economists commissioned by UNIDO are advising on industrialization strategy, taking into account local resources, infrastructure, skills, market potentials etc.; on the selection of industries; and on the integration of such projects into a development programme.
20. UNIDO has also developed a new type of co-operative approach which combines both operational and supporting activities. Projects of this type are largely developed and executed on a joint basis, involving direct technical co-operation between UNIDO headquarters and each contributing country or group of countries. Such projects emphasize the initiative and responsibility of the local staff of the country in question, while the UNIDO counterpart is the provision of promotion, guidance and reinforcement of such local development efforts. Projects of this kind not only benefit the country concerned, but provide UNIDO with data and other findings, thus increasing the information available for dissemination to other developing countries.
21. An example of this type of project was the study in 1970 of enterprise-level production profiles, undertaken jointly by UNIDO and the State Planning Committee of Bulgaria. The profiling techniques are utilized for project evaluation and other tasks associated with industrial programming. The experience thus gained can then be shared among other developing countries.
22. In 1971 and 1972, special emphasis will be given to projects that may have a direct or indirect promotional impact on regional co-operation. Voluntary contributions to UNIDO are being utilized for these projects.
23. The direct participation of group 12 in various types of field missions increased radically during 1970. Staff members carried out fourteen missions during the year, four of which were related to long-range technical assistance programming (the Philippines, Romania, Saudi Arabia, United Republic of Tanzania), seven to diagnostic/exploratory missions (Argentina, Indonesia, Libyan Arab Republic, Mali, Mexico, the People's Republic of the Congo and Tunisia) and the rest to direct advisory services in the capacity of field experts (Bulgaria, Mexico and Thailand). Including the preparatory and follow-up work connected with them, these missions are estimated to have used more than 24 professional man-months. Further, the number of country

reports for new projects, resulting from these and other UNIDO missions, accounted for the relatively large share of the total available staff man-months spent on country programmes. The normal bracketing of field projects tended to be more comprehensive than in earlier years.

24. The number of projects under operation in the field of industrial programming and project planning in 1970 was 122. This figure is expected to rise to about 140 in 1971 and to about 160 in 1972.

Value of approved field projects and forecast of requirements, 1970 to 1972
(in thousands of US dollars)

| | 1970 | 1971 | | 1972 | |
|---------|----------------------------------|------------------------------|-------------------------------------|------------------------------|-------------------------------------|
| | <u>estimated expenditure</u> | <u>Approved projects</u> | <u>Forecast of requirements</u> | <u>Approved projects</u> | <u>Forecast of requirements</u> |
| UNDP/SF | 1,096.5 | 1,679.5 | 16.0 | 857.0 | 282.0 |
| UNDP/TA | 504.6 | 548.5 | 730.4 | 161.0 | 1,519.0 |
| RP | 238.0 | 339.4 | 226.3 | - | 360.0 |
| SIS | 106.3 | 238.0 | 314.9 | - | 568.6 |
| GTF | 56.0 | 4.0 | 376.0 | - | 666.7 |
| FIT | 56.3 | 53.3 | - | - | 53.3 |
| Total | <u>2,057.7</u> | <u>2,862.7</u> | <u>1,663.6</u> | <u>1,018.0</u> | <u>3,449.6</u> |

List of Approved Operational Projects

UNDP/SPECIAL FUND

Africa

TAN-10 Industrial studies and development centre
TUN-15 National centre for industrial studies
REG-72 Centre of industrial studies for the Maghreb

Asia and the Far East

IRA-16 Research centre for industrial and trade development

Europe and the Middle East

JOR-13 Centre for industrial development
SAU-14 Industrial studies and development centre
SAU-25 Phase II Industrial development centre
SYR-34 Establishment of the bureau of industrial project evaluation and feasibility studies

UNDP/TECHNICAL ASSISTANCE

Africa

CMR/69/3 Industrial programming
DAH/69/1 Development of small-scale industries - industrial economist (industrial engineer)
NAC/68/11 Industrial unit (OPAS)
GAB/69/3 Industrial development
GUI/68/19 Industrial planning and programming
MAG/68/9 Industrial planning
MAG/68/8 Industrial investment planning
MLI/69/3 Assistance in the elaboration of the industrial development plan
NER/68/22 Industrial promotion (OPAS)
NIR/68/7 Industrial programming (feasibility studies) (OPAS)
NIR/69/20 Industrial economic development (OPAS)
BOM/68/21 Industrial development - programming and cost analysis
TOG/69/3 Industrial development
UGA/68/19 Industrial planning and programming
UAR/69/25 Evaluation of industrial projects
ZAM/68/15 Assistance to Industrial Development Corporation

The Americas

BRA/69/8 Industrial programming
BRA/70/1 Industrial programming (SUDENE) - preparatory mission
COL/68/18 Industrial programming
DOM/68/7 Industrial development (assistance to CORDE)
ECU/69/9 Industrial promotion

UNDP/TECHNICAL ASSISTANCE

The Americas (cont'd)

HON/68/3 Industrial development and productivity
MEX/69/16 Economic research on productivity

Asia and the Far East

FIJ/68/3 Industrial programming
INS/68/9 Industrial programming
INS/69/29 Industrial development - senior industrial adviser (metal products; textile industry)
IRA/70/13 Industrial planning and project evaluation
MAL/68/5 Assistance to MIDFL
PAK/68/8 Industrial programming
PAK/69/19 Investment production and supplies
PAK/68/11 Assistance to Pakistan Industrial Credit and Investment Corporation
SIN/68/1 Assistance to the Economic Development Board - economic development adviser; industrial economic OPAS (light engineering industry)
THA/69/25 Industrial and economic planning
THA/68/64 Industrial evaluation
VIE/69/2 Industrial development

Europe and the Middle East

LEB/69/5 Industrial development
POL/69/3 Industrial programming and project planning
TUR/68/1 Industrial planning

UNIDO REGULAR PROGRAMME

Africa

ID/RP-12-3 (Algeria) Country programming mission
CON(B)/12/1/1 Industrial programming
CON(K)/12/1/2 Industrial programming
ID/RP/12-2 (Dahomey) Industrial programming - training; projects formulation and evaluation
DAH/12/1/2 Industrial planning
ETH/12/1/2 Industrial programming
GAB/12/1/2 Industrial programming
ID/RP/12-2 (Guinea) Industrial programming
LES/12/1/1 Industrial programming - project planning
ID/RP-12-4 (Mali) Long-range programming mission for technical assistance
SOM/12/1/3 Industrial programming - marketing
ID/RP/12-4 (Sudan) Industrial programming
ID/RP/12-12 (Regional) Promotion of specific industrial projects in Africa
ID/RP/12-14 (Regional) Industrial programming - formulation and implementation of industrial projects
AFR/12/1/4 Formulation and implementation of industrial projects

UNIDO REGULAR PROGRAMME (cont'd)

The Americas

BOL/12/1/2

Industrial planning and programming - industrial development programming; industrial products marketing and processing

ID/RP/12-2 (Costa Rica)

Industrial programming

ID/RP/12-2 (Guatemala)

Industrial programming

HAI/12/1/2

Industrial programming

ID/RP/12-2 (Nicaragua)

Industrial programming

ID/RP/12-3 (Peru)

Long-range programme for technical assistance

ID/RP/12-3 (Venezuela)

Long-range programme of technical assistance

ID/RP/12-8 (Regional)

Industrial programming

LAT/12/1/4

Industrial programming

ID/RP/12-10 (Regional)

Industrial planning (integration programme)

Asia and the Far East

ID/RP/12-2 (Indonesia)

Industrial planning

ID/RP/12-4 (Indonesia)

Long-range programming mission

INS/12/1/2

Industrial programming

KOR/12/1/1

Industrial programming - projects evaluation

ID/RP-12-1 (Malaysia)

Long-range programming of technical assistance

KWP/12/1/1

Industrial programming - projects preparation

ID/RP/12-5 (Pakistan)

Industrial planning

ID/RP/12-4 (Philippines)

Long-range programming of technical assistance

ID/RP/12-6 (Thailand)

Industrial programming - industrial policy; industrial planning; industrial programming data system (industrial classification)

APF/12/1/5

Industrial programming

Europe and the Middle East

CYP/12/1/2

Industrial planning and programming

ID/RP/12-2 (Greece)

Industrial planning

LEB/12/1/1

Industrial planning and programming

ID/RP/12-3 (Saudi Arabia)

Long-range programming in technical assistance

YEM/12/1/1

Industrial programming - projects preparation

ID/RP/12-2 (Regional)

Industrial planning and programming

EMB/12/1/1

Industrial planning and programming

Interregional

ID/RP/12-6

Industrial programming and policies

INT-REG/12/1/5

Industrial programming and policies

SIS PROGRAMME

Africa

67/233 CAR-2

Pilot industrial estate (industrial estates and small-scale industries)

67/159/Rev.1 CON(B)-2

Study of industrial development

SIG PROGRAMME (cont'd)

Africa (cont'd)

| | |
|------------------------|---|
| 70/651 ETP-12 | Senior industrial adviser |
| 70/815 GUI-7 | Industrial project evaluation |
| 70/753 MAU-6 | Assistance to programming industrial development |
| 69/681 SWA-2 | Assistance to programming industrial development |
| 70/784 AFR-10 Phase II | Establishment of pharmaceutical industry sector in the East African Community |

The Americas

| | |
|---------------|--|
| 70/946 ARG-14 | Industrial planner |
| 69/501 BRA-17 | Industrial programming |
| 70/787 BRA-28 | Mission on industrial project implementation |
| 70/865 MEX-3 | Programming of machinery production and expert (exploratory mission) |

Asia and the Far East

| | |
|---------------|--|
| 70/790 KOR-9 | Exploratory mission on industrial policy |
| 69/666 PHI-3 | Economic and industrial development machinery (planning) |
| 67/253 PHI-3 | Assistance to Board of Investments |
| 68/389 THA-3 | Standard national industrial classification system |
| 70/868 THA-16 | Advisory mission on industrial planning |

Europe and the Middle East

| | |
|--------------|--|
| 70/772 CYP-9 | Industrial survey and programming assistance |
| 70/708 ICE-3 | Survey mission to consider possibilities of long-range UNIDO assistance and to determine the best way of providing immediate assistance to expand the chemical and metalworking industries |
| 70/832 KUW-6 | Industrial planning mission |

Interregional

| | |
|------------------|--|
| 70/712 INTREG-10 | Regional co-operation in establishment of manufacturing units in the heavy electrical and heavy engineering branches of industry |
| 70/737 INTREG-13 | Assistance to Industrial Development Centre for Arab States |

UNIDO GENERAL TRUST FUND

Interregional

| | |
|-----------------------|---|
| 00/12 | Invitation to the RCD Secretary General to discuss with UNIDO officials the programme for utilization of voluntary contributions from RCD countries |
| 12/13/Rev.1 | Working party on industrial programming data |
| 12/12/Rev.1 (00.9(d)) | Training workshops on the preparation and analysis of industrial establishment profiles in Arab States (in co-operation with the Industrial Development Centre for Arab States) |
| 12/14 (00/9(g)) | Training workshop on the implementation of industrial projects and related systems |

UNIDO GENERAL TRUST FUND (cont'd)

Interregional (cont'd)

00/9(c)

Additional costs for widening the scope of meetings on industrial profiles and industrial surveys in co-operation with the Industrial Development Centre for Arab States (IDCAS)

FUNDS-IN-TRUST

Africa

9020-70 (Congo)

Industrial evaluation - industrial economist (project manager)

9018-70 (Madagascar)

Industrial development and productivity - industrial economist (associate expert)

9022-70 (Madagascar)

Development of industrial productivity

9013-70 (Tunisia)

Industrial programming

The Americas

880-810 (Bouader)

Industrial development and productivity - industrial economist (associate expert)

Europe and the Middle East

9014-70 (Saudi Arabia)

Project evaluation (PETRONIN)

SUPPORTING AND OTHER ACTIVITIES

25. The supporting and other activities of group 12 are classified under the following projects:

| | |
|---|-------|
| Industrial development strategies and plans | 12.01 |
| Industrial project planning | 12.02 |
| Industrial project evaluation | 12.03 |
| Industrial project implementation | 12.04 |
| Planning for regional industrial co-operation | 12.05 |
| Industrialization and Productivity Bulletin | 12.06 |

26. While some developing countries request assistance in the formulation of their industrialization strategy, others wish to set up industrial development plans, including detailed targets and time scheduling. In many cases, emphasis is placed on the appraisal of past performance and achievements. The work of UNIDO in this area takes into account this wide variety of existing needs. The supporting activities are being concentrated increasingly on the development and strengthening of a two-way flow of information between UNIDO headquarters and individual developing countries. Such communication frequently includes an element of direct advisory service, related to the technical work involved, in strategy and plan formulation and follow-up. As regards research studies, only those prepared in connexion with advisory missions to particular developing countries are being given priority A.

Industrial development strategies and plans (12.01)

27. UNIDO has continued work on the Summaries of national industrial development plans (12.01.01). The summaries of the industrial plans of 30 developing countries, compiled by UNIDO in 1969, were published in 1970. A number of comments from the field were received, encouraging a continuation of this series, and in 1970 UNIDO prepared several additional summaries. Two further volumes of summaries are scheduled for publication in 1971 and 1972.

28. A small group of experts met in Vienna in June 1970 to examine the scope for improvement of the pro forma presentation of summaries for different types of countries. Work along this line will continue in 1971 and 1972, with seven or eight newly issued development plans being added each year. In 1971 summaries will be prepared for the Arab countries through joint consultations involving local appraisal teams. In the selection of countries, due attention will be paid to regional groupings of developing countries and to centrally planned economies.

29. The studies on Problems and techniques related to the selection of priority industries (12.01.02) are being published in the Industrialization and Productivity Bulletin rather than in the form of an industrial programming manual as previously planned (ID/B/26, para.207). In 1971, UNIDO plans to include in this activity ad hoc studies, technical reports and advice on methods for determining investment priorities. The studies, to be prepared mainly by staff and consultants who have participated in advisory missions, are intended not only for the countries involved, but as case studies for general inter-country reference. Studies of general interest will subsequently be published in the Industrialization and Productivity Bulletin. UNIDO proposes to continue this activity in 1972.

30. Planning of maintenance and modernization of industrial facilities (12.01.03) is carried out as an integral part of the UNIDO programme of repair and maintenance. In 1970, an introductory study on planning of industrial repair and maintenance and a study on the role of maintenance and repair for industrial development were completed and submitted for publication in the Industrialization and Productivity Bulletin. These studies also served as technical background papers for the Interregional Symposium on Maintenance and Repair in Developing Countries held in 1970 (cf. ID/B/80/Add.1, para.52, 1.03.01). The results of this Symposium will be followed up in 1971 and 1972, jointly with group 1 (Engineering Industries).
31. In the field of industrial project formulation and evaluation, the maintenance and repair aspect will be included in training workshops and advisory missions (cf. 12.03.04), particularly with regard to proper resource allocation in the preparation of projects. Further, UNIDO proposes in 1971 and 1972 to collect and analyse data on resource allocation and on actual costs for preventive maintenance and repair in existing industries in specific branches. (Actual data collection will be conducted in connexion with the Profiles of manufacturing establishments, 12.02.03.) On the basis of this information, quantitative guidelines will be prepared for existing and planned industries in developing countries.
32. In future, UNIDO plans to conduct Reference projections of industrial growth (12.01.04; Priority B) in conjunction with the activities under group 15a related to the Second United Nations Development Decade (cf. 15a.02.04).
33. Through the Organization of industrial planning and implementation machinery (12.01.05), UNIDO is attempting to assist the developing countries in the implementation of their industrial plans and projects. Two studies were prepared by UNIDO in 1970: the application of systems analysis to industrial project implementation in developing countries and project planning and control information system. These two studies are scheduled for publication in 1971.
34. In 1971 and 1972, UNIDO proposes to prepare a comparative study of the existing plan implementation systems and machineries in a number of developing countries. In the initial stage (1971), a format will be designed and information collected from published material, experts and mission reports. A number of requests for technical assistance in the establishment and development of such machinery have been received already, and through such studies and investigations, UNIDO can gain the experience necessary to implement and backstop such projects. It is expected that regional co-operation schemes will be requiring assistance in their planning and implementation machinery, since the need for such machinery is magnified by the creation of "multi-national" industries.
35. In 1972, UNIDO plans to hold an expert group meeting to prepare guidelines for the organization and development of information systems for the implementation of industrial plans and projects.
36. In the International Development Strategy adopted by the General Assembly for the Second United Nations Development Decade, stress was laid on the necessity for a continuous and systematic review of objectives and policies during the Decade. Following this recommendation, UNIDO proposes to introduce a new activity in 1971, the Appraisal of performance and achievements of

industrial plans (12.01.06). Under this activity, UNIDO would assess the implementation of industrial development plans of the countries that have been included in the summaries (cf. 12.01.01). Other countries may also be covered, on request, in planning, implementation and performance appraisals. The Industrial Development Centre for Arab States, for example, has already proposed joint action for such an appraisal in its member countries and has requested guidance and training assistance from UNIDO.

37. A study on the experience in the appraisal of plan performance is scheduled for publication in 1972. The results of these plan appraisal activities will be disseminated. The scale of operations under this component is expected to expand in 1972, embracing a number of countries in different regions. UNIDO proposes to hold in 1972 an interregional workshop for various national teams with a view to reviewing the experience gained and promoting co-ordination of the country-appraisal activities. Local appraisal teams or correspondents will be organized and trained in plan performance evaluation and in the collection and analysis of necessary information.

Industrial project planning (12.02)

38. This project is intended to provide technical and other information about various practical problems arising in industrial project preparation. Attention is paid to the task of assembling and analysing data on existing industrial enterprises as well as on new investment opportunities. Priority is given to field-oriented studies and promotional and advisory activities.

39. A checklist for the information needed at various Stages of project development (12.02.01) was prepared in 1970 (ID/B/64/Add.12, para.35). It was supplemented by a study dealing with the organizational pattern of project administration and its relationship to national development planning machinery. These studies are being reviewed and revised in the light of field experiences; they will be published in the Industrialization and Productivity Bulletin in 1972.

40. With regard to the Development of national industrial programming data systems (12.02.02) the Report of the International Working Party on Industrial Programming Data, held in Vienna in 1968, was published in 1970. Moreover, UNIDO held two expert group meetings on this subject in 1970. The Working Group of Experts on Industrial Project Planning for countries in the Middle East and North Africa held, in co-operation with UNESOB, in Beirut, discussed major facets of the technical and organizational interactions between the different stages of project planning, and drew up guidelines for action suited to the conditions prevailing in the participating countries. The Expert Group Meeting on Industry Files System and other Data Bank Techniques for Industrial Programming was convened in Vienna, in response to requests for assistance from an increasing number of developing countries. This Meeting provided a forum for mutual consultation between experts in advanced countries and those in developing countries.

41. In 1971, instead of holding an international working party to review the results of earlier meetings as previously planned (ID/B/64/Add.12, para.40), UNIDO proposes to concentrate on developing an international and inter-institutional scheme of co-operation on all matters related to the data banks for economic and industrial development. For this purpose, UNIDO will join the Special International Working Party, to be organized in May 1971 by the Observatoire

économique méditerranéen, Institut national de la statistique et des études économiques (INSEE), France. The United Nations Department of Economic and Social Affairs, the United Nations Research Institute for Social Development (UNRISD) and FAO will also join this Working Party.

42. UNIDO is giving increased attention to the data bank approach to development programming. An assessment of the results being achieved in a few developing countries and of the implications for other countries interested in such approaches needs to be carried out within the next year or so. UNIDO proposes, therefore, to hold in 1972 a regional or subregional workshop to assess the results of the data bank approach.
43. During 1970, the Profiles of manufacturing establishments (12.02.03) developed into a new and broader concept of data gathering at the enterprise level. This development was in response to numerous requests for advice and training. The analytical Profiles are designed to be of direct use in several activities in the fields of project planning, policy formulation, management, and regional integration.
44. The action taken in 1970 by UNIDO was in line with the new orientation of the project, and the activities drew to a considerable extent on resources made available through the UNIDO General Trust Fund. A multi-national training programme was organized in 1970 jointly by UNIDO and the Industrial Development Centre for Arab States (IDCAS) on the techniques of compiling detailed enterprise profiles for productivity diagnosis (ID/B/64/Add.12, para.45). A working group of experts met in Beirut to establish technical and organizational guidelines for this purpose, and the training workshop proper was held in Cairo in July 1970. It was attended by 25 trainees from seven countries and by about a dozen experts. It has been proposed that the field studies being accumulated under this productivity profiles programme should be assembled and reviewed at an international level in 1971, and that UNIDO should provide direct technical assistance to this follow-up phase.
45. A Bulgarian Working Party on Industrial Programming Data was organized jointly by UNIDO and the State Planning Committee of Bulgaria in 1970 for the purpose of developing industry profiles for industrial project planning at the national level. The Working Party prepared various formats of industry profiles with the assistance of UNIDO consultative missions which visited Sofia several times. This project was financed through the UNIDO General Trust Fund. The experience gained in Bulgaria revealed numerous possibilities that would be of great interest to developing countries. It has been proposed to hold in 1971 an International Workshop on Industrial Planning Systems and Indices in Sofia for the benefit of the several developing countries in Africa and Asia which have predominantly centrally-planned economic systems. The scheduling of this workshop is subject to availability of appropriate funds.
46. In 1970, a field study was conducted jointly by ECLA and UNIDO in Chile. Selected enterprise data were collected and analysed for an evaluation of the comparative cost position of Chilean industries and the potentials for co-operation with other countries within the Andean Group.
47. In 1970, UNIDO also co-operated with the Planning and Research Division of ILO in connexion with its special country studies on labour-cost variations in Kenya and Zambia. UNIDO shared in the cost of the field study and participated in the evaluation of its results.

48. All of these activities relating to the Profiles of manufacturing establishments came about as a result of the interest indicated by individual developing countries or by intergovernmental (regional) development institutions. It is expected that additional activities along these lines will continue in 1972. Thus UNIDO proposes to continue its co-operation in this field with IDCAS and with ECLA in 1972. The joint action with ECLA is expected to strengthen the technical basis for project planning by the Andean Group countries as a whole.

49. The Profiles of manufacturing establishments, as a source of reference material as they were earlier conceived, continued to be prepared in 1970 on a limited scale. A dozen case studies were added to volume III of the Profiles which is scheduled for publication in 1971. During 1970, a special compendium of additional industrial plant data was completed and added as a supplement to the reference data for general dissemination. This material will be published in the Industrialization and Productivity Bulletin in 1972.

50. In 1971, a consolidated report on the 1970 activities under this component will be prepared and will include the various methodological studies that have been prepared in connexion with advisory and training services. This report will be considered as volume IV of the Profiles and will be submitted for publication in 1972. The technical material not included in this volume will gradually be disseminated through the Industrialization and Productivity Bulletin. The publication of volume V of the Profiles, anticipated in document ID/B/64 Add.12, para.46, is not likely to materialize.

51. The Extracts of industrial feasibility studies (12.02.04) were carried out on a limited scale in 1970 (ID/B/64/Add.12, para.50). Compilation of the first volume of Extracts, scheduled for publication in 1972, will begin in 1971. Meanwhile, efforts will be continued to secure active co-operation of various development institutions in developing countries.

Industrial project evaluation (12.03)

52. This project focuses on the evaluation of industrial projects. Through it, UNIDO assists officials and experts in developing countries in techniques of evaluating industrial projects, within the context of national priority plans and policies. Advisory missions and workshops are the main components of the project, but on the basis of guidance and suggestions received from field experts and from a number of national and international development institutions, a continued effort will be made to upgrade the teaching material on project evaluation. This activity also constitutes a contribution to the UNIDO investment promotion programme (cf. group 13), as developing countries may request additional assistance to improve the preparation of industrial projects for the promotion of which UNIDO assistance is requested.

53. In 1970, several developing countries requested direct assistance from UNIDO in the preparation of techno-economic feasibility studies of industrial projects. This has been done as a joint activity of various other groups, taking advantage of the experience of UNIDO in a multidisciplinary approach to project planning and evaluation. The present trend of requests would seem to indicate that this activity will be intensified in 1971 and 1972.

54. Owing to limited resources, only preparatory work could be done during 1970, on Market analysis for industrial feasibility studies (12.03.01). UNIDO plans to continue the collection of reference studies in 1971 and 1972, utilizing the material being accumulated in the headquarters library as the main source. Nonetheless, it is hoped that even such a limited approach will constitute a significant technical support to training workshops and field experts concerned with industrial project development. If more resources become available, a broader effort will be made (Priority B).
55. The work on Profitability and viability of industrial projects (12.03.02) has been amalgamated temporarily with the new activities under the Profiles (12.02.03). In 1970, the promotional and advisory services rendered under the Profiles included the preparation of some pro forma data sheets which were used to assess the impact of specific policy instruments (especially import duties and taxes) on the commercial viability of enterprises. Thus, no special supporting work is envisaged under this component in 1971 and 1972.
56. With regard to National benefit-cost analysis (12.03.03), UNIDO undertook a study in 1970 on the methods of calculating national parameters for industrial project evaluation, such as social discount rates for policy-making purposes, rates of interest and shadow wage rates (ID/B/64/Add.12, para.63). In 1971, this study will be amplified through consultation with various institutions and individuals to form case studies of selected countries, particularly countries that have been visited by UNIDO advisory missions in this field. Case studies of this type will be continued in 1972, in connexion with the field assistance being provided for each developing country. The studies will subsequently be compiled and published as a manual. The operational guide to industrial project preparation (ID/B/64/Add.12, para.62) was distributed for comments. UNIDO proposes to redraft the guide on the basis of the comments received and to submit it at a later date for publication.
57. In the course of technical assistance projects related to industrial planning, UNIDO organizes Missions and workshops on industrial project evaluation (12.03.04). In 1970, UNIDO organized one such mission as part of the advisory mission on industrial planning to Thailand, which defined the criteria for project evaluation in the context of the national development plan.
58. Similar assistance was given in the evaluation of projects submitted to the investment promotion programme, especially in preparation for the Manila and Nairobi meetings (cf. group 13). This activity will be further developed in 1971 and 1972. Efforts will be made to accommodate requests on project evaluation at the national level, and one or two such workshops are expected to materialize in 1971. Promotion and execution of workshops and advisory missions in this field are expected to continue on an increasing scale in 1972 and receive high-priority attention. UNIDO proposes to hold in 1972, subject to availability of resources, an interregional workshop (Priority B) to review the experience of these workshops and missions and to formulate guidelines for future action.

Industrial project implementation (12.04)

59. Under this project assistance is provided to the developing countries in the formulation and adaptation of techniques for programming, scheduling and control. Advisory missions with direct participation of UNIDO staff will continue to play a major role, while training workshops will be continued according to requests.

60. Following a need expressed by several countries, the activities of advisory missions and training workshops in this field will in future involve, inter alia, provision of assistance in project contracting, particularly with regard to substantive criteria for the choice of contractors; drawing up of the substantive part of agreements including project budgeting and part payment scheduling; co-ordination of subcontractors; and the design of systems for follow-up and control.

61. Under Techniques for programming, scheduling and control of industrial project implementation (12.04.01),^{1/} two studies were prepared in 1970, covering the application of network analysis techniques to local conditions in project implementation in developing countries. One was submitted for publication in 1970, the other will be disseminated to United Nations experts in developing countries. Both will be used in training workshops. Five additional studies are scheduled for publication in 1971:

- Programming and control of implementations of industrial projects in developing countries;
- A case study in developing countries;
- Industrial implementation problems;
- Information systems for industrial project implementation;
- Comparative study of implementation programmes and control techniques.

62. In 1970, two advisory missions were undertaken: one to Tunisia and the second to Brazil (ID/B/64/Add.12, para.45). In addition to programming project implementation, the mission to Tunisia dealt with industrial implementation systems at both the macro and micro levels. The advisory mission to Brazil dealt with the implementation of specific industrial projects and provided guidance on the over-all programming of the implementation of a multi-project development programme. The mission also helped to lay down a basis for the establishment of a planning and implementation information system (see also 12.01.05).

63. Another important aspect of this activity is the programme of training workshops on project implementation. In these workshops, attention is given to programming and scheduling techniques, to the establishment of control information systems and to the utilization of electronic data processing. At the same time emphasis is put on the organization of the implementation machinery (cf. 12.01.05). In 1970 UNIDO held an interregional training workshop in this field in Beirut, in co-operation with UNESOB and IDCAS (ID/B/64/Add.14, para.78).

^{1/} Component 12.04.03. Workshop on industrial project implementation, is amalgamated together with Advisory Missions under project 12.04.01.

64. A national training workshop has been requested by Tunisia which will be the first workshop for French-speaking countries in this field. Preparations are being made for the workshop to take place in early 1971. As a follow-up of the Beirut Interregional Training Workshop, some five advisory missions are envisaged in this field in 1971 and 1972.
65. In 1971, UNIDO proposes to hold, in co-operation with IDCAS, a regional training workshop for the Arab States. In the workshop, attention will be focused on the causes of the delays encountered in the course of project implementation and nationals of the participating countries will be trained in appraising the causes and cost of delays.
66. In 1971, UNIDO plans to participate in an interregional training workshop on project implementation, to be held in the Federal Republic of Germany by the German Foundation for Developing Countries. The Foundation will bear the cost of the workshop and UNIDO will provide training material and conduct lectures and discussions. Furthermore, a regional workshop is envisaged for 1971 for the ECAFE region, with possible co-operation with the United Nations Asian Institute for Economic Development and Planning.
67. Preparatory work has already started on an interregional training workshop that UNIDO proposes to hold in Budapest, Hungary in 1972. The workshop is being scheduled so that participants will subsequently be able to attend an international conference on problems of industrial project implementation in developing countries. This conference will be organized by the Hungarian Federation of Technical and Scientific Societies and the Hungarian Committee for Developing Countries.
68. The Time profiles on project implementation (12.04.02)^{2/} represent a collection of implementation parameters of actual projects that have recently been completed. The purpose of this activity is to provide developing countries with reference data for scheduling the implementation of newly selected projects and to ensure that the experience gained during the implementation phase is recorded and analysed so that it can serve as additional information in the preparation and evaluation of future projects.
69. An experimental format for collecting those data was designed and tested in a number of cases. In 1970, UNIDO held an expert group meeting to revise the format on the basis of the experience gained in the preliminary data collection. The expert group also worked out briefing material for a regional training workshop on time profile presentation which UNIDO proposes to hold in co-operation with IDCAS in 1971. In 1972, UNIDO plans to reconvene the expert group meeting to analyse the Profiles which will have been prepared in the interim. The collection of the Time Profiles, which will cover about ten additional countries (preferably in regional groupings) is scheduled for publication in 1972.
70. The description of the activities related to the Workshops on industrial project implementation (12.04.03) has been included under project component 12.04.01.

^{2/} This project component was previously entitled "Case studies in industrial project implementation" (ID/B/64/Add.12).

71. In 1970, UNIDO undertook preliminary work on a new project, Model contracts (12.04.04). Through this activity, UNIDO will attempt to provide the developing countries with practical guidelines for the preparation of specific types of contracts for the establishment of industrial plants. The model contracts will be based on currently established contracts for consultations, civil contractors, equipment suppliers and others, as well as on the experience gained from the implementation of industrial projects. The model contracts will serve as a checklist by describing each activity required for the implementation of a project, thus ensuring that all necessary activities and items are included in tender documents and contracts, that proper implementation schedules are prepared, that responsibilities are clearly described and that a basis is created for monitoring and control of project implementation. Following the recommendations of the recent UNIDO Symposium on Maintenance and Repair in Developing Countries, special emphasis will also be placed on the possibilities of including after-sales services of equipment and supply of spare parts in contracts for the purchase of equipment.

72. In 1971, the main part of the study on model contracts along the above lines will be completed. The results of this study, supplemented by additional case studies, are planned for publication in 1972.

Planning for regional industrial co-operation (12.05)³

73. In response to various requests by regional groupings, the focus of this project has been changed from the locational aspects of planning to a more comprehensive approach to problems of programming that arose in relation to regional industrial co-operation.⁴ In the future, therefore, this project will be oriented mainly towards the support of technical assistance projects concerned with: the identification and selection of industries suitable for regional co-operation (multi-national industries); the examination of their economic feasibility and their consistency with the development strategies and plans of the member countries and with the systems and goals of the regional groupings; and the development of locational criteria, information systems, social considerations and institutions related to regional industrial co-operation. Activities in this field will be carried out in close connexion with group 13, which deals with policy aspects of regional co-operation. In addition, general experience and information gained in the above field will be disseminated to interested parties, mainly through the Industrialization and Productivity Bulletin.

74. The Operational guide to regional industrial planning (12.05.01), as earlier conceived (ID/B/64/Add.12, para.81,82), did not materialize. It appeared to be more purposeful to replace it by the publication of selected studies from the Minsk Seminar. An annotated bibliography on industrial location and regional development was published in 1970. The proceedings and selected studies of the Minsk Seminar are scheduled for publication in 1971.

75. In Regional industrial development planning (12.05.02), UNIDO focused in 1970 on location planning of "multi-national" industries. A reference study was prepared in connexion with a field

³/ This project was formerly entitled "Location and regional development" (ID/B/64/Add.12).

⁴/ This shift was already indicated in ID/B/64/Add.12, para.80, and is now also reflected in the change of the project name.

project undertaken for a subregional grouping and an exploratory study was prepared on the choice of the location of internationally competitive "multi-national" industrial enterprises.

76. In response to field requests, case studies will be continued in 1971 and 1972, related to specific candidate projects being considered on a multi-national level. Judging by advance information, it is expected that the requests for technical assistance will place emphasis on the exploration of reference schemes for benefit sharing, facilitating decision-making on special distribution of industries within a given region. Preparation along these lines will continue in 1972.

77. The activities related to the Workshops on industrial regional development (12.05.03) have been transferred largely to group 13 (of. 13.04). Group 12 is co-operating in this activity and will be primarily concerned with the identification of industries suitable for regional co-operation and the methods and criteria for their location.

78. Growing attention is being given to the Social aspects of industrial location in developing countries (12.05.04; Priority B). Although this subject has manifold dimensions, it is considered appropriate for group 12 to focus on the areas of interaction between economic and non-economic considerations in industrial locational decisions. UNIDO will follow the progress of relevant research projects in the United Nations Department of Economic and Social Affairs, the United Nations Research Institute for Social Development (UNRISD), UNESCO, the Organisation for Economic Co-operation and Development (OECD) etc., and will participate, as requested, in projects concerning social aspects of location.

Industrialization and Productivity Bulletin (12.05)

79. The Industrialization and Productivity Bulletin is one of the regular publication series of UNIDO. It has proved to be a suitable channel for the timely dissemination of the monographs.

80. During 1970, four issues of the Bulletin (Nos. 15, 16, 17 and 18) were prepared. Numbers 15 and 16 were published in 1970 and Nos. 17 and 18 are scheduled for publication in 1971. No. 15 was devoted mainly to the problem of measurement and utilization of excess capacity in developing countries; No. 16 to selected articles on industrial development strategies and planning, thus absorbing the material that had originally been intended for a manual on industrial planning; No. 17 included progress reports on activities related to the feasibility study extracts, plan summaries and project implementation; No. 18 included articles on the structure of industry in selected countries and on repair and maintenance. A new cover has been proposed to match the new editorial policy adopted for this series.

81. The substantive work on the Bulletin will continue in 1971 and 1972, at the rate of four issues per year. Numbers 19 and 20 will be prepared and published in 1971. Numbers 21 through 24 will be prepared in 1972 and three of them, Nos. 21 - 23, are scheduled for publication the same year.

Expenditures and estimated costs for supporting and other activities, 1970 - 1972
(in thousands of US dollars)

| Project (Priority A) | Regular budget | | | | | | Extra-budgetary resources | | | | |
|--|----------------|------|-------------|------|------|-----------------------|---------------------------|------|----------|----------|------------------------|
| | Staff m/s | | Consultants | | | Expert group meetings | | | 1970 | 1971 | 1972 |
| | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 | 1970 | 1971 | | | |
| 12.01 <u>Industrial development strategies and plans</u> | | | | | | | | | | | |
| 12.01.01 | 12.0 | 6.0 | 4.0 | 1.5 | 3.0 | 3.0 | - | - | - | - | 5.0 GTF |
| 12.01.02 | 4.0 | 6.0 | 7.0 | 3.0 | 2.5 | 2.5 | - | - | - | - | - |
| 12.01.03 | 5.0 | 2.0 | 4.0 | 1.5* | 1.5 | 1.5 | - | - | - | - | - |
| 12.01.04 | 2.0 | - | - | - | - | - | - | - | - | - | - |
| 12.01.05 | 5.0 | 7.0 | 7.0 | 2.0 | 4.0 | 4.0 | - | - | - | 7.0 | - |
| 12.01.06 | - | 12.0 | 9.0 | - | 2.5 | 2.5 | - | - | - | - | (10.0 TA (10.0 GTF) |
| 12.02 <u>Industrial project planning</u> | | | | | | | | | | | |
| 12.02.01 | 3.0 | 4.0 | 6.0 | 1.5 | 4.0 | 3.0 | - | - | - | - | - |
| 12.02.02 | 6.0 | 4.0 | 5.0 | 4.0 | 3.0 | 2.0 | 16.5 | - | - | - | 10.0 GTF |
| 12.02.03 | 12.0 | 14.0 | 10.0 | 1.0 | 5.0 | 5.0 | - | - | 42.9 GTF | 25.0 GTF | 30.0 GTF |
| 12.02.04 | 3.0 | 3.0 | 5.0 | 4.4 | - | - | - | - | - | - | - |
| 12.03 <u>Industrial project evaluation</u> | | | | | | | | | | | |
| 12.03.01 | 3.0 | 3.0 | 4.0 | 1.0 | 1.0 | - | - | - | - | - | - |
| 12.03.02 | 6.0 | - | - | 0.5 | - | - | - | - | - | - | - |
| 12.03.03 | - | 5.0 | 5.0 | 2.9 | 3.0 | 3.0 | - | - | - | - | - |
| 12.03.04 | 2.0 | 8.0 | 8.0 | - | - | - | - | - | - | - | - |
| 12.04 <u>Industrial project implementation</u> | | | | | | | | | | | |
| 12.04.01 | 6.0 | 10.0 | 8.0 | 3.6 | 3.0 | 3.0 | - | - | 13.3 GTF | 25.0 GTF | 25.0 TA |

| | | | | | | | | | | | | |
|---|-------|-------|-------|------|------|------|------|-----|------|----------|----------|---------------------|
| 12.04.02 | 2.0 | 7.0 | 11.0 | 6.2 | 1.0 | 1.0 | - | 8.0 | 7.0 | - | 3.0 GTF | 4.0 GTF |
| 12.04.04 | 3.0 | 4.0 | 4.0 | - | 1.0 | 1.0 | - | - | - | - | - | - |
| 12.05 Planning for regional industrial co-operation | | | | | | | | | | | | |
| 12.05.01 | 4.0 | 1.0 | 2.0 | - | - | - | - | - | - | - | - | - |
| 12.05.02 | 1.0 | 5.0 | 6.0 | 1.0 | 2.5 | 2.5 | - | - | - | - | - | - |
| 12.05.03 | 1.0 | 5.0 | 6.0 | - | - | - | - | - | - | - | - | - |
| 12.05.04 | 1.0 | - | - | - | - | - | - | - | - | - | - | - |
| 12.06 Industrialization and Productivity Bulletin | | | | | | | | | | | | |
| | 3.0 | 5.0 | 5.0 | - | - | - | - | - | - | - | - | - |
| Total | 84.0 | 111.0 | 116.0 | 34.1 | 37.0 | 34.0 | 16.5 | 8.0 | 14.0 | 56.2 GTF | 53.0 GTF | 35.0 TA 55.0 GTF |
| Backstopping and servicing of operational activities | | | | | | | | | | | | |
| | 49.0 | 57.0 | 64.0 | - | - | - | - | - | - | - | - | - |
| | 132.0 | 168.0 | 180.0 | - | - | - | - | - | - | - | - | - |

Operational costs shown above are included in the table on page 8.

Expenditures and estimated costs for supporting and other activities, 1970 - 1972 (cont'd)
(in thousands of US dollars)

| Project (Priority B) | Regular budget | | | | | | Extra-budgetary resources ^{a/} | | |
|--|----------------|------|-------------|------|-----------------------|------|---|------|---------|
| | Staff m/a | | Consultants | | Expert group meetings | | 1970 | 1971 | 1972 |
| | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 | | | |
| 12.01 <u>Industrial development strategies and plans</u> | | | | | | | | | |
| 12.01.01 | - | 3.0 | 3.0 | - | - | - | - | - | - |
| 12.01.02 | - | - | - | 1.5 | - | - | - | - | - |
| 12.01.04 | - | 18.0 | 18.0 | 6.0 | 3.0 | - | - | - | - |
| 12.01.05 | - | 8.0 | 8.0 | 6.0 | 6.0 | - | - | - | 6.0 GTF |
| 12.02 <u>Industrial project planning</u> | | | | | | | | | |
| 12.02.01 | - | - | 4.0 | 3.0 | - | - | - | - | - |
| 12.02.02 | - | 3.0 | 5.0 | - | 10.0 | - | - | - | - |
| 12.02.04 | - | 3.0 | - | 8.0 | 8.0 | - | - | - | - |
| 12.03 <u>Industrial project evaluation</u> | | | | | | | | | |
| 12.03.01 | - | 3.0 | 3.0 | 4.0 | 5.0 | - | - | - | - |
| 12.03.04 | - | - | 4.0 | - | - | - | - | - | 15.0 TA |
| 12.05 <u>Planning for regional industrial co-operation</u> | | | | | | | | | |
| 12.05.03 | - | - | 4.0 | - | 3.0 | - | - | - | - |
| 12.05.04 | - | 38.0 | 4.0 | 28.5 | 4.0 | - | - | - | 15.0 TA |
| <u>Total</u> | - | - | 53.0 | 39.0 | 39.0 | - | - | - | 6.0 GTF |

^{a/} Operational costs shown above are included in the table on page 8.

PRINTED PUBLICATIONS

1970 publications programme

| | | <u>Language</u> | <u>Cost</u> <u>(US\$)</u> |
|--|--|-----------------|------------------------------|
| ID/42 | Industrial programming data Report of the first session of the International Working Party (12.02.02) | E F S | |
| ID/43 | Industrial location and regional development - an annotated bib- liography (12.05.01) | E | |
| <u>Industrialization and Productivity Bulletin (12.06)</u> | | | |
| ID/SER.A/14 | No.14 | F | |
| ID/SER.A/15 | No.15 | E S | |
| ID/SER.A/16 | No.16 | E | |
| ID/SER.L/1 | Programming and control of im- plementation of industrial pro- jects in developing countries (12.04.01) | E | |
| UNIDO/IPPD/11 | Summaries of the industrial development plans of thirty countries, Vol.I (12.01.01) | E | |
| ID/SER.E/3 | Planning for advanced skills and technologies; studies pre- sented at the ad hoc meeting of experts on the role of ad- vanced skills and technologies in industrial development | F S | |
| | | | <u>26,948</u> |

1971 publications programme

| | | | |
|--|--|-------|--|
| ID/50 Vol.I | Proceedings of the inter- regional seminar on industrial location and regional devel- opment (12.05.01) | E | |
| ID/50 Vol.II | Selected studies (papers pre- sented at the seminar on industrial location and re- gional development) (12.05.01) | E | |
| <u>Industrialization and Productivity Bulletin (12.06)</u> | | | |
| ID/SER.A/15 | No.15 | F | |
| ID/SER.A/16 | No.16 | F S | |
| ID/SER.A/17 | No.17 | E F S | |
| ID/SER.A/18 | No.18 | E F S | |
| ID/SER.A/19 | No.19 | E F S | |
| ID/SER.A/20 | No.20 | E | |

Industrialization programme (cont'd)

Language:

Cost
(US\$)

ID/SER.F/6 Profiles of manufacturing establishments, Vol.III (12.02.03) E
 (F,S,R abstracts)

Industrial Implementation Systems (12.04.01)

ID/SER.I/1 Programming and control of implementation of industrial projects in developing countries F S
 A case study in developing country E F S
 Industrial implementation problems E F S
 Information systems for industrial project implementation E
 Comparative study of implementation programmes and control techniques E F S

Industrial Planning and Programming Series (12.02)

Guidelines for project evaluation (12.03.03) E F S R
 Selected country experience in project evaluation (12.03) E
 - Summaries of national industrial development plans, Vol.II (12.01.01) E
 - Project planning and control information system (12.01.05) E F S
 - Application of systems analysis to industrial project implementation in developing countries (12.01.05) E F S
 - Model contracts: checklist and guidelines for the preparation of contracts for the establishment of industrial plants and for the purchase of equipment (12.04.04) E

30,600

Forecast of 1972 publications programme

Industrialization and Productivity Bulletin (12.06)

ID/SER.A/20 No.20 F S
 ID/SER.A/21 No.21 E F S
 ID/SER.A/22 No.22 E F S
 ID/SER.A/23 No.23 E F S
 ID/SER.F Profiles of manufacturing establishments, Vol.IV (12.02.03) E
 (F,S,R abstracts)

Forecast of 1972 publications programme (cont'd)

| | <u>Languages</u> | <u>Cost</u> <u>(US\$)</u> |
|--|------------------|------------------------------|
| - Summaries of national industrial development plans, Vol.III (12.01.01) | E | |
| - Experience in the appraisal of plan performance (12.01.06) | E F S R | |
| - Extracts of industrial feasibility studies (12.02.04) | E F S R | |

Industrial Implementation Systems (12.04)

| | | |
|---|-------|--|
| - Resource allocation for programme implementation | E F S | |
| - Simplified modular approach for project implementation | E F S | |
| - Project implementation programming techniques under uncertainty | E F S | |
| - Time profiles of industrial project implementation (12.04.02) | E F S | |
| - Model contracts checklist and guidelines for the preparation of contracts for the establishment of industrial plants and for the purchase of equipment (12.04.04) | E | |
| - Emphasis on the inclusion of after-sales services and spare part supply in contracts for purchasing of equipment (12.04.04) | E F S | |

38,650

Notes: In the computation of the printing costs a standard formula was applied based on an average cost of internal and external printing.

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GROUP 18: INDUSTRIAL POLICIES AND FINANCING

82. The activities of UNIDO within group 13 relate to three areas: industrial policies, industrial financing and industrial investment promotion.
83. In the area of industrial policies, activities in previous years have aimed at accumulating a stock of knowledge on incentive measures and other policies used by developing countries to promote industrial development. Field operations have helped UNIDO to develop a knowledge of the experience of different countries; training, seminars and publications have been used to disseminate the knowledge accumulated.
84. In 1971 and 1972, UNIDO plans to continue its work along these lines. In connexion with the International Development Strategy adopted by the General Assembly for the Second United Nations Development Decade, greater stress will be placed on the industrial policies to be formulated and implemented by the developing countries in their efforts to reach their long-term industrialization objectives. As part of the UNIDO advisory programme on strategy, policies and assessment at the country level, some specific cases will be studied in close co-operation with the Governments of the countries concerned.
85. In the area of industrial financing, emphasis will be put on assistance to developing countries in mobilizing and harnessing domestic financial resources for the expansion of their industrial sector. Relevant operational activities are being developed in response to an increasing number of requests. For example, a new project, planned for 1972, consists of elaborating schemes for the mobilization of domestic savings to finance industrial development.
86. Assistance to industrial financing institutions in strengthening their structure and improving the skill of their personnel will be continued. Emphasis will be put on co-operation between such financial institutions in developing and developed countries, and UNIDO will continue to facilitate the contacts between them.
87. UNIDO plans to continue its work on external financing as a complementary source of financing to the domestic sources, with emphasis on co-operative arrangements and joint venture programmes.
88. In the area of industrial investment promotion, the programme of promotion of specific industrial projects underwent great expansion in 1970. The aim of the programme is to assist developing countries in obtaining access to existing sources of finance and know-how necessary for the implementation of their industrial projects. To achieve this objective, UNIDO is not only assisting developing countries in establishing and strengthening their own promotion machinery, but is also responding to the needs expressed by many developing countries for direct assistance in promotion of specific industrial projects.
89. The role of UNIDO is to assist in the presentation of a project; to locate potential sources of financing and know-how; and to help in the initiation of a dialogue between the two partners. This activity is conducted on the basis of requests made by developing countries for

each of the projects presented. UNIDO prepares and matches the contacts, taking into account the wishes expressed as to the scope, the nature and the form of the external contribution requested, and the general objectives and policies included in the country's industrial programmes and strategies. For each industrial project, the developing country may express a preference for direct investment, joint venture or provision of equipment and know-how, supplemented by long-term loans or export credits.

90. The programme of UNIDO is implemented by establishing a portfolio of projects and by organizing meetings that provide a market place for the promotion of projects. In 1970, two regional meetings were organized by UNIDO, one in Manila for Asian countries, in co-operation with ECAFE, the other in Nairobi for African countries, in co-operation with ECA and the African Development Bank.

91. The experiences gained from such meetings demonstrate that they offer an opportunity to initiate contacts between proponents of projects from developing countries and potential partners from industrialized countries. After appropriate follow-up, these contacts often lead to the conclusion of investment agreements.

92. As a result of the support which the investment promotion programme has received from developing countries, UNIDO is planning in 1971 and 1972 to develop further its activities in this area, with a view to achieving more continuity in the service provided. This will be achieved through closer links to technical assistance projects, leading in certain cases to assistance in the preparation of feasibility studies, and through an intensive follow-up of the promotional phase itself, including a more systematic collection of information on the investments actually achieved with the aid of the programme.

93. Emphasis will be given to the consolidation of the portfolio established at headquarters, and UNIDO will continue to organise periodical promotional meetings.

OPERATIONAL ACTIVITIES

Industrial policies

94. In this area, the major aim of UNIDO is to assist Governments, on request, to achieve their industrialization objectives and targets by evaluating the effectiveness of the existing set of policy instruments and measures and by suggesting additional or modified measures that might be needed to achieve these objectives.

95. Assistance has been requested from UNIDO for a review of the entire set of policies used to implement the industrial development programme. Other requests have concentrated on the measures and instruments used to achieve specific objectives such as the promotion of a greater diversification of industrial activities and the accelerated assimilation and further development of advanced industrial technologies. Advice has also been provided on improving the design of certain types of policy measures such as the tariff structure, measures to attract foreign investment, incentive measures and the industrial licensing system.

96. In 1970, a small group of top-level advisers visited Iran to review the existing set of policies and to examine in detail their effect on the development of specific branches of industry; the assistance took the form of a joint exercise with officials of the Government and members of the UNIDO mission.

Industrial financing

97. The assistance rendered by UNIDO in this area is five-fold. First, UNIDO is assisting the developing countries in formulating appropriate policies, designing measures and developing techniques to raise greater domestic financial resources and to channel them into industry. For example, in Cameroon, Fiji and Madagascar, financial advisers are advising on the mobilization of additional resources for the financing of industrial projects. Second, UNIDO is giving assistance in the strengthening of industrial development financing agencies and in the establishment of new ones. In most projects of this type in 1970, assistance took the form of improving the operations of existing financing agencies. By way of example, UNIDO experts in Somalia are helping in the reorganization of the Somali Industrial Development Corporation. In Indonesia, Iraq, Pakistan and the Sudan financial analysts are helping in loans appraisal. Third, assistance is being given in the development of the financial infrastructure of the developing countries so that the requirements of the expanding industrial sector can be met. For example, an expert is to advise two Asian countries on the functioning of their capital markets and to suggest appropriate measures. Fourth, UNIDO is helping developing countries to elaborate co-operation agreements for the establishment of joint ventures. Fifth, assistance is given in improving the utilization, at the enterprise level, of available financial resources. Thus, a UNIDO expert is assisting Nicaragua in the analysis and evaluation of the use of financial resources.

98. In 1971, UNIDO will continue its assistance to industrial financial institutions and preparatory work will be carried out on operational activities aimed at mobilizing small savings for industrial investment.

199. In 1971, it is expected that one or two comprehensive regional investment promotion programmes for specific countries will be organized. Advice will also be given to countries on the formation of investment joint ventures.

Industrial investment promotion

100. The expansion of the investment promotion programme of UNIDO has been accompanied by a comparable increase of operational activities in this area. The developing countries receive assistance in two ways: (a) in the establishment and strengthening of their own investment promotion machinery; and (b) in the provision of information about the sources to which they can turn to take fuller advantage of the UNIDO promotion programme.

101. An example of the first type of assistance is the aid being given by UNIDO in establishing investment promotion agencies in the Ivory Coast, Lebanon and the Philippines, or in improving the organization and operation of existing machinery as in Indonesia and Tunisia.

102. The second type of assistance consists primarily of preparation and presentation of specific industrial projects for submission to potential investors. This is done particularly in connexion with the operation of the investment promotion programme of UNIDO. For example, experts and UNIDO staff members visited African countries to help them prepare their projects for submission to the Nairobi meeting and others visited Asian countries to assist in similar activities for the Manila meeting.

103. An increasing need has been felt for the establishment, on a regular basis, of UNIDO assistance in the presentation of projects and identification of appropriate potential partners. Governments of 48 developing countries have requested the formation of a group of interregional advisers through whom UNIDO could assist countries on a permanent basis in their promotional efforts. UNIDO plans to establish the first nucleus of this group of specialized promoters in 1971. Their activity will be closely related to the portfolio of industrial projects, described under the supporting activities (cf. 13.09.01).

104. In 1971 and 1972, the operational activities of the investment promotion programme will be concentrated on the improvement of techniques of identification, presentation and follow-up of projects for promotion through the activities of the specialized promoters and through closer liaison with UNIDO experts in the field.

Number and value of projects

105. The total number of projects under operation in the field of industrial policies and financing in 1970 was 50. This figure is expected to rise to 65 in 1971 and to 80 in 1972.

Value of approved field projects and forecast of requirements, 1970 to 1972
(in thousands of US dollars)

| | 1970 | 1971 | | 1972 | |
|--------------|----------------------------------|------------------------------|-------------------------------------|------------------------------|-------------------------------------|
| | <u>estimated expenditure</u> | <u>Approved projects</u> | <u>Forecast of requirements</u> | <u>Approved projects</u> | <u>Forecast of requirements</u> |
| UNDP/SF | 6.0 | 178.6 | - | 217.5 | 470.0 |
| UNDP/TA | 68.0 | 145.0 | 775.0 | - | 1,135.0 |
| RP | 73.0 | 63.4 | 42.3 | - | 126.0 |
| SIS | 131.9 | 52.0 | 156.6 | - | 214.3 |
| GTF | 0.8 | - | 126.5 | - | 333.3 |
| FIT | - | - | - | - | - |
| Total | <u>279.7</u> | <u>439.0</u> | <u>1,100.4</u> | <u>217.5</u> | <u>2,278.6</u> |

List of Approved Operational Projects

UNDP/SPECIAL FUND

Africa

IVCO-13

Centre for industrial and technological studies

UNDP/TECHNICAL ASSISTANCE

The Americas

PAR/69/1

Industrial policies and programming

Asia and the Far East

INS/69/28

Loan appraisal

MAL/69/13

Industrial development finance

NEP/70/6

Industrial advisory mission - team leader; industrial engineer, market analyst, cost analyst expert

PAK/68/10

Industrial financing - loan appraisal specialist (chemical industry)

AFR/69/23

Workshop on financial analysis and planning for industrial projects

Europe and the Middle East

IRQ/69/7

Assistance to industrial bank

EGE/69/27

Seminar on selected aspects of industrial policies

Interregional

INT/69/24

Training programme in investment procedure techniques

INT/69/22

Workshop on industrial banking techniques

UNIDO REGULAR PROGRAMME

Africa

ID/RP/13-4 (Dahomey)

Financial studies in economics and banking

KEN/13/1/2

Industrial policies and financing - investment promotion

NOR/13/1/1

Industrial policies and financing

SIL/13/1/2

Industrial policies and financing - investment promotion

ID/RP/13-10 (Regional)

Industrial promotion

APR/13/1/5

Industrial promotion

The Americas

DOM/13/1/2

Adviser on public sector manufacturing enterprises

ID/RP/13-2 (Peru)

High level study tours in investment promotion

ID/RP/13-4 (Uruguay)

Industrial decentralization

UNEP/WHO PROGRAMME (cont'd)

Asia and the Far East

AF/13/1/1 Industrial financing - investment promotion
ID/RF/13-5 (Nepal) Investment promotion
ID/PI/13-5 (Philippines) Investment promotion

Europe and the Middle East

IR/13/1/2 Industrial policies and financing - investment promotion

Interregional

ID/RF/13-7 Investment promotion
ID/RF/13-2 Promotion of investment and financing for specific industrial projects

SIS PROGRAMME

Africa

67/165 CMR-1 Industrial finance adviser to the National Investment Corporation - private and public industrial financing
70/862 CMR-4 Investment promotion for specific industrial projects
70/876 MLI-11 Investment promotion for specific industrial projects (exploratory mission)
70/965 MOR-16 Investment promotion for specific industrial projects
70/899 NIG-7 Investment promotion for specific industrial projects (exploratory mission)
70/905 SEN-11 Investment promotion for specific industrial projects (exploratory mission)
67/378 SIL-2 Assistance in the establishment of a national development bank
70/879 SOM-11 Investment promotion for specific industrial projects
69/627 SOM-8 Reorganization of development bank operations
70/926 SOM-12 Establishment and organization of Somalian Industrial Development Corporation
68/326 SUD-15 Assistance to the Industrial Bank of Sudan
70/903 UGA-18 Investment promotion for specific industrial projects
70/912 AFR-14 Investment promotion for specific industrial projects
70/959 AFR-17 Investment promotion for specific industrial projects

The Americas

69/543 PAR-5 Industrial policies and programming

Asia and the Far East

69/538 IRA-24 Advisory panel on industrial policies - textiles and pharmaceutical industries
70/812 MAL-11 Investment promotion for specific industrial projects (exploratory mission)
69/618 NEP-1 Industrial advisory mission - assistance to Nepal Industrial Development Corporation; industry adviser; industrial engineering adviser; marketing (cost analysis and control) adviser

SIS PROGRAMME (cont'd)

Asia and the Far East (cont'd)

70/793 PHI-6

Investment promotion for specific industrial projects (exploratory mission)

70/799 THA-17

Investment promotion for specific industrial projects (exploratory mission)

Europe and the Middle East

69/518/Rev.1 IRQ-4

Assistance to industrial bank

69/699 KUW-5

Exploratory mission on industrial licensing policies

70/949 LEB-3

Exploratory mission to determine UNIDO assistance to Government and the establishment of the agencies for finance and investment promotion and the international industrial free-zone

70/962 SAU-4

Industrial policy adviser - (PETROMIN)

SUPPORTING ACTIVITIES

106. The supporting and other activities of group 13 are classified under the following projects:

Industrial policies

| | |
|---|---------------------|
| Set of policies for the implementation of industrial development programmes | 13.01 ^{2/} |
| Designing industrial policy measures and instruments | 13.02 |
| Government machinery for the implementation of industrial policies | 13.03 |
| Policies for regional industrial co-operation | 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 |

INDUSTRIAL POLICIES

107. UNIDO activities in this area aim at developing and disseminating knowledge in four closely related areas viz., a set of policies used to implement industrial development programmes; a detailed design of industrial policy measures and instruments; government machinery for the implementation of industrial policies; and national policies to facilitate regional industrial co-operation.

108. In each area, UNIDO prepares action-oriented studies that contain an assessment of the impact of policies used in the past and suggestions as to guidelines for future policy to be considered by the Governments concerned.

Set of policies for the implementation of industrial development programmes (13.01)

109. Although plans for industrial development have been drawn up in many developing countries, experience suggests that the policies used to implement the plans have not always been well adapted to achieving the long-term industrialization objectives of the country. The implementation of the industrial programme in national development plans often falls short of the

^{2/} Previously entitled "Policies to achieve the objectives and targets of the industrialization programme" (ID/B/64/Add.13).

established targets and goals owing to the fact that, when the plans are being prepared, the need to formulate a consistent set of policy instruments and measures is neglected.

110. The aim of this project is to permit the Governments of developing countries to compare their own experience with that of other countries. The three means of achieving this goal are: action-oriented studies of the experience of selected countries; the organization of seminars at which the experience of different countries can be discussed; and the convening of an advisory panel of consultants on industrial policies to review the progress made in establishing policy guidelines of more general applicability.

111. In 1970, UNIDO continued its Case studies of the relationship between the objectives of the industrialization programme and the plans and policies used to achieve them (13.01.01). The experience of four countries in the Middle East and North Africa were studied, and the set of policies used to implement the programme of industrial development in both the public and private sectors was examined by consultants. The experience of developing countries in Asia was also examined in order to prepare a paper on the industrialization policy of countries in that region for the Second Asian Conference on Industrialization, held in Tokyo in October 1970. In this paper, consideration was given to measures and instruments used to achieve such long-term policy objectives as: strengthening the balance of payments by developing a more self-reliant industrial sector and a higher level of exports of manufactured goods; developing an industrial sector with a more competitive cost structure as a prerequisite for improving export performance; accelerating the further development and assimilation of national industrial technology within the country; and promoting and supporting the development and expansion of small and medium-size enterprises needed to make industrialization a self-generating process.

112. Within the framework of the activities of UNIDO for the Second United Nations Development Decade, UNIDO plans to undertake in 1971 and 1972 a series of comprehensive studies of the experience of several developing countries. In co-operation with groups 12, 14 and 15a, studies will be made of the industrialization policy of selected countries and the strategy of the industrial development plans and set of policies used to implement it. Countries of various sizes and at different stages of development will be selected for study; the experience of countries using different social and economic systems will be examined. Each study will be initiated with the full support and co-operation of the Government concerned; the findings of each study will be used to formulate guidelines for possible action in the future. A set of these studies is scheduled for publication in 1972.

113. With regard to the Identification of objectives of the industrialization programme and formulation of industrial policies to achieve them (13.01.02), UNIDO has planned a series of seminars at which officials of developing countries can discuss the major long-term objectives of their countries' industrialization policy and consider how the set of policies used by their Governments could be better adapted to achieve the objectives. Thus, UNIDO proposes to hold, in co-operation with UNESOB and IDCAS, a seminar on selected aspects of industrial policy in Beirut in January 1971 for participants from several countries in the Middle East and North Africa. The report and the proceedings of this seminar are scheduled for publication in 1971. Later in 1971, UNIDO proposes to hold a seminar on selected aspects of industrial policy for Latin American countries (ID/B/64/Add.13, para.28).

114. In January 1971, an Advisory Panel of Consultants on Industrial Policies (13.01.03) will review the operational and supporting activities of UNIDO in the field of industrial policies during the four-year period 1967 to 1970 and will suggest guidelines for the future development of these activities (see ID/B/64/Add.13, para.36; this project component has been transferred from project component 13.02.02). The report of the Panel is scheduled for publication in 1972.

115. At the end of 1972, UNIDO proposes to hold a second meeting of the Panel to review the progress made in 1971 and 1972. It is expected that by the time this meeting is held, the Panel will be in a position to arrive at some preliminary conclusions on the most important objectives of industrial development policy, which developing countries need to consider, and the types of measures best suited to achieve them. The report of this Panel is scheduled for publication in 1972.

Designing industrial policy measures and instruments (13.02)

116. The assistance of UNIDO has been requested in reviewing in detail the design of selected types of industrial policy measures. In 1970 and previous years, supporting activities concentrated on the package of incentive measures; in 1971 and 1972 UNIDO will concentrate on tariff and protection policies. The results of these activities will be prepared for publication before other types of measures are considered.

117. UNIDO is continuing its Training programmes on the design of industrial policy measures (13.02.01). In 1970, the report was published of the Interregional Seminar on Incentive Policies for Industrial Development, held in Vienna in 1969. The proceedings of the Seminar, including case studies on the experience of selected countries, are scheduled for publication in 1971.

118. In 1970 and 1971, a few studies will be completed on the impact of tariff and protection policies on industrial development. Both the design of the tariff structure and the machinery used to keep it under regular review are being considered (cf. ID/B/64/Add.13, para.31,32).

119. In 1972, UNIDO plans to organize an interregional seminar on tariffs and protection policies for industrial development (the project was originally scheduled for 1971; ID/B/64/Add.13, para.33). In the organization of this seminar, possible co-operation with UNCTAD will be ascertained through appropriate contacts.

120. The feasibility of preparing Manuals on industrial policy measures (13.02.02) or similar guidebooks describing the principles of designing selected policy measures and machinery and procedures used to implement them has been re-examined in response to the comments expressed at the fourth session of the Industrial Development Board (A/8016, para.231). Work planned for 1970 (ID/B/64/Add.13, para.34 to 37) was postponed until the project could be reassessed.

121. In 1970, work was continued on the preparation of a Directory of Industrial Investment Incentives (13.02.03) (ID/B/64/Add.13, para.38,39). This publication will contain basic information on investment incentives, criteria for determining the industries eligible for incentive benefits, foreign investment laws and application procedures. The first part of this Directory,

covering 35 developing countries, is scheduled for publication in 1971. The Directory will be expanded to cover more countries in 1971 and continuously updated to take account of new legislation in 1972.

Government machinery for the implementation of industrial policies (13.03)

122. The objective of UNIDO in this project is to assist the Governments of developing countries to develop appropriate machinery and procedures for implementing industrial policies. This is usually an important aspect of the various types of advisory assistance requested by Governments.
123. Special emphasis is placed on the co-ordination and control of manufacturing enterprises in the public sector. The development and operation of manufacturing enterprises have raised a number of specific problems on which developing countries are currently seeking UNIDO advice and assistance. In some countries, there is a need for the Government to set up modified institutional machinery to stimulate greater efficiency and control of this part of the industrial sector for whose operations it has direct responsibility. Such machinery is required to co-ordinate government policy, at the enterprise level, on efficiency targets, the prices charged, investment priorities, employment policies and appropriate sources of financing. These fields of activity fall largely within the responsibility of group 13 (see, e.g. 13.05.03).
124. In some cases, the problems identified require the use of improved management techniques by individual enterprises; here UNIDO action is developed by group 10a. Close co-operation is also maintained with the Division of Public Administration of the United Nations Secretariat.
125. In 1971 and 1972, UNIDO plans to make, at the country level, action-oriented Case studies (13.03.01) of the policies and machinery used to control and improve the performance of both individual enterprises and the state industrial sector as a whole. These studies will be made in co-operation with national authorities by consultants and UNIDO staff from groups 13 and 10a. They will form part of UNIDO's programme of assistance within the framework of the Second United Nations Development Decade to help countries to review their past industrial development performance and to design a new strategy and policies for the future. For this reason, the studies which were previously Priority B (ID/B/64/Add.13, para.41) have been upgraded to Priority A.
126. In 1971 and 1972, further information will be collected from published sources on the government machinery used to implement industrial policy in the public and private sectors in both developing and industrialized countries. This information will provide UNIDO with a clear definition of the functions involved and detailed consideration of the various possible ways which have been used to allocate responsibility for these functions to different government organizations in different countries. Studies on policies and machineries used to control and improve the performance of industrial enterprises in selected countries are scheduled for publication in 1972.

Policies for regional industrial co-operation (13.04)

127. Under this project, UNIDO is providing assistance in the field of industrial development to groups of developing countries which have agreed on a programme of closer economic co-operation. The objective of this project is to help the Governments of developing countries to harmonize national policies and to establish new regional policies where necessary.
128. These activities are carried out in co-operation with group 12, which assists in the identification and selection of industries suitable for regional co-operation and the choice of a suitable location for "multi-national" projects.
129. In 1970, UNIDO completed a series of studies on the harmonization of national policies achieved so far by a number of groups of developing countries (cf. ID/E/64/Add.13, para.41).
130. The Expert group meeting on policies for regional industrial co-operation (13.04.01), originally planned for 1970 (ID/E/64/Add.13, para.42), will be organized in co-operation with group 12 in 1971. Representatives of several regional co-operation schemes and the UNIDO experts advising them will be invited to discuss the experience gained so far and its implications for future technical assistance activities in this field.
131. In 1971 and 1972, UNIDO plans to continue its series of studies of other selected regional co-operation schemes. These studies will include proposals for specific action on the harmonization of policies required to facilitate regional industrial co-operation. These findings will be discussed with the countries of the regional group concerned and with the regional secretariats; upon request and where appropriate, UNIDO will provide further assistance in the implementation of the recommendations made. Several of the studies are scheduled for publication in 1972.
132. In 1972, UNIDO proposes to convene a second expert group meeting on common technical problems in regional co-operation schemes to permit a further exchange of experience and new ideas.

INDUSTRIAL FINANCING

National policies and institutions for financing industrial development (13.05)

133. Under this project UNIDO assistance consists of the formulation of policies, measures and techniques designed to raise domestic financial resources for industrial development.
134. The work initiated by UNIDO in 1969 and continued in 1970 in collecting and compiling by-laws and various texts needed for the establishment, organization and operations of Institutions for industrial finance (13.05.01) will be completed in 1971. The material compiled will be published in 1971 in the form of a manual for the use of developing countries, experts and UNIDO staff (ID/E/64/Add.13, para.47). A manual on the operational procedures of such institutions will be completed and published in 1972.

135. As a contribution to the promotion of co-operation among industrial development financing institutions, UNIDO convened in 1970 in Paris a meeting of representatives of industrial development financing institutions from both the developing and the industrialized countries. The meeting was devoted mainly to private and confidential bilateral contacts for discussion of concrete possibilities of co-operation between institutions. This type of meeting was found useful by the participants who examined the possibilities of developing the co-operation on a more systematic and regular basis and made a number of suggestions for follow-up action. It was suggested that a similar expert group meeting be convened in 1971 in Copenhagen to which a large number of institutions should be invited to discuss the promotion of such co-operation. A committee was formed, composed of the representatives of the World Bank and of eight managers of participating institutions. Depending on the results of the 1971 meeting, it may be advisable to hold a similar meeting in 1972.
136. In 1970, UNIDO carried out several Case studies on industrial financing (13.05.02) and UNIDO proposes to continue this activity in 1971 (ID/B/64/Add.13, para.51). A number of these studies are scheduled for publication in 1971. The studies have been utilized for the training programme on industrial financing (see 13.05.03 below) and will serve as a basis to start new operational projects for mobilizing savings for industry.
137. In 1970, the report of the Interregional Seminar on Financial Aspects of Manufacturing Enterprises in the Public Sector, held in Rome in 1969, was published. The proceedings of the Seminar, including studies of the experience of a number of countries, are scheduled for publication in 1971.
138. A significant component of project 13.03 was the Training programme on industrial financing (13.05.03). In 1970, the report of the Interregional Seminar on Financial Aspects of Manufacturing Enterprises in the Public Sector, held in Rome in 1969, was published. The proceedings of the Seminar, including studies of the experience of a number of countries, are scheduled for publication in 1971.
139. UNIDO had planned to organize in 1971 an interregional seminar on industrial financing to consider institutional arrangements required for industrial financing, special features of industrial long-term lending and credit policy measures (ID/B/64/Add.13, para.53). Owing to lack of resources, arrangements had to be made to merge this seminar with other training programmes in industrial financing (cf. 13.06.01 and 13.06.03).
140. On the basis of case studies on industrial financing (13.05.02) carried out in 1970 and planned for 1971, UNIDO proposes to introduce in 1972 a new project component to assist the developing countries to organize campaigns for the Mobilization of savings for industry (13.05.04). In several individual countries, methods and procedures for organizing such campaigns will be examined, and concrete schemes will be prepared for consideration and possible action by the Governments of the countries concerned. Upon request, relevant technical assistance programmes could be organized.

Industrial financing at the project level (13.06)

141. Many technically sound projects have failed to meet their objectives due to inadequacies in the financial planning or in the financial management of their resources. Through this project UNIDO is assisting developing countries to overcome these inadequacies by training their officials and providing basic material in financial analysis and planning.
142. UNIDO began its programme of Training workshops in financial planning and analysis techniques for industrial projects (13.06.01) in 1968. In early 1971, UNIDO will organize in Singapore a workshop, originally planned for 1970 (ID/B/64/Add.13, para.55), for countries of Southeast Asia. To meet the requests from a number of developing countries, other such workshops will be organized in 1971 at national and subregional levels. In an effort to increase the effectiveness of these workshops, UNIDO is attempting to secure the support of national and regional financial institutions of industrialized countries for this activity.
143. In 1972, UNIDO proposes to hold, in addition to national programmes, two regional training workshops for participants from French and Spanish-speaking countries.
144. Most of the Case studies on the application of financial analysis and planning techniques (13.06.02), started by UNIDO in 1970, will be completed in 1971 (ID/B/64/Add.13, para.57). These studies, which are scheduled for publication in 1971 and 1972, are currently being utilized in the training programmes.
145. A number of applications have been received from developing countries to participate in the Training programme in industrial banking techniques (13.06.03). Officials of industrial development banks and governmental agencies from sixteen countries participated at the inter-regional workshop held in Vienna in November 1970. The programme concentrated on projects and loans appraisal and follow-up and control procedures for loans. The World Bank and other international organizations and regional institutions contributed to the programme. UNIDO plans to continue this programme in 1971 and 1972 by holding a similar interregional workshop each year.

External financing for industrial projects (13.07)

146. The objective of this project is to provide information to the developing countries on terms and conditions of sources available for external financing of industrial projects.
147. Two editions of the Directory on external sources of financing (13.07.01) have been published, one in 1969 and the other in 1970. UNIDO proposes to publish another updated edition in 1972. The financing of some specific industries such as fertilizer plants will be the subject of special annexes to the new version of the Directory.
148. On the basis of case studies prepared in the previous years (see TD/B/64/Add.13, para.62), UNIDO plans to prepare for publication in 1971 a manual presenting and discussing the main topics to be included in Joint venture and external financing agreements (13.07.02). Additional studies examining some co-operative arrangements between organizations from centrally planned economies and industrial enterprises in developing countries will also be prepared in 1971.

149. In 1969, UNIDO proposed to hold a workshop on the establishment of investment promotion centres. It will deal with legal, financial, marketing and other aspects of establishment of such centres. The above-mentioned case studies will be used for the workshop.

INDUSTRIAL INVESTMENT PROMOTION

National investment promotion machinery (13.08)

150. Through this project, UNIDO is assisting developing countries to build up their own investment promotion institutions and to train personnel in investment promotion techniques.

151. As the investment promotion programme becomes better known to developing countries, an increasing number of requests is expected for assistance in the Establishment, organization and operation of national investment promotion machinery (13.08.01). In support of this programme, UNIDO has been developing and collecting data for a compendium describing the functions, organization and methods of operation of such machinery. The compendium will be completed in 1971 and submitted to an expert group meeting (ID/B/64/Add.13, para.68) prior to its publication in 1972.

152. UNIDO plans to continue its series of Training programmes in techniques of investment promotion (13.08.02). Training programmes for English-speaking participants were organized in 1968 and again in 1970. Similar programmes were held in 1969 for French and Spanish-speaking participants and it is planned to repeat these programmes in 1971, subject to availability of funds (Priority B).

153. In 1972, similar programmes are expected to take place at the interregional as well as the national level.

154. At the First Asian Meeting to Promote Specific Industrial Projects in Asian Countries (cf. 13.09.02), representatives of several investment promotion centres in Asia expressed their interest in organizing an expert group meeting in 1972 to further Co-operation among investment promotion centres (13.08.03). Several Asian countries have expressed interest in hosting this meeting, which would be sponsored by UNIDO. Managers of such centres could exchange experiences and examine possibilities of further co-operation among their centres.

Promotion of specific industrial projects (13.09)

155. The activities carried out by UNIDO under this project were designed to supplement the promotional activities of the developing countries themselves.

156. UNIDO has established at headquarters a Portfolio of industrial projects (13.09.01). UNIDO receives from developing countries information about industrial projects at various stages of preparation for which UNIDO assistance is required to seek foreign contributions. The requesting country is asked to give standard information on the projects and to indicate the kind of financial or other contribution it wishes to obtain from potential partners, e.g. direct investment, equity participation, long-term credits, provision of equipment or assistance in management or training.

157. Parallel to this, UNIDO collects information on the potential partners from both the public and the private sectors of developed countries and from financiers and industrialists in order to ascertain their areas of interest and the type and conditions of the contribution they are ready to propose.
158. On the basis of this information, UNIDO provides assistance in bringing the projects towards the stage of actual investment. UNIDO assists the developing country to improve the quality and presentation of the project, thus facilitating its promotion; acts both as a catalyst to bring together interested parties and as an adviser, when requested, to developing countries; and provides, when necessary, technical assistance (feasibility studies, market research, technical advice etc.) to improve the quality of the project.
159. As a result of the interest manifested by developing countries and the encouraging comments of the Industrial Development Board (A/8016, para.238), UNIDO plans to expand and consolidate this activity. In this activity, UNIDO would seek to improve its channels of communications with all sources of projects, especially with the network of experts, field advisers and correspondents, in order to identify new investment opportunities that could be included in the investment programme.
160. Assistance would also be given in the preparation and presentation of the projects. All units of UNIDO are co-operating in improving the quality of various aspects of the projects presented for promotion, e.g. economic feasibility studies, technical studies and management or training components.
161. An effort is being made to improve the process of identification of potential investors. For this purpose, an index of investors is being developed to complement the existing Directory of external sources of financing (cf. 13.07.01). Moreover, the networks of correspondents in developed countries will be expanded, and direct contacts by UNIDO staff members will be multiplied.
162. Follow-up action will be taken with a view to assessing the promotion activities of UNIDO and to helping in the realization of the projects promoted.
163. All these actions are aimed at giving more continuity to the promotion programme and at consolidating more systematically the services rendered to developing countries. It is expected that the interregional advisers, whose appointment has been approved by UNDP, will contribute substantially to this task.
164. To give greater opportunities to individual enterprises and institutions from both developing and industrialized countries to develop mutual contacts, UNIDO supplements its portfolio of industrial projects, described above, by the organization on a regular basis of Meetings to promote specific industrial projects (13.09.02).^{6/}

^{6/} This component was formerly entitled "Organization of markets to promote industrial projects" (ID/B/64/Add.13).

165. UNIDO initiated its programme of investment promotion meetings at the national level, in Tunis in 1969 and, at the regional level, in Rabat in October of the same year (see ID. B. SO. Add.13, para.81, 82). According to the information that UNIDO has received to date, contacts initiated at these meetings have already led to actual industrial investments in a number of cases.

166. In 1970 the First Asian Meeting to Promote Specific Industrial Projects in Asian Countries was organized by UNIDO in Manila in co-operation with ECAFE. It was attended by approximately 300 participants from fourteen Asian countries and sixteen industrialized countries. In total, 930 individual person-to-person meetings, which were programmed in advance by UNIDO, took place in the six working days of the meeting. In addition, many more unscheduled meetings were held between proponents of projects from Asian countries and potential partners from industrialized countries. The participating Asian countries presented 155 projects for discussion, 80 of which were specific proposals with project information sheets that had been distributed to potential foreign partners prior to the meeting. The remaining 75 projects were opportunities for which the respective Governments wished to invite proposals for foreign collaboration. The majority of the projects were in the fields of food processing, textiles, chemicals, pharmaceuticals and engineering. Projects submitted came from both the public and the private sectors.

167. In the Second African Meeting to Promote Specific Industrial Projects, organized by UNIDO in 1970 in Nairobi, a total of 192 projects were submitted by 22 African countries. The list of projects included a large number of investment opportunities for which potential investors were invited to submit their proposals. Nearly 300 participants attended the Second African Meeting, including 80 participants from African countries and the remainder representing some 150 companies and institutions from industrialized countries.

168. Although it is too early to evaluate the results of these meetings in terms of investment achievements, it is clear that this technique of promotion has 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 where they can find financing sources at favourable terms. UNIDO, therefore, proposes to repeat this type of meeting at regular intervals in the future. Subject to the availability of resources, the Asia and Africa meetings will be repeated in 1971 or 1972. Preparatory steps will also be undertaken in 1971 to initiate an investment promotion meeting for Latin America. Certain changes and improvements will be incorporated to assure the continued attendance of the most qualified and suitable participants from both sides.

169. In 1970, UNIDO published the report of the basic Meeting on Industrial Investment Promotion Services, which was held in Vienna in 1968. The report, project descriptions and background papers of the Tunis promotional meeting were also published in 1970. A report of the meetings in Rabat, Manila and Nairobi is in preparation and is scheduled for publication in 1971.

Expenditures and estimated costs for supporting and other activities, 1970 - 1972
 (in thousands of US dollars)

| Project (Priority A) | Regular budget | | | | | | Expenditures by country | |
|--|----------------|------|-------------|------|-----------------------|------|-------------------------|---------|
| | Staff m/m | | Consultants | | Expert group meetings | | 1970 | 1971 |
| | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 | | |
| 13.01 <u>Set of policies for the implementation of industrial development programmes</u> | | | | | | | | |
| 13.01.01 | 1.0 | 3.0 | 4.0 | 0.5 | 1.5 | 1.5 | - | - |
| 13.01.02 | 1.0 | 2.0 | 3.0 | 1.8 | 2.0 | 1.0 | - | 1.0 TA |
| 13.01.03 | 1.0 | 1.0 | 1.0 | 2.3 | 0.5 | 1.5 | - | 6.0 6.0 |
| 13.02 <u>Designing industrial policy measures and instruments</u> | | | | | | | | |
| 13.02.01 | 2.0 | 4.0 | 7.0 | - | 4.0 | 4.0 | - | 25.0 EA |
| 13.02.02 | 0.5 | - | - | - | - | - | - | - |
| 13.02.03 | 3.5 | 4.0 | 3.0 | - | - | - | - | - |
| 13.03 <u>Government machinery for the implementation of industrial policies</u> | | | | | | | | |
| 13.03.01 | 3.0 | 6.0 | 6.0 | 0.2 | 2.0 | 2.0 | - | - |
| 13.04 <u>Policies for regional industrial co-operation</u> | | | | | | | | |
| 13.04.01 | 6.0 | 6.0 | 6.0 | 1.0 | 1.5 | 1.5 | - | 5.5 7.5 |

13.05

National policies and institutions for financing industrial development

| | | | | | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|------|-----|-----|---|---|---|---|
| 13.05.01 | 6.0 | 6.0 | 5.0 | 4.5 | 3.0 | 3.0 | 14.3 | 8.0 | 8.0 | - | - | - | - |
| 13.05.02 | 3.0 | 3.0 | 6.0 | - | 2.0 | 6.0 | - | - | - | - | - | - | - |
| 13.05.03 | 8.0 | - | - | - | - | - | - | - | - | - | - | - | - |
| 13.05.04 | - | - | 6.0 | - | - | 5.0 | - | - | - | - | - | - | - |

13.06 Industrial financing at the project level

| | | | | | | | | | | | | | |
|----------|-----|------|------|-----|-----|-----|---|---|---|---------|---------|---------|---|
| 13.06.01 | 9.0 | 12.0 | 12.0 | 2.4 | 2.0 | 5.5 | - | - | - | - | 20.0 TA | 41.0 IA | - |
| 13.06.02 | 3.0 | 3.0 | 1.0 | - | 2.5 | - | - | - | - | - | - | - | - |
| 13.06.03 | 6.0 | 6.0 | 6.0 | - | - | - | - | - | - | 18.0 TA | 25.0 TA | 20.0 IA | - |

13.07 External financing for industrial projects

| | | | | | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|---|---|---|---|---|---|---------|
| 13.07.01 | 4.0 | 4.0 | 4.0 | - | - | - | - | - | - | - | - | - | - |
| 13.07.02 | 6.0 | 6.0 | 9.0 | 4.6 | 2.5 | 3.0 | - | - | - | - | - | - | 20.0 TA |

13.08 National investment promotion machinery

| | | | | | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|---|---|-----|---|---------|---|---|---|
| 13.08.01 | 1.0 | 4.0 | 4.0 | - | 2.0 | - | - | 2.0 | - | - | - | - | - |
| 13.08.02 | 6.0 | 6.0 | 6.0 | 5.5 | - | - | - | - | - | 35.4 TA | - | - | - |
| 13.08.03 | - | - | - | 1.0 | - | - | - | - | - | - | - | - | - |

13.09 Promotion of specific industrial projects

| | | | | | | | | | | | | | |
|----------|-------|-------|-------|------|------|------|------|------|------|---------|---------|---------|---|
| 13.09.01 | 30.0 | 48.0 | 54.0 | 4.5 | 5.0 | 7.0 | - | - | - | - | 12.0 TA | - | - |
| 13.09.02 | 72.0 | 72.0 | 60.0 | 0.2 | 5.0 | - | - | - | - | - | - | - | - |
| Total | 172.0 | 196.0 | 204.0 | 38.5 | 35.5 | 41.0 | 14.3 | 21.5 | 24.5 | 53.4 TA | 41.0 TA | 20.0 IA | - |

Backstopping and servicing of operational activities

| | | |
|--------------|--------------|--------------|
| 20.0 | 20.0 | 24.0 |
| <u>192.0</u> | <u>216.0</u> | <u>228.0</u> |

Expenditures and estimated costs for supporting and other activities, 1970 - 1972
(in thousands of US dollars)

| Project (Priority B) | Regular budget | | | | | | Extra-budgetary resources | |
|---|----------------|------|-------------|------|-----------------------|------|---------------------------|------|
| | Staff m/m | | Consultants | | Expert group meetings | | 1970 | 1971 |
| | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 | | |
| 13.06 Industrial financing at the project level | - | 3.0 | - | - | - | - | - | - |
| 13.06.01 | - | 3.0 | - | - | - | - | - | - |
| 13.06.03 | - | - | 3.0 | - | - | - | - | - |
| 13.08 National investment promotion machinery | - | - | - | - | - | - | 20.0 TA | - |
| 13.08.02 | - | - | - | - | - | - | - | - |
| Total | - | 3.0 | - | 3.0 | - | - | 20.0 TA | - |
| | | 9.0 | | 3.0 | | | 40.0 TA | |

a/ Operational costs shown above are included in the table on page 34.

PRINTED PUBLICATIONS

1970 publications programme

| | | <u>Language</u> | <u>Cost</u> <u>(US\$)</u> |
|----------------|---|-----------------|------------------------------|
| ID/49 Vol.I | Financial aspects of manufacturing enterprises in the public sector Report of the seminar (13.05.03) | E S | |
| ID/52 | Report of the investment promotion meeting for Tunisian industry (13.09.02) | E | |
| ID/52/Add.1 | Project descriptions and background papers (13.09.02) | E | |
| ID/54 | Directory of external sources of financing available for industrial projects in developing countries (13.07.01) | E | |
| ID/58 Vol.I | Incentive policies for industrial development Report of the interregional seminar (13.02.01) | E | |
| ID/WG.22/29 | Report of the meeting on industrial investment promotion services, Vienna (13.09.02) | E | |

6,892

1971 publications programme

| | | | |
|-----------------|--|-----|--|
| ID/49 Vol.I | Financial aspects of manufacturing enterprises in the public sector Report of the interregional seminar (13.05.03) | F | |
| ID/49 Vol.II | Financial aspects of manufacturing enterprises in the public sector Proceedings of the interregional seminar (13.05.03) | E | |
| ID/54 | Directory of external sources of financing available for industrial projects in developing countries (13.07.01) | F | |
| ID/58 Vol.I | Incentive policies for industrial development Report of the interregional seminar (13.02.01) | F S | |
| ID/58 Vol.II | Incentive policies for industrial development and case studies on the experiences of selected countries Proceedings of the interregional seminar (13.02.01) | E | |
| ID/WG.86 | Selected aspects of industrial policies for countries of the Middle East and North Africa Report of the seminar (13.01.02) | E | |
| ID/WG.86 | Selected aspects of industrial policies for countries of the Middle East and North Africa Proceedings of the seminar (13.01.02) | E | |

1971 publications programme (cont'd)

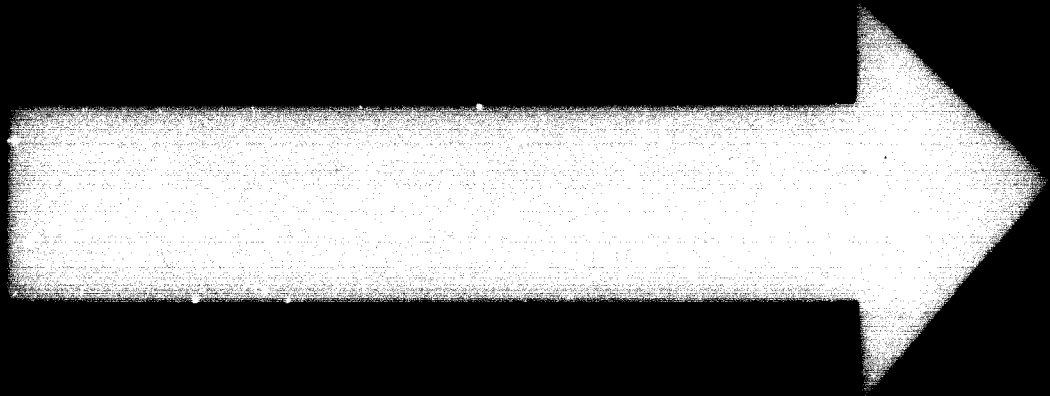
| | <u>Languages</u> | <u>Cost</u> <u>(US\$)</u> |
|--|------------------|------------------------------|
| - Report of investment promotion meetings held at Rabat, Manila and Nairobi (13.09.02) | E | |
| - First report of the advisory panel of consultants on industrial policies (13.01.03) | E | |
| - Directory of industrial investment incentives (13.02.03) | E | |
| - Manual on institutions for industrial finance (13.05.01) | E | |
| - Case studies on industrial financing (13.05.02) | E | |
| - Case studies of the application of financial analysis and planning techniques (13.06.02) | E | |
| - Manual on joint venture agreements (13.07.02) | E | |
| | | 16,300 |

Forecast of 1972 publications programme

| | | |
|----------|---|---|
| ID/WG.86 | Selected aspects of industrial policies for countries of the Middle East and North Africa Report of the seminar (13.01.02) | F |
| ID/WG.86 | Selected aspects of industrial policies for countries of the Middle East and North Africa Proceedings of the seminar (13.01.02) | F |
| - | Directory of industrial investment incentives (13.02.03) | E |
| - | Directory of external sources of financing (13.07.01) | E |
| - | Case studies of the application of financial analysis and planning techniques (13.06.02) | E |
| - | Compendium on laws of incorporation and rules of procedure of investment promotion centres of a number of developing countries (13.08.01) | E |
| - | Studies of industrialization policies and strategies of industrial development of selected developing countries (13.01.01) | E |
| - | Second report of the advisory panel of consultants on industrial policies (13.01.03) | E |
| - | Studies on policies and machineries used to control and improve the performance of industrial enterprises in selected developing countries (13.03.01) | E |

Forecast of 1972 publications programme (cont'd)

| | <u>Languages</u> | <u>Cost</u> |
|---|------------------|---------------|
| - Studies on selected schemes of regional co-operation (13.04.01) | E | <u>(198)</u> |
| - Manual on institutions for industrial finances: operational procedures (13.05.01) | E | |
| | | <u>12,050</u> |



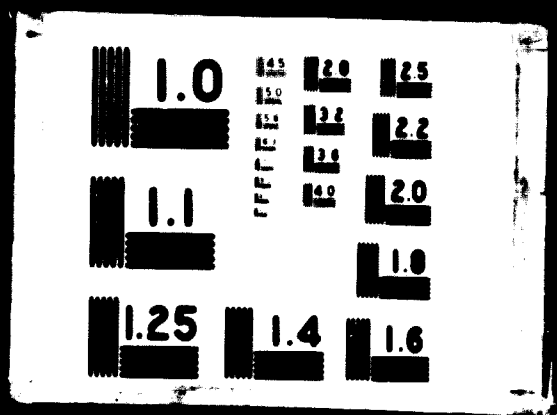
22.7.74

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GROUP 14: PROMOTION OF EXPORT-ORIENTED INDUSTRIES

170. The developing countries are placing increased emphasis in industrial development planning on establishing a viable export sector. This stems from the growing pressure on the foreign exchange resources of many developing countries and the recognition that successful export production is associated with advanced managerial and technological methods and higher efficiency standards. The accelerated introduction of these methods and standards benefit the entire industrial sector of the developing countries.

171. In the International Development Strategy adopted by the General Assembly for the Second United Nations Development Decade, improvement of international trade conditions for developing countries has been given first priority among the measures to be taken by the world community. Special attention will be given to the expansion and diversification of the export trade of developing countries in manufactures and semi-manufactures. It is hoped that the introduction of generalized, non-discriminatory and non-reciprocal preferences will open new possibilities to developing countries for expanding their exports.

172. The programme formulated by UNIDO for group 14 has been established within the over-all strategy. It is designed to provide practical assistance to developing countries so that they can take advantage of more favourable conditions in the establishment and development of export-oriented industries. The activities of UNIDO in this sphere form part of the United Nations combined programme for the promotion of exports and adhere to the guidelines incorporated in that programme. At the same time, close co-operation is being maintained with UNCTAD, the UNCTAD/GATT International Trade Centre and with the regional economic commissions and UNESOB in order to achieve a co-ordinated approach to the export development problems in developing countries.

173. While the programme is broken down into operational and supporting and other activities, the two are closely related. In a number of continuing projects, the analytic work done in previous years will be utilized for operational activities which will receive greater emphasis in 1971 and 1972. An example of this relationship is the project component "Supply and demand of export-promising manufactures and semi-manufactures" (14.01.01), where the introduction of the generalized scheme of preferences will give UNIDO a further opportunity to provide direct assistance and practical advice to developing countries on the development of new industries based on the market opportunities opened to them.

174. A new approach is reflected in the work programme by the introduction of two new projects, namely the "Promotion of international subcontracting arrangements" (14.04) and the "Programme of product adaptation and development for export-oriented industries" (14.05). These projects, which are designed to meet the specific needs of the developing countries, are expected to take up an increasing share of secretariat work. They are of a promotional nature and are designed to assist developing countries in the mobilization of funds and expertise from various sources and to bring about concrete business arrangements between partners from developing and developed countries.

OPERATIONAL ACTIVITIES

175. The operational programme of UNIDO with a group of countries is designed to provide technical assistance to developing countries in establishing and promoting export-oriented industries. Frequently, the programme is tailored to the structure of local production systems, taking into account the present level of industrialization and the comparative advantages of specific export products. The projects carried out by UNIDO range from assistance to individual manufacturers, in the formulation and implementation of production techniques associated with successful export, to advice to Governments on matters related to export production. The latter may include such aspects as the identification of export-oriented industries, the introduction of incentive programmes and other schemes to improve production of goods for exports.
176. Up to 1970, these technical assistance objectives have been met primarily by placing individual experts, in some cases small, short-term teams of experts, in developing countries. The time is ripe, however, for a wider and more comprehensive form of assistance if the export problems and potentials of the manufacturing sector in specific developing countries are to be met more efficiently. This form of assistance is evident in the pattern of projects planned or approved for 1971. The following examples illustrate the more comprehensive form of assistance.
177. In Venezuela, a team of UNIDO experts has begun work in several specific sectors of industry. The aim of this project is to identify specific export possibilities in the light of existing production conditions and to advise the Government and the industries on measures that might be taken to realize those possibilities as soon as possible.
178. In Argentina, UNIDO completed a project aimed at improving the export performance of various branches of industry. This project involved a detailed examination of the production process, organization, structure and products manufactured in the light of export requirements and possibilities. On-the-spot advice was given to the industries and suggestions were put forward for relevant government policy measures to be included in a long-term programme for expanding exports of manufactures.
179. Assistance was given to Mauritius in carrying out a feasibility study for the establishment of an industrial free-zone for export to make fuller use of local production factors and facilities and to contribute towards diversification of industrial development.
180. In Iran, a project is being undertaken to programme the production of the metalworking sector for exports. More effective use will be made of the available production factors and, on the basis of export possibilities, a comprehensive programme of development and structural adjustments will be drawn up for this sector.
181. The progress achieved in technical assistance programmes bears out the fact that an integrated approach is indispensable. The developing countries are increasingly recognizing the need of exporting manufactures, and this can be a powerful lever to introduce new efficient techniques and to improve and modernize the existing ones. The assistance given by UNIDO through groups of deals with the first stages of identification and specific advice to producers related to the

requirements of external markets (design, quality control etc.). These first stages are then followed up by the whole range of UNIDO technical assistance in technology, management, training and adjustment of over-all programmes and policies.

182. The assistance of UNIDO in the production side of industry is closely co-ordinated with activities of other United Nations agencies concerned with international trade.

184. The total number of projects under operation in this field in 1970 was 31. This figure is expected to rise to 50 for 1971 and 75 for 1972.

Value of approved field projects and forecast of requirements, 1970 to 1972
(in thousands of US dollars)

| | 1970 | 1971 | | 1972 | |
|--------------|----------------------------------|------------------------------|-------------------------------------|------------------------------|-------------------------------------|
| | <u>estimated expenditure</u> | <u>Approved projects</u> | <u>Forecast of requirements</u> | <u>Approved projects</u> | <u>Forecast of requirements</u> |
| UNDP/SF | - | - | 70.0 | - | 212.0 |
| UNDP/TA | 116.0 | 51.0 | 339.0 | - | 485.0 |
| RP | - | 44.8 | 17.7 | - | 90.0 |
| SIS | 49.0 | 181.5 | 208.9 | - | 417.0 |
| GTF | 5.7 | 1.0 | 87.6 | - | 216.7 |
| FIT | - | 24.0 | - | - | 24.0 |
| Total | 170.7 | 302.3 | 723.2 | - | 1,441.7 |

List of Approved Operational Projects

UNDP/TECHNICAL ASSISTANCE

Africa

SEN/68/14

Promotion of export-oriented industries

The Americas

ARG/68/4

Export promotion

COS/68/6

Assistance to export promotion (joint project with UNCTAD)

Asia and the Far East

IND/69/17

Training programme for marketing and export promotion of industrial goods

Interregional

INT/69/19

Training course in development of industrial exports

UNIDO REGULAR PROGRAMME

Africa

SUD/14/1/3

Promotion of export-oriented industries

The Americas

URU/14/1/1

Export-oriented industries

VEN/14/1/1

Export promotion

Asia and the Far East

MON/14/1/2

Export-oriented industries

SIN/14/1/2

Export-oriented industries

THA/14/1/1

Export-oriented industries

Europe and the Middle East

HUN/14/1/1

Export-oriented industries

SYR/14/1/2

Promotion of export-oriented industries

SIS PROGRAMME

Africa

69/655 MAR-12

Free-zone feasibility study

70/827 UAR-37

Export products development

The Americas

70/731 BRA-26

Metalworking - export promotion

70/789 BRA-31

Assistance to shoe industry - shoe export marketing

70/757 BRA-30

Export promotion (exploratory mission)

SIS PROGRAMME (cont'd)

The Americas (cont'd)

70/865 MEX-3

Programming of machinery production and exports

68/295 VEN-7

Evaluation of the export position of industry

Asia and the Far East

69/580 IND-18

Export promotional effort studies in field of pharmaceuticals, essential oils, toiletries, cosmetics and dyes and dye intermediates

70/952 IND-22

Export product programme

70/894 IRA-30

Metalworking - export promotion

70/1003 PAK-14

Export promotion development

67/254 PHI-3

Assistance to Board of Investments

70/960 SIN-20

Programming of export production - feasibility studies

Europe and the Middle East

70/935 CYP-12

Assistance in export development

70/901 ICE-4

Exploratory mission to assist Government in preparation of a SF request for development of export-oriented industries

70/949 LEB-3

Exploratory mission to determine UNIDO assistance to Government and the establishment of agencies for finance and investment promotion and the international industrial free zone

UNIDO GENERAL TRUST FUND

Interregional

14/6

Industrial co-operation between developed and developing countries for exports

FUNDE-IN-TRUST

Africa

9021-70 (Democratic
Republic of
the Congo)

Industrial assistance

SUPPORTING AND OTHER ACTIVITIES

184. The supporting and other activities of group 14 are classified under the following projects:

| | |
|--|-------|
| Identification and selection of manufacturing industries with export potential | 14.01 |
| Policies and measures for the development of the industrial export sector | 14.02 |
| Measures to raise levels of export efficiency | 14.03 |
| Promotion of international subcontracting arrangements | 14.04 |
| Programme of product adaptation and development for export-oriented industries | 14.05 |

Identification and selection of manufacturing industries with export potential (14.01)

185. This project is closely associated with the introduction of the generalized system of preferences. This system is designed to accelerate the growth of export-oriented industries in developing countries by providing more favourable access to markets in developed countries. UNIDO places high priority on granting assistance to industries that are in a position to benefit from the overseas market opportunities presented by the generalized system of preferences.

186. To achieve these ends, UNIDO initiated in 1969 a special project component Supply and demand of export-promising manufactures and semi-manufactures (14.01.01), and in 1970, this component was given a new dimension. Discussions in late 1970 between UNIDO, UNCTAD and the UNCTAD/GATT International Trade Centre (ITC) resulted in a joint programme of action which was put into operation immediately.

187. While UNCTAD examined possibilities offered to specific industries and countries through the generalized system of preferences, UNIDO in 1970 analysed the productive resources of selected developing countries to pinpoint products and product groups where new industries might be developed or existing industries expanded to take advantage of the preferential offers by developed economies. This work will be used in 1971 and 1972 to initiate direct discussions through joint UNIDO-UNCTAD/GATT/ITC country missions with government officials and industrialists on more exact selection of products.

188. In the different phases of action, and especially in the contacts with the countries concerned, close co-operation will be maintained with the regional economic commissions and UNESOB.

189. When the preliminary analysis indicates that, on the basis of export markets opening by the generalized system of preferences, new industries can be developed, UNIDO will undertake, upon request of the countries concerned detailed feasibility studies on specific industries to ascertain fully their economic viability and potential. These in-depth feasibility studies are reflected in the expanded operational programme forecast for 1971 and 1972.

190. Where the feasibility studies prove positive from the point of view of production and marketing, it is envisaged that assistance will be given to the countries in promoting the corresponding projects. Such promotional activities will be carried out in close co-operation with the Investment Promotion Programme of group 13.

191. Progress has also been achieved in another aspect of this project, namely, export investigation with regard to specific products. As mentioned in paragraph 30, UNIDO has developed and applied a methodology for programming the Metalworking industries as potential export industries in developing countries (14.01.02). The report of the 1969 Expert Group Meeting on this subject (cf. ID/B/64/Add.14, para.15) was published in 1970 and the methodology is scheduled for publication in 1971. In 1970, UNIDO sent short-term missions to Mexico and Iran to establish terms of reference for major assistance projects in this field. Steps were also taken to initiate the collection of the necessary programming data, and this data collection will be continued in 1971, in co-operation with group 1 (Engineering Industries), utilizing some specific techniques developed by group 12 (Industrial Programming and Project Planning). By 1972, the applicability of the methodology to a wider range of countries can be tested.

192. The Joint UNIDO/ITC/UNDP exploratory missions (14.01.03), scheduled for 1970 (ID/B/64/Add.14, para.17), had to be cancelled due to lack of resources. In the future, the joint missions are not expected to be necessary since additional approaches have been introduced during 1970 which serve a similar purpose. The preparatory work undertaken in 1970 will be adapted in 1971 to the needs of the international subcontracting programme (cf. 14.04.01) and the joint UNIDO/ITC country missions (cf. 14.01.01).

Policies and measures for the development of the industrial export sector (14.02)

193. Through this project, which is undertaken at both an international and a national level, UNIDO gives assistance to Governments in formulating policies and measures to encourage and facilitate the accelerated growth of the manufacturing export sector.

194. At an international level, consideration has been given to Industrial co-operation for export between developed and developing countries (14.02.01). In 1970, UNIDO convened an Expert Group Meeting on this topic in Bucharest (ID/B/64/Add.14, para.20). The report of this Meeting is scheduled for publication in 1971. In the course of the analytical work on this project, international subcontracting was identified as being an important means of fostering exports of manufactures. Thus a separate project has been introduced into the work programme specifically directed towards promoting international subcontracting (cf. 14.04 below).

195. Following the analytical stage of this project, UNIDO intends to emphasize promotional activities in this field to be undertaken in co-operation with the Investment Promotion Programme described in group 13. Within this Programme, and in place of the meeting originally envisaged for 1971 (ID/B/64/Add.14, para.21), a specific element will be incorporated to encourage the establishment of export-oriented joint ventures or similar co-operative arrangements.

196. As another means of promoting the production for exports in developing countries, UNIDO is examining the Utilization of existing world export institutions for the benefit of producers in developing countries (14.02.02; Priority B).^{1/} Special attention is being paid to the experiences of international export centres and other similar organizations established in major cities in developed countries. UNIDO is attempting to find practical ways and means by which the facilities existing in these institutions (information, contacts etc.) may be of practical use to manufacturers in developing countries who have no direct contact with the centres. UNIDO proposes to hold in 1971, subject to availability of resources, an expert group meeting to discuss means by which such information could be disseminated efficiently to export manufacturers in developing countries (ID/B/64/Add.14, para.22). Possible co-operation between UNIDO and the UNCTAD/GATT International Trade Centre in these activities will be ascertained through appropriate contacts.

197. At a national level, the project 14.02 aims at advising Governments in developing countries or drawing up export incentives and other export development measures. Considerable interest has been expressed by certain developing countries in the investigation into the establishment of Free ports and free-zones as incentives to promote export-oriented industries (14.02.03). In 1970, a number of technical assistance projects were implemented under the operational programme to determine the feasibility of free-zone in certain developing countries as a means to promoting exports of manufactured goods. It is envisaged that the operational programme relating to the feasibility studies for free-zones will expand during 1971 and 1972. In support of these technical assistance projects, UNIDO is compiling data on existing free-zones. It is expected that by 1971, on the basis of the data compiled and the experience gained from the operational programme, UNIDO will be in a position to draw up and publish basic guidelines for developing countries interested in establishing free-zones for industrial production and processing for export.

198. Parallel with this, it is planned to organize in 1972 an international training workshop at which participants could exchange their experiences with regard to free-zones. It is also expected that such a dialogue would strengthen the technical assistance programme of UNIDO. Possible co-operation with the UNCTAD/GATT International Trade Centre will be ascertained through appropriate contacts.

199. At both a national and an international level, UNIDO aims at assisting export-oriented industries of developing countries to establish better mutual co-operation. In 1972, UNIDO proposes to examine several means to achieve that purpose, such as establishing International Associations of producers for specific branches (14.02.04; Priority B). Such associations could give rise to consultations among export-oriented manufacturers in developing countries which may lead to arrangements for specialization, to identification of other means to strengthen their bargaining position vis-à-vis the markets of the developed countries and to a reduction of undesirable competition.

^{1/} Previously entitled "Institutional framework of export in developing countries" (ID/B/64/Add.14).

Measures to raise level of export efficiency (14.03)

200. Through this project UNIDO is providing assistance to manufacturers in developing countries in the identification and formulation of production requirements for export with a view to enabling the manufacturers to compete effectively on international markets. In the approach to this project, the secretariat has given due regard to the views of the Industrial Development Board, as reflected in resolution 17 (III) in which the Executive Director was requested "to give special emphasis to standardization, quality control, product improvement, design, packaging and similar measures... aimed at improving the market acceptance and competitiveness of industrial products from developing countries".

201. In the light of the above resolution, UNIDO is continuing its Training programme in industrial promotion measures related to exports of manufactures (14.03.01). The papers presented at the training course in Yugoslavia in 1968 (ID/B/64/Add.14, para.25) were published in 1970. The training course scheduled for 1970 (ID/B/64/Add.14, para.25) will take place in Belgium in early 1971, and in 1972, UNIDO proposes to hold another course along similar lines. The reports of these training courses will be published. The entire programme aims at allowing a maximum number of developing countries to benefit from direct training in industrial production techniques for exports. Co-ordination has also been established with the UNCTAD/GATT International Trade Centre to ensure complementarity in the training activities of the two organizations.

202. In another aspect of this project, Utilization of excess capacity in developing countries for export (14.03.02), UNIDO undertook in 1970 several country/branch studies with a view to stimulating discussions on the scope and nature of technical assistance to be provided in this field (ID/B/64/Add.14, para.27,28). In 1970, UNIDO also undertook preparatory work on the inter-regional training seminar which will be held in 1971 (ID/B/64/Add.14, para.29).

203. In 1971 and 1972 the country/branch approach will be continued with emphasis on the analysis of the successes and failures in adapting excess capacity to export. These studies will be useful not only in the support of technical assistance projects, but also as a source of information about promotional activities in subcontracting.

204. The project component Review and evaluation of technical assistance for the promotion of export-oriented industries (14.03.03) has now been incorporated into the regular backstopping services for operational activities.

Promotion of international subcontracting arrangements (14.04)

205. Among the various agreements for co-operation between industries of developing and of developed countries, subcontracting (or contract manufacturing) is possibly one of the most promising with regard to the acceleration of the exports of manufactures. Under such arrangements, the partners from the developed countries not only make available various inputs, such as know-how, technology, finance and assistance in management, but also provide access to their markets, which is usually the most difficult problem for the producers in the developing countries.

206. International subcontracting is a frequent practice between industrialized countries, but a relatively rare occurrence between developed and developing countries. An examination of certain

of these arrangements indicates that considerable scope exists for greater industrial co-operation. It appears that, within a relatively short period of time, such arrangements could lead to extensive results.

207. The Board, at its fourth session, expressed particular interest with regard to the programme of UNIDO on international subcontracting (A/3016, para.24). In view of the importance of this activity to the industrialization of the developing countries, UNIDO will continue its work programme, upgrading the work previously examined within the component on industrial co-operation (ID/B/64/Add.14, 14.02.01) and making it a separate project.

208. The work undertaken by UNIDO in International subcontracting (14.04.01) in the initial stage was largely of a preparatory nature such as the compilation of background information and the identification of possible fields of action. At the same time, the interest of developing countries in assistance of this kind was tested; the interest was clearly positive as evidenced by the number of specific requests for assistance in this field.

209. A new phase of this project was initiated by UNIDO in 1970, and will continue in 1971. UNIDO is engaged in identifying potential partners in developed countries who would be willing to enter into subcontracting arrangements and in collecting general information on the conditions that would be necessary in the developing countries if such subcontractual agreements are to be concluded. In parallel, suitable counterparts will be identified in the developing countries.

210. After positive opportunities have been identified, UNIDO will assist in establishing contacts between potential partners. It is planned to promote such contacts through various avenues including visits by potential partners, small meetings for specific branches of industry and larger meetings at country or regional levels. These meetings might either be restricted to subcontracting arrangements or be part of the meetings planned within the Investment Promotion Programme (group 13).

211. In the identification of opportunities and the establishment of contacts, UNIDO will use a range of resources including special interregional advisers, consultants and headquarters staff. In view of the nature of the project, activities will take place in both developed and developing countries.

212. In 1972, according to the progress achieved, the project will be further expanded. It is envisaged that, on the basis of the experience gained in the initial phase and of that drawn from the Investment Promotion Programme, UNIDO will be in a position to provide a continuous and regular service for promoting subcontracting arrangements. Technical assistance will also be provided to those countries wishing to take advantage of export possibilities through international subcontracting.

Programme of product adaptation and development for export-oriented industries (14.05)

213. Inadequacies in product design, quality, external finish, packaging, service, regularity of delivery and high costs are cited most frequently as reasons for the limited export

manufacturers from developing countries on the markets of the industrially advanced countries. In many cases, developing countries fail to overcome these difficulties because they are not aware of the precise requirements of the potential markets. The situation would be greatly improved if means were found to establish direct contacts between manufacturers in developing countries and potential buyers in developed countries. The need for such activity has been recognized by the Board in resolution 17 (III) and in the discussions at its fourth session (A/8016, para.251).

214. UNIDO therefore initiated action in 1970 to assist in the establishment of direct contacts between manufacturers in developing countries and potential buyers in developed countries. The initial action generated wide interest and encouraged UNIDO to expand this type of activity into a systematic larger scale programme. The project is to be considered as a pilot scheme, and a variety of methods will be tried in order to facilitate the establishment of contacts between respective partners.

215. Through its Programme of product adaptation and development (14.04.01) UNIDO is striving to establish channels of communication between producers in developing countries and potential buyers in developed countries. Through such channels, the producer would become aware of production measures that would have to be introduced if his products were to meet the requirements of highly sophisticated markets.

216. The main element of the programme is the consultation between manufacturers from developing countries and potential buyers in developed countries (importers, wholesalers, or industrialists looking for specific inputs). The consultation may take place in the developing or in the developed country or in both. It may be arranged either on an ad hoc basis for individual cases or through the organization of meetings.

217. The role of UNIDO will be to identify suitable partners on both sides to select the type of products that the developing countries concerned might possibly export and to arrange for the contacts between partners. Through consultations, changes or improvement measures could be identified that would bring the product to a stage where actual sales negotiations could be initiated.

218. To achieve this stage, help may be extended, if the developing partner so wishes, through technical assistance in such fields as export product design, packaging, technological processes, productivity programmes and marketing. With regard to marketing, co-operation with the UNCTAD/GATT International Trade Centre is anticipated, as certain problems are likely to call for assistance within its competence.

219. In 1970, UNIDO began work in this field in two African and three Asian countries, involving potential partners in Europe and North America. Progress has been made in the identification of products, and preliminary contacts have been established. In this exercise, UNIDO missions visited both developed and developing countries. Further requests were received from other developing countries interested in assistance of this nature.

220. In 1971, the pilot stage of the programme will be continued. Aside from the expected immediate practical benefits, the pilot stage will enable the secretariat to test the nature

and scope of services required for the efficient implementation of the programme on a large scale. Depending on the progress of the programme, UNIDO proposes to begin the pilot stage with a limited number of participants from developing and developed countries to evaluate the results of the pilot stage and to promote the concept among business communities in both areas.

221. The programme will develop fully in 1972, with UNIDO playing an increasingly active intermediary role in identifying opportunities for export-oriented industries in developing countries into markets of developed countries. In some cases, implementation of actual measures for product adaptation might require additional technical assistance in the fields of technology and management, assistance that could be provided through the relevant units of UNIDO. When product development leads to new investment projects, their promotion might be organized through the Investment Promotion Programme described under the activities of group 13.

Expenditures and estimated costs for supporting and other activities, 1970 - 1972
(in thousands of US dollars)

| Project (Priority A) | Regular budget | | | | | | Extra-budgetary resources | | | | | |
|---|----------------|------|-------------|------|------|-----------------------|---------------------------|------|------|---------|---------|----------|
| | Staff m/m | | Consultants | | | Expert group meetings | | | | | | |
| | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 | 1970 | 1971 | 1972 |
| 14.01 <u>Identification and selection of manufacturing industries with export potential</u> | | | | | | | | | | | | |
| 14.01.01 | 12.0 | 16.0 | 20.0 | 4.2 | 2.0 | 2.0 | - | - | - | - | - | - |
| 14.01.02 | 12.0 | 10.0 | 6.0 | - | 2.0 | 4.0 | - | - | - | 0.2 GTF | 1.0 GTF | - |
| 14.01.03 | 12.0 | 6.0 | - | - | 3.0 | - | - | - | - | - | - | - |
| 14.02 <u>Policies and measures for the development of the industrial export sector</u> | | | | | | | | | | | | |
| 14.02.01 | 12.0 | - | - | 4.0 | - | - | 4.1 | - | - | 5.5 GTF | - | - |
| 14.02.03 | - | 12.0 | 12.0 | - | 2.0 | 2.0 | - | - | - | - | - | 20.0 TA |
| 14.03 <u>Measures to raise levels of export efficiency</u> | | | | | | | | | | | | |
| 14.03.01 | 12.0 | 8.0 | 10.0 | - | - | - | - | - | - | - | 35.0 TA | 35.0 TA |
| 14.03.02 | 16.0 | 10.0 | 10.0 | 2.1 | 2.0 | 6.0 | - | - | - | - | 20.0 TA | - |
| 14.03.03 | 4.0 | - | - | - | - | - | - | - | - | - | - | - |
| 14.04 <u>Promotion of international subcontracting arrangements</u> | | | | | | | | | | | | |
| 14.04.01 | - | 12.0 | 18.0 | - | 3.0 | 2.0 | - | - | - | - | 72.0 TA | 100.0 TA |

14.05 Programme of product adaptation and development for export-oriented industries

| | | | | | | | | | | |
|----------|-------------|----------------------------|----------------------------|-------------|-------------|-------------|------------|----------------|-----------------|-----------------|
| 14.05.01 | <u>50.0</u> | <u>12.0</u> <u>86.0</u> | <u>20.0</u> <u>96.0</u> | <u>10.3</u> | <u>14.0</u> | <u>18.0</u> | <u>4.1</u> | <u>5.7</u> GTF | <u>127.0</u> TA | <u>155.0</u> TA |
| | | | | | | | | | | 1.0 GTF |

Backstopping and servicing of operational activities

| | | |
|--------------|--------------|--------------|
| <u>40.0</u> | <u>46.0</u> | <u>60.0</u> |
| <u>120.0</u> | <u>132.0</u> | <u>156.0</u> |

Project (Priority B)

14.02 Policies and measures for the development of the industrial export sector

| | | | | | | | | | | |
|--------------|---|-------------|-------------|---|------------|------------|---|-------------|---|---|
| 14.02.02 | - | 12.0 | 10.0 | - | 3.0 | 2.0 | - | 12.0 | - | - |
| 14.02.04 | - | <u>12.0</u> | <u>10.0</u> | - | <u>3.0</u> | <u>2.0</u> | - | <u>12.0</u> | - | - |
| <u>Total</u> | | | <u>20.0</u> | | | <u>5.0</u> | | | | |

3/ Operational costs shown above are included in the table on page 56

UNITED PUBLICATIONS

| <u>1970 publications programme</u> | | <u>Language</u> | <u>Cost</u> <u>(US\$)</u> |
|--|--|-----------------|------------------------------|
| ID/17 | Development of industrial exports (11.03.01) | E | |
| ID/23 Vol.I | Metalworking industries as potential export industries in developing countries Report of the expert group meeting (14.01.02) | E S R | |
| ID/29 | Industrial co-operation between developed and developing countries for exports Report of the expert group meeting (14.02.01) | E | |
| ID/38 | Utilization of excess capacity for export Report of the expert group meeting (14.03.02) | F S | <u>4,181</u> |
| <u>1971 publications programme</u> | | | |
| ID/23 Vol.I | Metalworking industries as potential export industries in developing countries Report of the expert group meeting (14.01.02) | F | |
| ID/23 Vol.II | Metalworking industries as potential export industries in developing countries - methodology (14.01.02) | E | |
| ID/29 | Industrial co-operation between developed and developing countries for exports Report of the expert group meeting (14.02.01) | F R | <u>4,050</u> |
| <u>Forecast of 1972 publications programme</u> | | | |
| ID/23 Vol.II | Metalworking industries as potential export industries in developing countries Proceedings of the expert group meeting (11.01.02) | F S | <u>4,600</u> |

Note: In the computation of the printing costs a standard formula was applied based on an average cost of internal and external printing.

004231

GROUP 15 a: INDUSTRIAL SURVEYS

222. The activities related to economic aspects of industrial development require information and basic analytical studies for the elaboration of strategies and the formulation of plans and policies.

223. While an element of diagnosis of existing industry is to some extent embodied in each activity of UNIDO, it has been felt necessary to have the task performed in a more systematic way for the direct benefit of developing countries and for an improvement in the efficiency of the organization as a whole. This industrial survey activity is the main function of group 15a. An important aspect of it is assistance to developing countries to enable them to perform these functions by themselves.

224. The task of industrial surveys is of a permanent nature. It has become of major importance since the General Assembly, in resolution 2626 (XXV), paragraphs (j)-(k), has put special emphasis on the system of review and appraisal of both objectives and policies in the International Development Strategy.

225. At the country level, UNIDO is organizing country survey missions to assess the industrial structure, analyse potentials and problems, pinpoint opportunities and identify needs for further technical assistance. When repeated at periodic intervals, these survey missions will help to establish a permanent monitoring system of the industrial sector. A component of each survey mission is the training of counterparts. Moreover, training programmes are carried out to establish appropriate competence in survey techniques among the personnel in developing countries.

226. In addition to the country surveys, which are of an in-depth nature, information on industrial development in individual countries will be collected, processed and disseminated for action purposes through a system of industrial country files, as suggested by the Industrial Development Board at its fourth session (A/8016, para.256).

227. At the general level, UNIDO reviews the situation of industrial development, identifying the main problem areas and analysing the main trends in the industrialization process. This task, which forms part of the responsibilities of UNIDO in the over-all effort of the United Nations system in the Second Development Decade, is performed with a variety of tools. A major undertaking will continue to be the preparation of an annual industrial development survey, supplemented every five years by a more comprehensive analytical survey. A few special studies will point out some major issues common to a number of developing countries in their industrialization process. A set of projections will be prepared to serve as a reference framework for the industrial development during the 1970s.

OPERATIONAL ACTIVITIES

228. At the request of developing countries, UNIDO organizes industrial country survey missions. A major function of these missions is to assist the developing country in assessing its industrial structure, performance and potential as well as to identify new investment opportunities in manufacturing, review industrial policies and institutions and evaluate technical assistance requirements and priorities.
229. These diagnostic missions on the situation in industry have proved useful for a number of purposes. At the national level, they provide information for planning activities, for defining industrial strategies and for programming technical assistance to industry. At the project level, they orientate investment policy in the public and private sectors.
230. At the country level, periodic surveys of the industrial situation would be one of the most appropriate tools for monitoring and assessing industrial progress. It would be desirable that the developing countries themselves establish a permanent system of surveys and set up appropriate machinery for evaluating industrial progress, and in this respect UNIDO country survey missions can play a useful role. Periodical repetitions of the surveys may serve to evaluate industrial progress, and in the process, local counterparts can be trained and assistance given in the establishment within the country of an adequate survey machinery.
231. In addition to their direct usefulness to the countries themselves, country survey missions make it possible for UNIDO to collect in-depth information about the situation, problems and perspectives of industry in individual developing countries. Together with the country files, they are an important source of information which UNIDO utilizes to improve the quality of services rendered to developing countries through its operational and promotional programmes.
232. Country survey missions are also a source of basic information which UNIDO can utilize in the over-all review of progress in industrial development, a task that falls to UNIDO within the general appraisal system to be established by the United Nations family. Findings of the country survey missions will also serve as a basis for joint planning between UNIDO and country authorities of long-range technical assistance programmes.
233. Country survey missions are usually carried out by teams composed of three to four industrial experts over periods of three to six months. Whenever necessary, a staff member is dispatched to the country to help in the preparation of the project proposal. After the period of field work, extensive follow-up is undertaken to ensure implementation of the mission's recommendations. The follow-up includes a debriefing of the experts, the dissemination and discussion of their findings within UNIDO and the monitoring of the provision of technical assistance through contacts with the relevant units of UNIDO and the recipient country.
234. Since the inception of the programme in 1969, seven missions have been completed in the Central African Republic, Ecuador, Gabon, Gambia, Kenya, Lesotho and Swaziland. Several other missions, initiated in 1970, will be completed in 1971. In addition to surveys carried out at the national level, two new types of surveys are being undertaken: surveys of particular regions

of large developing countries, such as the State of Bahia in Brazil; and multi-national surveys within the context of regional co-operation groupings. Eight or more new country missions are expected to begin in 1971 and ten to twelve in 1972.

235. Experience gained through previous surveys will make it possible to adjust more closely the work of each mission to the specific information requirements of the individual country. Additionally, more importance will be given to follow-up, including the analysis of findings and monitoring of the implementation of recommendations. A survey methodology is being developed which will include standard reference materials and checklists to be provided for the use of experts in the field and for an internal appraisal of missions.

236. A major component in the terms of reference of each mission is the necessity to train national counterparts. In an effort to upgrade national survey capability and thereby strengthen the long-run impact of the country survey, country fellowships are granted to nationals for the countries concerned.

237. Closer co-operation between the survey missions and the regional economic commissions and UNESOB in the realization of country surveys will be promoted through briefing and debriefing of survey missions by the commissions whenever feasible.

238. In addition to country surveys, UNIDO is sending short-term advisory missions to provide assistance to individual developing countries or regional co-operative organizations in the implementation and follow-up of industrial surveys. Specific activities include the design of methodology, the drafting and testing of questionnaires and the analysis of survey results. The bulk of this work is handled by local institutions using their own resources. In 1970, assistance of this type was rendered to the Industrial Development Centre for Arab States. It is expected that an increasing number of countries will make use of this advisory service to improve their own survey facilities.

239. The total number of projects under operation in this field in 1970 was 18; this is expected to rise to 22 in 1971 and to 27 in 1972.

Value of approved field projects and forecast of requirements, 1970 to 1972
(in thousands of US dollars)

| | 1970 estimated expenditure | 1971 | | 1972 | |
|---------|----------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| | | Approved projects | Forecast of requirements | Approved projects | Forecast of requirements |
| UNDP/SF | 19.8 | 319.5 | - | 319.8 | - |
| UNDP/TA | 71.0 | 52.0 | 216.0 | 4.0 | 343.0 |
| RP | - | - | 6.0 | - | 36.0 |
| SIS | 84.5 | 84.0 | 108.9 | - | 217.1 |
| OTF | 21.9 | 18.7 | 29.3 | - | 135.1 |
| FIT | - | - | - | - | - |
| Total | 197.2 | 474.2 | 360.2 | 323.8 | 731.2 |

List of Approved Operational Activities

UNDP/SPECIAL FUND

Africa

KEN-21

Industrial survey and promotion centre

REG-182

East African Development Bank: industrial investment study unit

UNDP/TECHNICAL ASSISTANCE

Africa

EAC/69/1

Development bank - industrial investment study unit

EAC/70/4

Industrial unit in industrial policy measures and industrial economic and statistical analysis

Asia and the Far East

LAO/68/5

Industrial development and productivity - compilation of statistics

Interregional

INT/69/20

Training workshop in methods of industrial surveys

SIS PROGRAMME

Africa

70/721 BOT-1

Industrial survey

69/586 CAF-8

Survey of industrial opportunities

69/610 GAB-4

Industrial survey

69/601 GAM-2

Industrial survey

68/433 KEN-8

Industrial survey

69/512 SUD-14

National industrial survey

69/677 SWA-1

Industrial survey

70/920 AFR-15

Assistance to EAC on industrial policy measures and industrial economic and statistical analysis

Asia and the Far East

69/577 LAO-3

Industrial survey

Europe and the Middle East

70/772 CYP-9

Industrial survey and programming assistance

Interregional

69/672 INTREG-12

Assistance to IDCAS on industrial surveys and industrial information

UNIDO GENERAL TRUST FUND

Interregional

00/0(r)

Examination and planning of industrial surveys in five Arab countries

SUPPORTING AND OTHER ACTIVITIES

240. The supporting and other activities of group 15a are classified under the following projects:

| | |
|---|----------------------|
| Industrial Development Survey | 15a.01 |
| Special industrial studies | 15a.02 |
| Training in methods and techniques of industrial surveys and related activities | 15a.03 ^{8/} |
| Industrial statistics and the country-file system | 15a.04 ^{9/} |

Industrial Development Survey (15a.01)

241. In compliance with ECOSOC resolution 1030 (XXXVII), endorsed by the Industrial Development Board at its third session (A/7617, para.245), UNIDO is responsible for the preparation and publication of a periodic world industrial survey. This task is performed by preparing a comprehensive industrial survey every five years and a summary review of industrial development for each intervening year. Throughout, emphasis is being given to the industrialization of the developing countries.

242. The annual surveys are reviews of current trends and developments in industry, and reflect recent developments in manufacturing output in relation to progress in other sectors and in the economy as a whole. They also deal with trade in manufactures, investment in the manufacturing industry, sources of finance, and trends in employment and productivity. In addition, a particular topic of current interest is examined in every issue.

243. The comprehensive industrial surveys are intended to give an account of the long-term trends and developments in industry. The topics reviewed in the annual surveys are treated in the broader context of industrial growth and include an analysis of the structure of the economy, shifts in private and government expenditure, capital requirements, foreign trade and domestic and foreign industrial financing. The impact of population growth, urbanization and education upon the ability of the manufacturing sector to absorb labour, and the effect of national policies on industrialization are also reviewed.

244. UNIDO is designing periodic industrial surveys as instruments to monitor industrial development progress within the assessment scheme of the United Nations during the Second Development Decade. In addition to the measurement of progress achieved, an evaluation will be made of industrialization strategies and policy measures adopted by developing countries. Efforts will be made to identify internal and external obstacles to the process of industrialization in developing countries and to discover in due time adverse trends that will require remedial action.

^{8/} This project was previously entitled "Advisory country missions" and was a training course (ID/B/64/Add.15). Since the country missions have now been transferred to operational activities, the title of the project has been changed accordingly.

^{9/} The scope of this project has been extended to include the country-file system.

245. It is important that the evaluation of progress and identification of adverse trends be made when corrective measures can still be taken. For this reason, efforts will be made in co-operation with the United Nations Statistical Office and other agencies to accelerate the collection and circulation of relevant data (see 15a.01).

246. The second Industrial Development Survey was published in April 1970 and included, as a special topic, regional industrial co-operation. In 1970, work was completed on volume III, which is scheduled for publication in 1971. The special topic is industrialization strategies and policies. In 1971 work will be undertaken on the preparation of volume IV, which is scheduled for publication in 1972. The special topic of volume IV will be interrelationships in economic growth between industrial and agricultural sectors. This will constitute part of the contribution of UNIDO to the inter-agency co-operative programme called for by FAO to study the consequences of the Green Revolution.

247. Work on volume V, which will be a comprehensive survey, will begin in 1971 and continue throughout 1972.

Special industrial studies (15a.02)

248. The special industrial studies are designed to provide an analysis of selected major issues of industrial development. The studies are of a practical nature, designed to provide decision makers with guidelines for action. They are based on the experience accumulated in the developing countries themselves, and the information is collected by UNIDO through field experts, advisory missions, survey missions and other activities. Three such studies are currently in progress, each oriented towards issues of special importance for the International Development Strategy adopted for the Second United Nations Development Decade.

249. The study on Some special problems of industrial development of the smaller developing countries (15a.02.01), undertaken in 1970 (ID/B/64/Add.15, para.21), is a UNIDO contribution to the special efforts called for by General Assembly resolution 2626 (XXV), paragraph 56 to 58, on behalf of the smaller and least developed countries. The study will be completed in 1971.

250. A second study undertaken by UNIDO in 1970 (ID/B/64/Add.15, para.22) was on The effects of industrialization on manufacturing employment and productivity (15a.02.02). Originally given a Priority B, this study was upgraded to Priority A. The first part of the study will be completed in 1971. In 1972, UNIDO proposes to examine in greater detail employment problems.

251. In 1970, UNIDO carried out preliminary work on a study on Structural changes in manufacturing growth (15a.02.03). As described in the 1971 work programme (ID/B/64/Add.15, para.24), the major work on this study will be done in 1971, possibly with the aid of a consultant (Priority B). The findings of the ECE study on the structural changes in industry in European countries will be taken into account in the UNIDO study, which will be completed in 1972.

252. In 1970, UNIDO carried out preparatory work on a new activity, Projections of industrial development (15a.02.04). The purpose of this activity is to provide a tentative quantitative

framework of the situation of industry in the developing countries in 1980 to serve as a reference for setting of targets, definition of strategy and policies and identification of the main problems of industrialization. The projections will be calculated for manufacturing output, manufacturing employment, trade in manufactures and possibly other relevant items such as industrial investment and income generated in industry.

253. The first stage of this programme would be to make projections of past trends for these key variables. At a later stage, these projections will be expanded to include an analysis of the conditions that would be needed to reach the target figure of 8 per cent annual growth in manufacturing output, as set forth in the International Development Strategy adopted by the General Assembly. The programme will include projections at national level for a small number of countries and additional estimates for groupings of countries.

254. At a first stage, the projections will not be achieved through a strict econometric model but through a process of successive approximations. The projections will be drawn up within a flexible framework to make it possible to incorporate projection estimates available elsewhere such as at the regional economic commissions, UNESOB, UNCTAD and the Organisation for Economic Co-operation and Development (OECD). The UNIDO projections will be conceived in such a way that they can become part of a general system of projections which the Secretariat of the United Nations might decide to establish.

255. The projections will draw on the bank of raw data available in UNIDO, supplemented whenever feasible with information from the United Nations Statistical Office and other sources. Use will be made of the analytical material compiled by group 12 (see Reference projections of industrial growth, IP/B/64/Add.12, para.24-28) and of exogenous information available from other studies undertaken by UNIDO such as the analysis of industrial development plans (see IP.01.04) and perspectives for selected industrial branches in the 1970s (15b.02).

256. In 1972, additional countries and more industrial sectors will be added to the coverage. Efforts will be made to build up several alternatives of the industrial sector consistent with the 8 per cent target to indicate the policy measures that would have to be taken at the national and international level in order to achieve the objective.

257. Emphasis will be put on the identification of major problems which the developing countries will have to face during the Second Development Decade in their industrialization process. Special attention will be paid to the impact of the expected growth, strategies and policy decisions of the developed countries on industrial development in developing countries. The participation in this exercise of the countries concerned is one of the focal points of the activity.

Training in methods and techniques of industrial surveys and related activities (15a.03)

258. Many of the developing countries lack personnel sufficiently skilled to carry out industrial surveys and build up assessment machinery. To assist these countries, UNIDO has commenced a series of training activities in the techniques of industrial surveys. This programme is viewed as a companion to the continuing programme of training counterparts with each of the country survey and advisory missions.

259. The training workshops in methods of industrial surveys (15a.03.01) initiated by UNIDO in 1970, has been of a practical nature, based largely on case studies and offering to the participants the experience accumulated through the field activities of UNIDO and other co-operating agencies. Great attention has been given to the selection of participants actually engaged in survey and assessment activities in their own countries.

260. In 1970, UNIDO conducted such a workshop in the United Kingdom (with the co-operation of the University of Sussex) for participants from English-speaking developing countries (ID/B/64/Add.15, para.28). In 1971, UNIDO proposes to hold a similar workshop for participants from French-speaking countries. Two further workshops, one of which is for participants from Spanish-speaking countries, are planned for 1972.

261. In 1971, UNIDO proposes to begin work on a Manual on techniques of industrial surveys (15a.03.02) which will set forth the basic principles and techniques of industrial surveying. Much of the content of the manual will be derived from the experience of UNIDO with industrial surveys and with the above-mentioned training workshops. Additionally, parts of the manual will be commissioned to consultants. The manual, which will serve to support operational activities, will complement the training courses and will serve as a guide for actual survey missions.

262. In 1971, an expert group meeting of two weeks duration is planned to be held in Vienna (ID/B/64/Add.15, para.30). The purpose of the meeting is to make an Evaluation of the experience with country industrial surveys and other survey assistance (15a.03.03).^{10/} The conclusions and recommendations of the meeting should serve as a guide and stimulus for the improvement of subsequent survey missions.

Industrial statistics and the country-file system (15a.04)

263. An information system is a basic element in most activities related to industrial development. Accordingly, UNIDO will make constant efforts to increase, improve and expedite the collection of information that is needed to render better service to developing countries.

264. As in the past, UNIDO will continue to rely heavily on data supplied by the Statistical Office of the United Nations in New York. Contacts have already been established with the regional economic commissions and UNESOB with regard to statistics, and these contacts will be strengthened.

265. To meet the need for information adopted more specifically to the evaluation of requests for assistance and the briefing of field experts, UNIDO has recently initiated a country-file system. The files contain a wide range of background information and extensive economic data on the various developing countries. To increase and improve the contents of the files, group 15a is making extensive use of the information collected by the Industrial Information Service and of data coming to all substantive units through their operational activities. Completed industrial country surveys as well as reports from various advisory missions are other important sources of information for the files.

^{10/} This activity was described under 15a.03.01 in document ID/B/64/Add.15.

266. Conversely, the country files are intended for the use of all units within UNDO. They will be utilized for briefing experts, staff members and consultants, prior to field missions and will be particularly important for preparing country survey missions and long-term programming of technical assistance.

| | | | | | | | | | | |
|---|--|--|--|--|--|------------|------------|--|--|--|
| <u>Project (Priority B)</u> | | | | | | | | | | |
| 15a.02 <u>Special industrial studies</u> | | | | | | | | | | |
| 15a.02.03 | | | | | | 5.0 | 5.0 | | | |
| <u>Total</u> | | | | | | 5.0 | 5.0 | | | |

a/ Operational costs shown above are included in the table on page 71.

10/17/80/111.
10000

FINANCIAL ESTIMATIONS

1970 publications programme

Industrial Development Survey (15a.01)

ID/60 Volume I
ID/61 Volume II

Language

F
E

Cost
(UK £)

6,750

1971 publications programme

Industrial Development Survey (15a.01)

ID/41 Volume II
ID/64 Volume III

F S
E

4,500

Forecast of 1972 publications programme

Industrial Development Survey (15a.01)

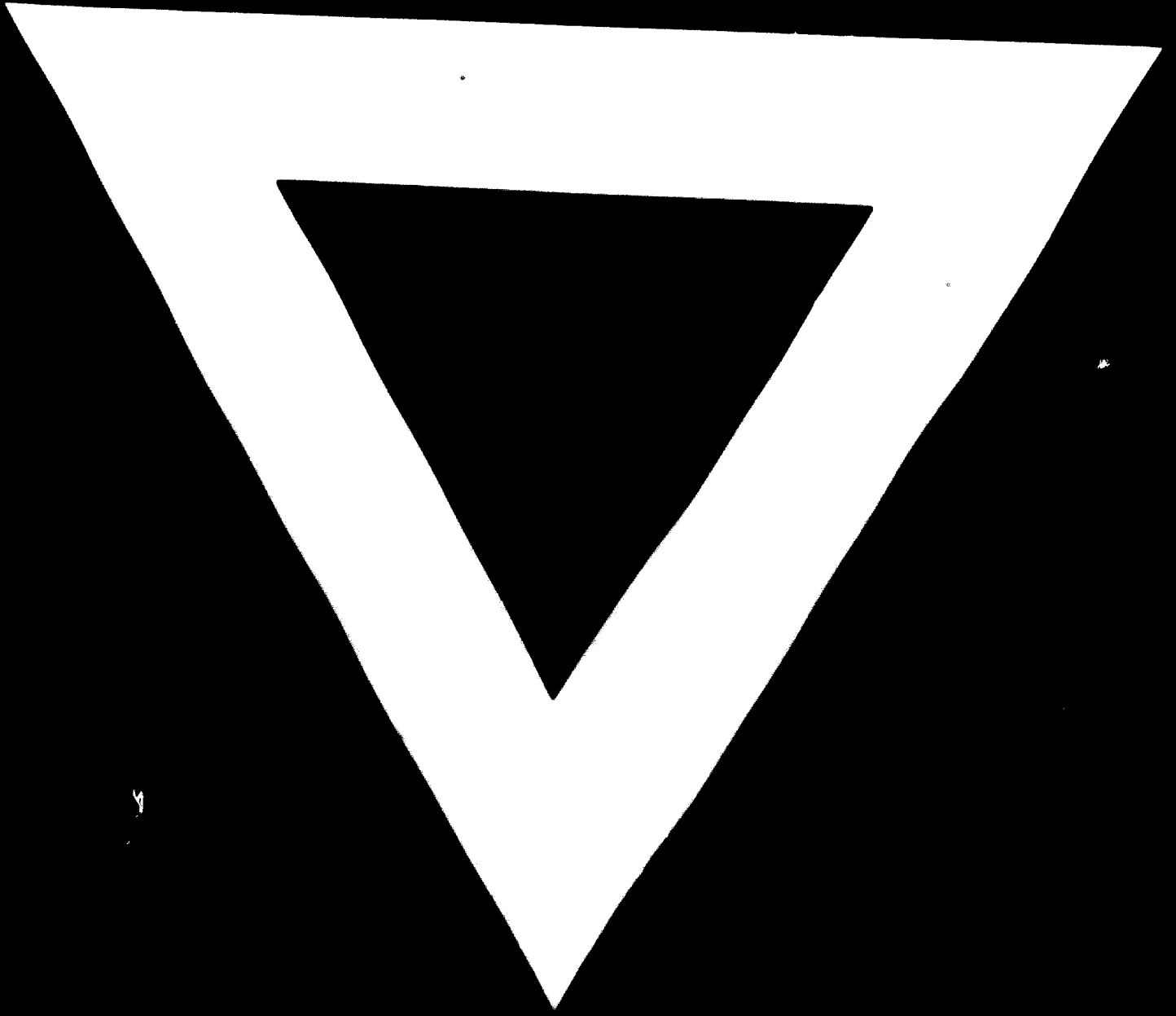
- Volume III
- Volume IV

F S
E

6,600

Note: In the computation of the printing costs a standard formula was applied based on an average cost of internal and external printing.





22.7.74