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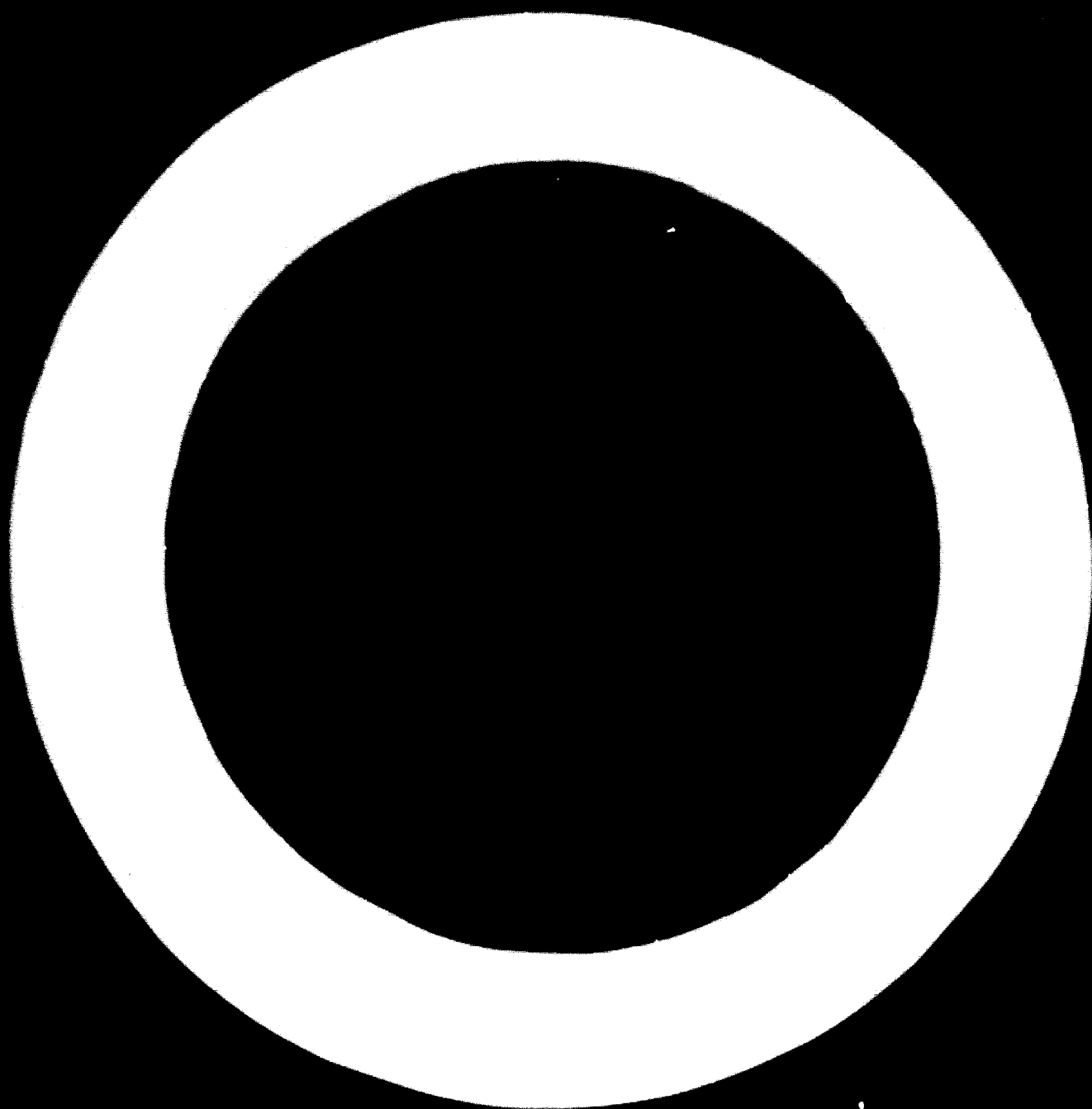
**PROGRAMME OF WORK FOR 1978,
REPORT OF ACTIVITIES IN 1971 AND UPDATING
OF 1972 PROGRAMME**

PART TWO

ADDENDUM 2

INDUSTRIAL POLICIES AND PROGRAMMING DIVISION

(Groups 12 to 15)





United Nations Industrial Development Organization

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AND UPDATING OF 1972 PROGRAMME

PART TWO

Addendum 2

Industrial Policies and Programming Division

(Groups 12 to 15)

Corrigendum

Page 76, Printed publications

Change the cost of printed publications for 1972 from "\$8,300" to "\$8,200".

Change the cost of printed publications for 1973 from "\$800" to "\$9,000"

D04279

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*/ For administrative purposes the number of this group of activities has been changed from 15a to 15.

Editorial Note: The material contained in the present document was compiled largely during the second half of 1971, with 30 September 1971 as the general cut-off date for most facts and figures. All project components under supporting and other activities are Priority A unless otherwise indicated.

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 the developing countries. As in other fields, these activities take diverse forms. Some are aimed at providing a forum for discussions whereby the attention of the international community is brought to bear on issues related to strategies and policies; such activities may lead to governmental discussions and decisions favouring industrialization. Other activities form part of an increasing programme of technical assistance at both the macro-economic level and at the micro-economic level of specific industrial projects and products. Through its promotional activities, UNIDO attempts to promote the transfer of an increasing amount of resources from industry in developed countries to industry in developing countries, thus supporting the trend towards international industrial co-operation.

2. In the proposed programme of work for 1973, emphasis in the Industrial Policies and Programming Division has been put on several features. First, the activities undertaken by Groups 12 to 15 have been increasingly integrated. The activities related to industrial policies, which were previously presented in Group 13, have now been integrated into Group 12; Group 13 will be concentrating on industrial financing and investment promotion. Second, more activities are being undertaken as joint programmes with the other substantive divisions. For example, a promotional component has been introduced into the expert group meetings of the Industrial Technology Division, and the meeting on transfer of technology through licensing and subcontracting agreements is being organized jointly by the Industrial Policies and Programming Division, the Industrial Technology Division and the Industrial Services and Institutions Division. Third, field and headquarters activities have become so closely interlinked that in many instances it is difficult to draw a distinction between them; on the one hand, staff members participate in field missions and, on the other hand, the work on operational activities of a promotional nature is often carried out at headquarters. Finally, there is a tendency towards concentrating new features and approaches in several major continuous programmes rather than starting completely new activities.

3. The activities of UNIDO under the Industrial Policies and Programming Division are being carried out on three levels: (a) country level; (b) regional and subregional levels; and (c) international level, as defined by the International Development Strategy adopted by the General Assembly in resolution 2626 (XXV).

Country level

4. At the country level, UNIDO is continuing its efforts to adapt approaches and activities to the specific needs of individual developing countries. Special attention is being given to the least developed among the developing countries. Industrial survey missions that have been suited particularly for these countries are being extended. Special attention will be given to

assistance in designing industrial programmes and policies for, and in assessing industrial progress in, these countries. Further, UNIDO will make special efforts to promote industrial projects in the least developed countries.

5. UNIDO's assistance to individual countries is conducted either at the macro-economic level (industry taken as a whole or industrial sectors) or at the micro-economic level (industrial projects and products).

6. Several trends have become discernible with regard to UNIDO's assistance at the macro-economic level. Industrial survey missions, which constitute an effective instrument for assessing the present situation and potentialities of the industrial sector and for pointing out investment opportunities and needs for technical assistance, are being requested by an increasing number of countries. The missions provide the basic information and analyses on which further action, in particular in planning and designing policies, may be developed. They have also been useful in connexion with the preparation of UNDP Country Programmes in industry.

7. In 1972, UNIDO will initiate a new type of advisory mission through which confidential consultations can take place between top-level experts and a country's top decision makers in the industrial field. Depending upon the outcome of a first experiment in this area, this activity may be expanded to include other developing countries.

8. With regard to industrial plans, policies and strategies, emphasis will be put on the provision of advice to developing countries on the selection of priorities among industrial sectors. This would meet the need expressed by a number of countries to concentrate their efforts on certain priority sectors. UNIDO will assist these countries to establish a solid and rational basis on which they will be able to select certain priority industrial sectors, taking into account the situation and potentialities, as identified through survey missions, and the possibilities open to developing countries of increasing their exports of manufactures, especially through the Generalized Scheme of Preferences. After the priority industrial sectors have been selected, UNIDO will provide assistance in designing integrated programmes, including sets of industrial policies necessary for their implementation. In many instances, the programmes may call for a restructuring of existing industry and improvements in technology, management, training etc., areas in which projects could be carried out in joint action with the other substantive divisions. If the interested country so wishes, the sectoral restructuring programmes will contain plans for technological development, including assistance in the transfer of technology, subcontracting and licensing policies, information services, long-term programmes for training and technological research, and the development of engineering capacity. It is expected that such assistance in industrial technical development, through integrated programmes, will be one of UNIDO's main contributions to the transfer of technology from developed to developing countries.

9. The sectoral programmes will draw more and more on resources mobilized in industrialized countries for the benefit of developing countries through agreements for continuous industry-to-industry co-operation. This new development in the sectoral programmes will become one of the main features of UNIDO's industrial promotion programmes.

10. The promotion of export-oriented industries is a key issue in all promotion activities, and assistance to developing countries in this respect will be increased in close co-operation with UNCTAD. In particular, developing countries will be helped and encouraged to draw the maximum benefit from the Generalized Scheme of Preferences and from whatever other positive measures that may be decided upon at the Third United Nations Conference on Trade and Development.
11. Many of the activities being undertaken by UNIDO within the Industrial Policies and Programming Division are related to the Second United Nations Development Decade. Emphasis will be put on assistance in the establishment of a system of assessment and monitoring of industrial progress, and special resources have been requested to make it possible for UNIDO to render advisory services to the countries concerned.
12. At the micro-economic level, UNIDO will concentrate its efforts on industrial projects considered to be of high priority by the country concerned; a full sequence of assistance will be provided throughout the various stages of the project development process: identification, project preparation and evaluation, financial planning, promotion and implementation. This approach will be undertaken in close co-operation with the other substantive divisions. The special responsibilities of the Industrial Policies and Programming Division will be project planning and evaluation activities, subcontracting and product adaptation programmes, project financing (including assistance in external financing), investment promotion programmes and project implementation (including preparation of tenders, evaluation of bids etc.).
13. Special efforts will also be made to assist countries to adopt and utilize proper methods of evaluation so that the industrial projects they choose will make a maximum contribution to the numerous policy goals of the Government, including especially the contributions to foreign exchange earnings and savings, employment, reinvestable surplus and appropriate income distribution, thus tying together the micro-economic (project) planning with the macro-economic (economy-wide) planning and ensuring consistency between the two.
14. Promotion programmes already underway (investment promotion, subcontracting, product development and adaptation and a special programme for industrial financing institutions) are receiving increasing support and help from both developing and developed countries. These programmes will be amplified and extended to regions that have not yet been served. Although the promotional programmes are tending to become more diversified, they will be closely integrated with other UNIDO activities. Emphasis will be put on assistance to developing countries in building up and strengthening their own promotion machinery, both in their own countries and in their branch offices in industrialized countries, and in training personnel to operate such machinery.
15. Increased efforts will be devoted to assistance in mobilizing internal resources of financing (including savings) and channelling them to industry. In the mobilization of external resources, regional and interregional promotional meetings will be supplemented by increased activity in promoting industrial projects through portfolios, especially with regard to priority projects singled out for special attention by the country concerned. An increasing share of the promotion activities will be oriented towards sectoral programmes, to be carried out in close co-operation with the Industrial Technology Division.

Regional and subregional levels

16. At the regional and subregional levels, UNIDO assistance will be concentrated on groups of developing countries that have agreed on a programme of economic co-operation that includes the industrial sector. Close contact will be maintained with the secretariats of such groupings in Asia, Africa and Latin America. UNIDO is stimulating the exchange of ideas and experiences between these secretariats by organizing meetings of their responsible officers or by arranging study visits from one secretariat to another.

17. In addition, UNIDO will increase its direct assistance to these groupings through operational projects consisting of advice on the setting up of multinational industries, preparation of sectoral inter-country programmes and harmonization of industrial policies.

18. It is envisaged that the promotional programmes of UNIDO will be utilized increasingly for regional projects; as it is, these programmes already provide a framework for industrial co-operation agreements between developing countries of the same region, and from region to region.

19. Moreover, UNIDO will continue to participate, in close co-operation with the regional economic commissions and UNESOB, in various activities of a regional nature, such as the industrial surveys, in Asia, Africa and Latin America.

International level

20. At the international 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 major problems of common interest to developing countries in their industrialization process. Emphasis is being given to this activity as it forms part of the contribution of UNIDO in the elaboration and implementation of the International Development Strategy for the Second United Nations Development Decade.

21. In addition, UNIDO is proceeding with its programme of projections of industrial production, employment and trade in developing countries during the 1970s. It is expected that the projections will provide a framework, both at the over-all and at the sectoral levels, that will facilitate discussions between Governments on policy issues concerning industrialization.

22. A specific study on the role of export industries in the industrialization of developing countries has been prepared by UNIDO and will be presented to the Third United Nations Conference on Trade and Development. It is expected that as a follow-up of the Conference, joint activities will be developed through which UNIDO, by assisting in the promotion of discussions and negotiations among Governments, could help to develop new approaches to international industrial co-operation for the benefit of developing countries.

23. 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, the regional economic commissions and UNESOB, 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, PROJECT PLANNING AND POLICIES

Introduction

24. The activities of UNIDO being carried out by Group 12 have been designed to assist the developing countries to determine their industrial development strategies and policies, to formulate and implement industrial development plans and programmes, and to improve the technical, institutional and informational bases for project formulation, evaluation and implementation. The work programme in this field continues to stress the linkage between operational and supporting activities, both of which are oriented towards the solution of specific problems facing individual developing countries and country groups.
25. Since many of the field operations related to planning also call for advice on policy matters, and often one expert is expected to undertake both tasks simultaneously, UNIDO decided to transfer the responsibility for industrial policies from Group 13 to Group 12. Planning and policies will accordingly receive an integrated treatment in the supporting activities as well.
26. Although the programme of work being carried out by Group 12 contains many elements of a continuing nature, new kinds of requirements often emerge in the course of backstopping technical assistance projects. These new factors call for an updating of the programme orientation and a restructuring of the specific components of the programme. One of the major changes in the 1973 programme will be that the work related to over-all and long-term prospects, priorities and policies is to be appreciably expanded, in accordance with the suggestions made by several delegations to the fifth session of the Industrial Development Board (A/8416, para.201).
27. In the proposed work programme in this field for 1973, there are a number of new activities and components that focus on the conditions prevailing in the least developed among the developing countries. Among such activities are the advisory services for the appraisal of progress in relation to the International Development Strategy for the Second United Nations Development Decade (12.07) and an in-depth review of the formulation of investment priorities in the relatively small countries and countries at an early stage of industrialization (12.01.02).
28. It is essential that guidelines and methodologies at both the over-all and the project levels should be more practical and more closely related to the specific requirements of the countries by focusing on branches or complexes of industry. Within project 12.01, for example, special attention will be paid to the developing countries that are introducing medium- and long-term industrial development plans and that are struggling to restructure their industries. Some industries, such as the machine-tool, electrical engineering and building industries, need special treatment in terms of properly time-phased programming within over-all development priorities. Work along these lines will be carried out in close co-operation with the relevant groups of activities of the Industrial Technology Division.

29. Industrial project planning (12.02) and industrial project evaluation (12.03) include activities concerned with social benefit-cost analysis and informational aid for project formulation. Attention is also being given to the environment of industries, a subject that was not explicitly included in earlier work programmes but which now demands increasing attention in industrial preparation and evaluation.

30. Industrial project implementation (12.04) now includes supporting work related to investment contracting (12.04.03); to the machinery for planning, implementation and follow-up (12.04.04) and to computer utilization in the industrial development of the developing countries (12.04.05).

31. The International Development Strategy attaches considerable importance to closer economic co-operation among developing countries. A number of regional groups of countries have asked UNIDO to assist them in selecting industries suitable for joint regional co-operation; in studying the feasibility of implementing such co-operate industries as regional projects; and in formulating regional policies to facilitate the implementation of these projects. In view of the increasing number of requests for such assistance, UNIDO proposes to expand its supporting activities in this area in an attempt to find solutions to the many technical problems involved in regional industrial co-operation. The proposed activities are linked to regional industrial co-operation (12.05) and will be carried out in close co-operation with UNCTAD.

32. Owing to the increased demand for technical assistance, strong emphasis has been put on the supporting work for the formulation of industrial policies designed to achieve national industrialization objectives and targets (12.06). A substantial amount of work, in the form of studies, workshops and meetings, will be undertaken in co-operation with ECA in support of the Second Conference of African Ministers of Industry, to be convened in the autumn of 1973, co-sponsored by ECA, the Organization of African Unity (OAU) and UNIDO.

OPERATIONAL ACTIVITIES

33. The tendency noticed in 1970 towards a broadening of the substantive areas of technical assistance has become a reality. In addition to the rapid increase in activities within the traditional areas of technical assistance, new types of projects have been requested with emphasis, inter alia, on the development of a data base for industrial programming and implementation; on long-term considerations related to industrial development and progress appraisal of the industrial sector; and on assistance during the early stages of project implementation in such matters as tendering and contracting. Industrial policies have become increasingly an integral element of most country requests. Developing countries are particularly interested in receiving advice on the effects of tariffs, import controls and investment incentives on the promotion of industrial development. There is also a growing interest in the type of policies needed to improve the performance of industries operating under public ownership and to stimulate industries in the private sector to increase their efficiency through industrial mergers etc. The number of requests entailing a multi-disciplinary and integrated approach has increased considerably. Projects dealing with the national machinery for planning, policies and implementation have also acquired a more prominent place within the work programme of UNIDO.

34. These new features, together with the impact of the long-term programming procedures for technical assistance, have led to a considerable increase in both the volume and the share of major projects within Group 12. Whereas the share of large projects was approximately 50 per cent of the total projects carried out by Group 12 in 1971, it appears that this share (of both approved projects and requirements for new projects) will rise to about 70 per cent in 1972 and reach 90 per cent in 1973. This is a significant development, which can be considered as favourable for the activities carried out by Group 12, since the assistance in almost all areas covered by this Group, particularly the areas relating to industrial strategies and long-term development programming, can be rendered in a more co-ordinated and consistent way through unified project teams rather than through individual experts. Thus, the quality and efficiency of the technical assistance projects are likely to improve under this new scheme. In addition, the rapid growth of operational project requirements in this field, which will double in 1972 and increase by 2.6 times in 1973 as compared to 1971, would already have overtaxed UNIDO's resources for back-stopping and supporting were it not for the economies of scale brought about by the change in the size pattern of technical assistance projects.

35. Aside from the new areas previously mentioned, the developing countries are requesting assistance along the following lines: formulation of national (and regional) industrial development strategies and programmes, which should form an integral part of the over-all development plan of the country (region); formulation of policy measures related to industry; formulation of investment criteria; selection of priority industries and priority projects; preparation of criteria for, and advice on, location of industrial projects; preparation of feasibility studies; and evaluation of a project's social profitability.

Value of approved field projects and forecast of requirements, 1971 to 1973
(in thousands of US dollars)

Source of funds	1971 estimated expenditure	1972			1973		
		Approved projects	Requirements for new projects	Total	Approved projects	Requirements for new projects	Total
UNDP/SF	778.4	2,208.1	910.9	3,119.0	650.8	4,251.0	4,901.8
UNDP/TA	587.2		(619.5) ^{a/}			(1,775.0) ^{a/}	
RP	264.5	201.0	-	201.0	200.0	-	200.0
SIS	248.3	324.0	250.0	574.0	-	700.0	700.0
GTF	75.8	-	100.0	100.0	-	140.0	140.0
FIT	82.3	42.0	75.0	117.0	-	115.0	115.0
Total	2,036.5	2,775.1	1,335.9	4,111.0	850.8	5,206.0	6,056.8

Note: UNDP/TA and UNDP/SF are to be merged, effective 1 January 1972.

^{a/} Annual estimated costs of projects included in the UNDP Country Programmes or projects officially submitted to UNDP for approval.

List of Approved Projects and Projects
under Active Consideration

<u>Projects over US\$100,000</u>	<u>Projects under US\$100,000</u>		
	<u>Multisectoral</u>		
GUI (IPF)* - Assistance in establishment of industrial studies centre	CMR/70/3	EAC/68/11	SIN/68/1
MAR (IPF)* - Industrial economist	CON(B)/71/4	BAN-71/1232	AFE/12/2/5
MAR (IPF)* - Industrial project formulation and evaluation	IVC/12/2/1**	BRA-71/1218	AFE/RP
SWA-6 (SF) - Industrial advisory consultancy services	LIR/70/5	MEX/12/2/2**	INT/12/1/7**
TAN-10 (SF) - Industrial studies and development centre, Dar-es-Salaam	LIR/71/5	LAT/12/1/5	INT/70/737
TUN-15 (SF) - National centre for industrial studies	MAG/71/1330	FIJ/68/3	INT/12/2/5
REG-72 (SF) - Centre of industrial studies for the Maghreb	MAG-9022-70	KMR/71/6	INT-VC/00/15
ARG-45 (IPF)* - Industrial development of the northwest region of Argentina	NIR/68/7	KMR/70/7	INT-VC/00/13
IRA-16 (IPF)* - Research Centre for Industrial and Trade Development	NIR/69/20	MAL/68/5	
NEP-69/618 and 70/6 - Industrial advisory mission	SIL/71/1396	PAK/68/11	
CYP (IPF)* - Industrial research and development	APR-REG/RP	PHI/12/2/3**	
JOR-13 (SF) - Assistance in industrial planning and programming			
KUW (IPF)* - Bureau of industrial studies and services			
SAU-14 (SF) - Industrial studies and development centre, Riyadh			
SYR-34 (SF) - Establishment of bureau of industrial project evaluation and feasibility studies			
JNT-25 (SF) - Central advisory services to the Industrial Development Centre for Arab States (IICAS)			
INS-35 (IPF) - Industrial development advisory team			
(17 projects)			(30 projects)

* Projects not yet approved but included in the Country Programmes and projects officially requested.

** Fellowship posts.

Projects over US\$100,000

Projects under US\$100,000

Industrial development strategies and plans

CON(K) (IPF)* - Diagnostic study and prospects of Zairian industry	ETH-70/851	BOL/12/1/3	CYP/71/1
	GAB/69/3	BRA/69/8	LEB/69/5
SOM/68/21 - Industrial programming and industrial economist	GUI/68/19	BRA/70/1	LEB/12/1/1**
	MLI/69/3	VEN/71/1369	SAU/70/5
TAN (IPF)* - Industrial strategy formulation	MLI/12/2/1**	VEN/70/16	SYR/12/2/5**
	MAU-70/753	LAT/12/1/4	TUR/01/1/4**
TAN-22 (IPF)* - Industrial studies and development centre, Phase II	RWA/12/1/4**	MAL/71/11	TUR/12/2/3**
	SUD/12/1/4	PAK/71/7**	TUR/12/2/2**
COL/68/18 - Industrial programming	SWA/69/687	PHI/12/2/4**	TUR/70/31**
	SWA/12/1/2	PHI/12/1/7**	EME/12/1/1
PAK/68/8 - Industrial programming mission	TUN-9013/70	THA-70/1122	EME/12/2/1
	UGA/68/19	THA/12/2/2**	INT/12/1/5
INT-70/712 (SIS) - Regional co-operation in establishment of manufacturing units in heavy electrical and heavy engineering branches of industry	IDCAS/12/2/2**	AFE/12/1/5	IDCAS-VC/12/17
	BOL/12/1/2**	CYP/12/1/2**	
	(7 projects)		(41 projects)

Appraisals of progress in the industrial sector

LES/12/1/1**	ECU-9032-71	PAK/71/22**
MAG/68/9	ELS-70/752	PHI/71/1311
ZAM/68/15	LAT-71/1375	VIE/69/2
ZAM/70/1065	AFG/12/2/1**	IRQ/12/1/3**
COL/71/1	AFG-71/1251	KUW/70/832
ECU/69/9	INS/69/29	IDCAS-VC/12/20
		(18 projects)

Machinery for industrial planning, implementation and follow-up

CON(K) (IPF)* - Continuation of assistance started under FIT programme	UAR/69/25	SUD/12/2/2**	IRA/12/2/4**
	UAR/71/1**	TOG/69/3	KOR/12/1/1**
MAR (IPF)** - Industrial project formulation and evaluation	CON(K)-9020-70	UPV/12/2/4**	NEP/12/2/4**
	CON(K)/12/1/2**	BRH/12/2/2**	NEP/12/1/1**
	GAB/12/1/3	CEY/71/1343	CYP/70/5
	GUI-70/815	IRA/70/13	SYR/12/2/6**
	NIR/12/2/3**		
	(2 projects)		(19 projects)

Industrial project planning

SUD-71/1424	PAK/69/19	IDCAS-VC/12/19
AFR/12/1/4	PHI-69/666	IDCAS-VC/12/15
INS/12/1/2		
		(7 projects)

* Projects not yet approved but included in the Country Programmes and projects officially requested.

** Fellowship posts.

Projects over US\$100,000

Projects under US\$100,000

Industrial project implementation

CON(B)-70/1131	PER/71/8	LAT/70/47
CON(K)-71/1272	LAT/12/2/4	PHI-70/1121
HON/68/3	LAT/12/1/7	THA/70/22**

(9 projects)

Computer utilization in industrial development
in developing countries

LIB/12/2/1**	IRA-71/1408	EGY/69/27
COB-71/1313	SAU-70/962	

(5 projects)

** Projects not yet approved but included in the Country Programmes and projects officially requested.

SUPPORTING AND OTHER ACTIVITIES

36. 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
Regional industrial co-operation	12.05 ^{1/}
Policies and measures used to implement industrial development programmes	12.06 ^{2/}
Appraisals of progress in the industrial sector	12.07 ^{3/}

Industrial development strategies and plans (12.01)

37. In 1971, the Summaries of national industrial development plans (12.01.01) were expanded to provide information on the planning techniques used in the preparation of each plan as well as on the industrial targets, objectives and policies of the developing countries. The Summaries also supply points of reference that are necessary to appraise the progress of the industrial sector during each plan period within the Second United Nations Development Decade (cf. 12.07). In 1971, UNIDO prepared seven summaries of industrial development plans, concentrating mainly on regional co-operation groups; these plans were published in 1971 as volume II of the "Summaries of Industrial Development Plans" (ID/B/80/Add.3, para.27).

38. This work tied in closely with the operational activities in this field, for UNIDO received technical assistance requests from two regional organizations in 1971: one from the Industrial Development Centre for Arab States (IDCAS) and the other from the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA). The request from IDCAS involved the preparation of a comparative study of the industrial development plans of six of its member States as well as the training of IDCAS personnel in the preparation of summaries and analyses of plans. The request of SIECA was for assistance in the review and analysis of the development plans of five countries in order to identify inconsistencies between the various national strategies and policies and between national policies and the declared regional goals.

^{1/} This project amalgamates the former projects 12.05 and 13.04 (ID/B/80/Add.3).

^{2/} Previously reserved for the Industrialization and Productivity Bulletin, it now comprises former projects 13.01, 13.02 and 13.03.

^{3/} Formerly component 12.01.06 (ID/B/80/Add.3).

39. UNIDO will continue its work in this area in 1972. Fifteen more industrial development plans, covering the first half of the Second United Nations Development Decade, will be prepared and published by UNIDO in 1972 as volume III of the Summaries. Special attention will be devoted to the plans of the relatively less developed of the developing countries of Africa and Asia.

40. UNIDO proposes to prepare and publish fifteen more industrial development plans in 1973 as volume IV in this series.

41. In 1971, UNIDO continued work on the studies on Problems and techniques related to the selection of industrial development priorities (12.01.02). Through these studies criteria will be provided for determining development priorities with regard to types of industry, alternative technologies, time sequences of capacity build-up and regional distribution of productive resources. The information contained in the studies will also be used to adapt field operations to the specific conditions prevailing in a given developing country.

42. To support the planning activities of the relatively less industrialized developing countries, a study was prepared in 1971 spelling out the major set of tasks to be performed in arriving at criteria for the selection of industrial priorities. This study, focused on the clarification of basic concepts and generalized systems, will be further developed by case studies dealing with several selected countries in Africa (especially those considered among the group of least developed countries) during the second half of 1972 and the first half of 1973. The results will be published in the Industrialization and Productivity Bulletin.

43. The relatively more industrialized developing countries submitted to UNIDO in 1971 an increased number of requests for assistance in providing information and developing the analytical techniques necessary for formulating long- and medium-term plans and policies for their newly established intermediate and capital goods industries. Technical assistance projects in this area call for intensive supporting activities drawing upon the kind of information, experience and forecasts with which individual experts are not readily equipped, but which are more easily accessible on an international level. In 1971, UNIDO commissioned a planning bureau of a developing country to conduct a study on the actual applications of input-output techniques and data to industrial programming. UNIDO also participated in the Second Inter-regional Seminar on Long-Term Projections and Planning organized by the Centre for Development Planning, Projection and Policies (CDPPP) in Dakar, Senegal, in 1971.

44. Towards the end of 1971, UNIDO participated in an advisory mission on industrial strategy that assisted the Government of Senegal in reappraising its industrial development strategy before embarking on a new planning exercise. The results of this mission are being evaluated and may lead to similar missions in 1972 and 1973. Another set of ad hoc supporting activities entailing the use of advanced programming techniques was initiated to meet the needs of Iran, Mexico and the Philippines. This type of direct supporting activity is expected to continue through 1972 and 1973, with special reference to case-by-case needs. In 1972, Group 12 will focus its activities in this area on the machine-tool and electrical engineering industries, jointly with Group 1 (Engineering Industries) and Group 17 (Industrial Branch Reports and Across-the-Board Techniques) and in 1973, on the building industry complex, jointly with Group 3 (Construction and Building Materials Industries) and Group 17.

45. In 1972, UNIDO will organize a seminar on plans and policies for the development of electrical engineering industries in Latin American countries.^{4/} The seminar will be carried out in co-operation with Group 1 and with the collaboration of ECLA and the Inter-American Development Bank. At the seminar country studies will be presented by selected participants.

46. The project component Planning of maintenance and modernization of industrial facilities (12.01.03), which forms part of the UNIDO programme of maintenance and repair, was initiated in connexion with the Interregional Symposium on Maintenance and Repair in Developing Countries held in Duisburg in 1970. The follow-up of the Symposium and its exploratory studies led to an analysis, carried out in 1971 in close co-operation with Group 1, of data on resource allocation and actual costs in existing industries. The results of this analysis will be issued under the title "The economics of maintenance planning" and will serve as reference material for project planners.

47. In 1972, UNIDO proposes to examine the problem of how to programme the domestic production of specific spare parts and maintenance equipment for the manufacturing industry as well as to prepare guidelines on the production possibilities and programming methodology. In 1973, UNIDO will concentrate on analysing the effects of national policy measures on the establishment of facilities for maintenance and repair and the performance of such facilities. These analyses, which will cover the major economic and policy aspects of the maintenance problem, will contribute to the maintenance and repair programme of UNIDO.

48. Project component 12.01.04 (Reference projections of industrial growth) was phased out of the work programme last year (ID/B/80/Add.3, para.32). The activities under former project component 12.01.05 (Organisation of industrial planning and implementation machinery) are now contained in project component 12.04.04 (Machinery for industrial planning, implementation and follow-up). The project component "Appraisal of performance and achievements of industrial plans" 12.01.06 (ID/B/80/Add.3, paras.36-37) has now become a separate project entitled "Appraisals of progress in the industrial sector" (12.07).

Industrial project planning (12.02)

49. Through this project, UNIDO continues to provide technical and other information about practical problems related to industrial project preparation and promotion. Attention is paid to the technical tasks of assembling and analysing data on existing industrial enterprises as well as on new investment opportunities.

50. The checklist on various Stages of project development (12.02.01), prepared by UNIDO in 1970 (ID/B/80/Add.3, para.39), will be published in Industrialization and Productivity Bulletin No.19. The checklist was supplemented by topical studies related to major policy issues for the promotion of industrial project development at various phases. The checklist and the related studies are already in wide use and serve as a base of operations for a number of field activities.

^{4/} Originally scheduled as a seminar on selected aspects of industrial policy for Latin American countries (ID/B/80/Add.3; project component 13.01.02).

51. During 1971, UNIDO conducted a special study on the implications of the pollution issue on the industrial development strategy of the developing countries. The study was undertaken to support the work of Group 17 in connexion with the 1972 United Nations Conference on the Human Environment. This activity covered much of the subject matter previously described under "Social aspects of industrial location in developing countries" (ID/B/80/Add.3; 12.05.04). During 1972 and 1973, UNIDO will participate in the activities concerned with the follow-up of the Human Environment Conference although specific work assignments for Group 12 in this area will be decided upon at a later stage.
52. UNIDO is continuing its efforts towards the Development of national industrial programming data systems (12.02.02). An increasing number of developing countries have requested technical assistance in designing and strengthening sustained information projects for industrial programming, project development and policy study purposes. The information projects assume such forms as industrial intelligence units, industrial information and evaluation systems and inter-industry data banks. Each of these projects is in a different country (Afghanistan, Ceylon, Iran, the Khmer Republic, the Philippines, the Republic of Korea, Turkey, Zaire etc.), and as these countries are at various stages of industrialization, each project has to be carefully studied to adapt it to the conditions and requirements of the particular country. Long-term guidance also has to be provided through continual exchange of experiences among these countries.
53. In 1971, UNIDO participated in an International Expert Group on Data Banks for Development, organized by the Government of France (the Observatoire économique méditerranéen, Institut national de la statistique et des études économiques, DATAR, the Ministry of Industrial and Scientific Development etc.) in co-operation with the interested departments of international organizations including the United Nations, the United Nations Research Institute for Social Development, UNIDO, ILO, the International Bank for Reconstruction and Development (IBRD), OECD, and with scores of national and private agencies and centres in developing and developed countries. The Group met at Saint-Maximin, France, in May 1971 and made an analysis for development planning purposes of the technical, theoretical, financial and political aspects of various data banks. The final report of the Group, which will be published under the sponsorship of a French government agency, will include an interim set of guidelines for the developing countries concerned. This special forum for international and inter-agency consultation was a unique opportunity to consolidate the different types of expertise on matters related to data banks and to direct the attention of technical specialists towards the problems and needs of the developing countries.
54. The regional workshop proposed for 1972 (ID/B/80/Add.3, para.42) to assess the experience gained in new field projects in several Asian countries has been cancelled owing to lack of resources. Direct communication with the field project staff, participation in advisory and exploratory missions, as required, and the preparation of case studies reviewing country projects will constitute the major supporting activities in this area in 1972 and 1973. The technical papers and experiences accumulated in this area through the backstopping and supporting activities during the past few years will be analysed and collated for publication in the Industrialization and Productivity Bulletin in 1972. Among the topics to be covered are registers for use of administrative data, reprocessing of census and survey statistics and analysis of data users.

55. In 1973 it is anticipated that an international expert group, similar to the one which met at Saint-Maximin in 1971, will be convened to review the latest progress and update the over-all guidelines. The meeting is envisaged as a multi-agency undertaking in which several United Nations agencies, including UNIDO, would be participating.

56. Through its Profiles of industrial establishments (12.02.03)² UNIDO is striving to develop a standard set of techno-economic data suitable for the identification of problems and potentials in individual enterprises in various branches of industry. Data of this type would be of great help in industrial project development and viability analysis. UNIDO has a number of operational projects in this area including training in, and joint studies on, the design and execution of data-gathering activities at the enterprise level.

57. Volume III of the Profiles, prepared by UNIDO in 1969 and 1970, was published in 1971, and Volume IV (a special issue containing the summary characteristics of about 500 export-oriented industrial enterprises) is scheduled for publication in 1972. Work on Volume V will proceed in 1972, drawing on the technical material developed in connexion with the 1970 and 1971 regional workshops mentioned in paragraph 59 below; it is scheduled for publication in 1973. The special compendium of industrial plant models (mentioned in ID/B/80/Add.3, para.49) was published in Industrialization and Productivity Bulletin No.13.

58. In 1973, an additional set of profiles will be compiled with emphasis on the employment effects of manufacturing industries in the relatively less industrialized countries. In addition to reviewing the labour absorption of industrial enterprises, at both the processing stage and at the stage of auxiliary operations, UNIDO will attempt to identify the effects of employment on related economic activities.

59. In 1971, UNIDO, in co-operation with IDCAS and the Government of Tunisia, organized the Second Regional Workshop on Industry Profiles (ID/B/80/Add.3, para.44). The Second Workshop reviewed a number of field studies that had been carried out following the First Workshop, which was held in Cairo in 1970. At the Second Workshop, a specific profile methodology was formulated for the diagnosis of capacity and performance in cement and glass-producing enterprises. This special training programme, designed to support the productivity advisory services of IDCAS, is expected to find continued applications with regard to other branches of industry in 1972, when a third workshop is to be held.

60. In 1973, ECA is planning to organize a seminar on capital and operating costs of manufacturing establishments in African countries, and UNIDO has been invited to participate in this seminar. The objective of the seminar, which will be held in Addis Ababa, will be to assist African Governments to take the necessary steps to reduce industrial investment and production costs. Background papers to specific industries (including the cement, glass containers, vegetable oil processing, grain milling, pulp and paper, food, building materials and textile industries) will be prepared by experts on the basis of experience gained on field trips. The

2/ Previously entitled "Profiles of manufacturing establishments" (ID/B/80/Add.3, para.43).

report and recommendations of the seminar will be discussed at the 1973 Conference of Ministers of Industry, sponsored by ECA and the Organization for African Unity (OAU).

61. The Extracts of industrial feasibility studies (12.02.04) present in a standardized form the technical-economic data extracted from individual feasibility studies of "model" industrial projects. Candidate project studies draw increasingly upon UNIDO's own stock (the latest list of the studies is available in the Industrial Development Abstracts), which is constantly replenished in conjunction with UNIDO field operations.

62. In 1971, UNIDO compiled the studies for volume I of the Extracts, which is scheduled for publication in 1972. This volume will contain the summary data of some two dozen industrial feasibility studies. In 1973, UNIDO will continue the compilation of Extracts and will prepare volume II of the Extracts for publication.

Industrial project evaluation (12.03)

63. The fact that the number of requests for technical assistance related to project evaluation has almost doubled within the span of one year demonstrates the increasing awareness on the part of the developing countries of their needs in this field. The requests are usually of a complex nature, encompassing several if not all of the activities previously listed under project components 12.03.01 to 12.03.04 in document ID/B/80/Add.3. Owing to their complexity and extremely close interdependence it has become more difficult and less meaningful to consider each project component separately. For these reasons, this project is presented as an entity.

64. In 1971, UNIDO continued the collection of reference studies concerned with market analysis for industrial feasibility studies (ID/B/80/Add.3, para.54). This activity will be set forth in 1972 and 1973 with headquarters resources.

65. In 1971, UNIDO finalized the operational guidelines for project evaluation (ID/B/80/Add.3, para.56); they are scheduled for publication in 1972. These guidelines, which include the methodology of national parameters for project evaluation, will serve as a basic supporting material for technical assistance experts, training workshops and for national planners and investment decision makers. Two case studies on the methods of calculating national parameters for industrial project evaluation were undertaken in 1971 (ID/B/80/Add.3, para.56); the case studies are scheduled for publication in 1973.

66. In the field of industrial project evaluation, UNIDO is providing technical assistance in the form of an advisory mission and a training workshop to the Tunisian National Centre of Industrial Studies. The technical assistance activities touch on both basic and advanced methods of project evaluation, taking into account the national economic policies, and the ways in which these methods can be utilized in the research and planning activities of the Centre and of other government agencies concerned with project evaluation. In addition to backstopping the field experts, the supporting activities for this project include primary evaluations of projects and the development of training material.

67. In 1971, UNIDO carried out jointly with ECA primary evaluations of industrial projects; a co-ordinated programme of active co-operation was also agreed upon. Five requests from African countries for advisory missions similar to the Tunisian advisory mission are in the pipeline, and three of these are expected to be implemented in 1972, with the remainder (together with new requests from other regions) to be implemented in 1973. These field projects include a national profitability analysis of proposed industrial projects as well as an analysis of the commercial profitability and the financial situation. Group 13 (Industrial Financing and Investment Promotion) and ECA will also be involved in these activities.

68. In line with these activities, UNIDO proposes to co-operate with ECA to organize in 1973 in Dakar a regional training workshop on the evaluation of commercial, financial and national economic profitability of industrial projects. The training workshop would be held for participants from French-speaking African countries.

69. In their training and planning activities, the developing countries require manuals on project evaluation. UNIDO believes it can make a significant contribution in this area and is thus proposing to convene in 1972 an expert group meeting for the purpose of formulating the steps necessary for the practical application of national investment criteria for each country that requests assistance in this area. Experts will be invited from such agencies as UNCTAD, IBRD and regional development banks as well as from major national institutes dealing with this issue. Case studies for the determination of national criteria will be prepared in 1972 for use in country manuals, taking into account the experiences gained from UNIDO's field projects in this area.

70. In 1973, UNIDO proposes to expand these activities to include project evaluations at the national and regional levels. Four or five major country projects of this type (including preliminary evaluation of projects, advisory missions cum workshops, studies for the determination of national criteria and co-operation in the preparation of country manuals) are envisaged to be carried out by UNIDO in 1973.

Industrial project implementation (12.04)

71. In addition to the type of activities described in document ID/B/80/Add.3, paragraphs 59 and 60, UNIDO is also dealing through this project with the machinery for industrial planning, implementation and follow-up as well as with computer utilization for industrial development in developing countries.

72. Reports from the field indicate that the inadequacy of available techniques and the lack of documented information for programming, scheduling, controlling and organizing project implementation result in serious delays and excessive expenditures. The Development of project implementation techniques (12.04.01)^{6/} is therefore a necessity if the developing countries are to overcome these problems. In this area, the activities of UNIDO are aimed at developing and

^{6/} Previously entitled "Techniques for programming, scheduling and control of industrial project implementation" (ID/B/80/Add.3, para.61).

upgrading the skills of local personnel in project implementation techniques. For example, UNIDO undertook two field missions in 1971: one to IDCAS in Cairo and the second to Brazil. In addition, UNIDO held in 1971 a regional training workshop in Cairo for ten Arab States (ID/B/80/Add.3, para.65).

73. In 1972, as part of its operational programme, UNIDO will assist in the organization of two national training workshops, one in the Syrian Arab Republic and the other in Tunisia. Moreover, advisory missions will be undertaken to Nigeria and the Sudan. It is expected that, as a result of these missions, requests will be submitted for assistance in organizing training workshops; such requests could be implemented in 1973. In order to provide effective assistance in the organization of these training workshops, UNIDO proposes to prepare a number of country studies and case studies as well as training material on selected aspects of project implementation techniques for, and their applicability to, each of the requesting countries. Of the five studies originally scheduled for publication in 1971 (ID/B/80/Add.3, para.61), the study on programming and control of implementation of industrial projects in developing countries appeared in 1970. The publication of the other four studies, under changed working titles, has been postponed to 1972. Two further studies, started in 1971, will be completed in 1972 and published in 1973.

74. In 1973, UNIDO will participate in two workshops: one in Budapest, Hungary (this workshop was postponed at the request of the Hungarian Government from 1972 to 1973; ID/80/Add.3, para.67) and another at Stanford University, in the United States of America. Some 30 fellows can be placed at each of these two workshops.

75. The compilation of Reference data on project implementation (12.04.02)^{1/} is carried out through two types of activities. One focuses on parameters for programming, scheduling and budgeting the implementation of projects, and thus provides reference points for the application of project implementation techniques, administration and control. The other concentrates on identifying the magnitude of, and causes for, delays and excessive expenditures in implementation at the project, branch and country levels and thus provides useful information for the formulation of corrective measures.

76. In 1971, UNIDO held in Vienna an Expert Group Meeting on Project Implementation and Related Systems to review the format for data collection, which had been prepared in 1970 and 1971 (cf. ID/B/80/Add.3, para.68) in the light of the experience gained with this format at the regional training workshop held in Cairo in 1970.

77. In 1972, IDCAS will be organizing working groups to collect data on project implementation in some five requesting countries; UNIDO will co-operate with IDCAS in providing assistance to these working groups. Later in 1972, UNIDO will hold an expert group meeting in Algiers to appraise, and discuss the outcome of, this activity and to make any necessary modifications in the approach being used.

^{1/} Previously entitled "Time profiles on project implementation" (ID/B/80/Add.3, para.68).

78. In 1973, UNIDO will probably be called upon to organize, under its technical assistance programme, two training workshops; the data format discussed above will be used in these workshops. Through the training workshops, UNIDO will help to upgrade the skills of the local personnel of the requesting countries and assist these countries in improving their implementation information systems and data storage banks.

79. The work on Model contracts (12.04.03),^{8/} initiated by UNIDO in 1970, is intended to provide developing countries with guidance and training in contracting related to industrial investment. Requests for technical assistance indicate the need to focus the supporting activities in this area on three aspects: initiation and planning of contracts; data requirements; and tendering and contracting procedures.

80. In 1971, UNIDO completed its first study on project implementation contracts; it will be published in 1972. This study will serve as a practical guide for tendering and contracting procedures in the field. Judging from the requests UNIDO has received for technical assistance in this area, it will be necessary in 1972 to concentrate on the initiation and planning of contracts. UNIDO proposes to elaborate procedures of contractual services and to point out the advantages of particular forms of contracting procedures. In this connexion, UNIDO will prepare general estimates of requirements of skills and other resources, and will outline the organizational procedures of the various contractual arrangements. In 1973, UNIDO will concentrate its work on data requirements and will prepare terms of reference as well as guidelines for pre-contractual arrangements.

81. A Machinery for industrial planning, implementation and follow-up (12.04.04)^{9/} is a necessity for the industrialization process of the developing countries. In its activities under this heading, UNIDO provides assistance to developing countries in establishing and strengthening the machinery for industrial planning, implementation and follow-up, including assistance in formulating the organizational structure, functions and interlinkages of governmental and non-governmental industrial institutions. In 1971, a UNIDO expert reviewed, in co-operation with IDCAS, the organizational structure of the machinery for industrial planning and implementation in five Arab countries. The aim of this exercise was to identify the bottlenecks in the machinery and to assist in the formulation of technical assistance projects. Under its operational programme, UNIDO will conduct a similar survey in 1972 in five other Arab countries. As planned, UNIDO will hold an expert group meeting in 1972 (ID/B/80/Add.3, para.35) to discuss these surveys and to recommend ways and means of carrying out the related technical assistance projects.

82. In view of the needs expressed by developing countries, it is expected that there will be a substantial increase in the number of field projects in this area in 1973. Reports on the operational projects carried out so far indicate that two major problems were encountered: faulty organization of the machinery for industrial planning, implementation and follow-up; and

^{8/} This project component was previously described under 12.04.04 (cf. ID/B/80/Add.3, para.11).

^{9/} This project component was previously entitled "Organization of industrial planning and implementation machinery" and was listed as 12.01.05 (cf. ID/B/80/Add.3, paras.23-25).

an insufficient flow of information. In 1973, UNIDO will focus its supporting activities on these two problem areas with a view to formulating corrective measures. In addition, developing countries will be assisted in the preparation of guidelines to improve these problem areas.

83. Accordingly, the supporting activities of UNIDO in 1973 will include the preparation of case studies on the organizational structure of the industrial planning, implementation and follow-up machinery in a number of African, Asian and Latin American countries. The studies will focus on the hierarchical levels of the machinery; on their functions and relationships with other governmental and non-governmental agencies; on their capabilities to render satisfactory planning, implementation and follow-up of industrial programmes and projects; and on related information systems and information requirements at the various levels of the machinery.

84. In accordance with the wishes of the Industrial Development Board, as expressed in resolution 19(III), UNIDO is attempting to promote Computer utilization in the industrial development of developing countries (12.04.05). Computers are being used increasingly by developing countries, and a good part of their application is concerned with industrial development. However, a number of problems have been encountered in this respect by the developing countries - problems related to the question of when and how to use computers effectively.

85. In 1970, UNIDO carried out a technical assistance project in Tunisia to identify the problems encountered in data processing for, and computer utilization in, industrial development. Within the terms of reference of this project, UNIDO was requested to formulate a four-year programme for the utilization of computers in industrialization. At the request of the Government of Brazil, a related technical assistance project was carried out by UNIDO in 1971 in the State of Bahia, to assist the Aratu Industrial Centre in establishing a computer-oriented information system for programming, scheduling and controlling the implementation of its industrial distribution system (cf. 12.04.01).

86. As a preliminary step towards assisting the developing countries to make proper use of computers in their industrialization process, UNIDO has been including the subject of computer utilization in industrial implementation and follow-up in its training workshops and advisory missions since 1970.

87. In 1971, UNIDO prepared two studies that dealt with computer-oriented procedures for implementation, follow-up and control of industrial projects. In addition, a study is being prepared jointly by UNIDO and the National Institute for Training in Industrial Engineering in Bombay, India, to identify areas where computers could be utilized in the industrialization of India; to describe the problems encountered; and to recommend corrective measures. The outcome of the study, as well as the methodology used, will be the basis for formulating the future work of UNIDO in this area. The study will also serve as a model for similar activities in other developing countries. UNIDO is also preparing training material on industrial project implementation and guidelines for computer utilization in the industrial development of developing countries; this material is scheduled for publication in 1973.

Regional industrial co-operation (12.05)¹⁰

88. Regional groups of developing countries have requested the assistance of UNIDO in examining sectors of industry for their suitability for regional co-operation and in studying the feasibility of specific regional projects. UNIDO has also been requested to advise on ways of allocating manufacturing plants to different countries (for example, heavy industries in the Regional Co-operation for Development (RCD) group of countries) and on means of adapting national policies to facilitate the implementation of regional projects. UNIDO provides assistance of this type to Governments through the respective regional secretariat or development bank. UNIDO also supports the regional industrial development centres established by the League of Arab States and the Maghreb Permanent Consultative Committee.

89. UNIDO has begun to collect information on the approaches used by the various groups of developing countries that have already embarked on schemes of closer economic co-operation. Thus in 1971, UNIDO prepared a case study on regional industrial co-operation in West Africa (ID/B/80/Add.3, para.76). The Proceedings of the Interregional Seminar on Industrial Location and Regional Development held in Minsk (ID/B/80/Add.3, para.77) were also published in 1971, and selected papers of the Minsk Seminar are scheduled for publication in 1972. In 1971, information on approaches to regional economic co-operation was examined by an Expert Group Meeting on Regional Industrial Co-operation held in Vienna (cf. 13.04.01; ID/B/80/Add.3, para.130). The meeting, which was organized in co-operation with UNCTAD, was attended by representatives of five subregional groups of developing countries and by several independent consultants. The Expert Group discussed the various approaches to regional industrial co-operation adopted by these five groups in the 1960s, the results achieved, and the technical problems encountered; it also identified the areas in which UNIDO could assist regional groups to take appropriate action to accelerate the implementation of regional programmes of industrial development. The Expert Group recommended that a similar meeting be held at a later date when the new approaches to regional co-operation had been tested.

90. In 1971, UNIDO began preparatory work on its contributor to the Asian Industrial Survey for Regional Co-operation, sponsored by ECAFE, which aims at identifying industries suitable for co-operation among selected countries in Southeast Asia during the period 1975 to 1985. In 1972, a systematic and detailed checklist of the sectors of the manufacturing industry will be used to assist groups of countries in examining possibilities for the harmonization of national investment plans; identify the sectors of industry which different groups have selected as suitable for co-operation; and maintain an up-to-date record of the projects that have been implemented within these sectors. In 1973, the information provided through the checklist will be reproduced for internal use by UNIDO staff and field experts.

^{10/} This project amalgamates the former projects 12.05 and 13.04 (ID/B/80/Add.3).

91. UNIDO's past experience in advising regional groups has shown a need for new approaches to the problem of sharing the benefits of regional industrial co-operation. In 1972, UNIDO will continue to work on the development of new approaches, as suggested by the 1971 Expert Group. The approaches will be tested by UNIDO experts advising regional groups on the establishment of regional industrial projects. Closer co-operation in regional industrial development usually requires an adaptation of national policies. In 1970 and 1971, UNIDO examined the progress made by certain regional groups in harmonizing their national investment incentives for new industrial projects. In 1972 and 1973, alternative methods of harmonizing policies on taxation, foreign investment, the purchase of technical know-how etc. will be examined.

**Policies and measures used to implement industrial
development programmes (12.06)¹¹**

92. The assistance of UNIDO in formulating a set of policies to implement industrial development programmes is often combined with broad advice on the planning for future industrial development. In some countries, the impact of government policies is examined at the branch level (e.g. the textile and pharmaceutical industries in Iran, and the engineering industry in Mexico). Other countries request advice on redesigning a specific instrument of policy (such as investment incentives and tariff structure) or a specific area of policy (such as the state-owned manufacturing sector and foreign investment).

93. To support such advisory services, UNIDO is accumulating knowledge on: broad sets of policies and measures used by some developing countries to implement their programmes of industrial development; specific policies adopted in the state-owned manufacturing sector; the type of investment incentives used; and impact of tariff and other forms of protection on industrial development. The accumulation and analysis of experience in these areas are continuing tasks, and the activities of this type proposed for 1973 therefore remain substantially identical with those of previous years (cf. ID/B/30/Add.3, project 13.01, paras.109-126). UNIDO intends to introduce three changes in its approach to activities in this area, however. First, the experience of individual countries will be examined in the course of technical assistance assignments rather than through case studies. Second, large seminars will be replaced by workshops at which small groups of senior officials can discuss practical solutions to specific policy problems. Third, an attempt will be made to consolidate systematically the knowledge and experience gained into a set of guidelines for the use of UNIDO staff and experts.

94. In 1971, UNIDO continued its series of Case studies of industrialization policy (12.06.01)¹² with an examination of the experience of countries using different social and economic systems. Studies of the experiences of Egypt, Iran, Saudi Arabia, the Syrian Arab Republic and Zambia have been reproduced in mimeograph form.

¹¹ This project comprises the former projects 13.01, 13.02 and 13.03.

¹² This project component was previously listed as 13.01.01 (ID/B/30/Add.3, para.111).

95. In 1972 and 1973, UNIDO plans to prepare a few forward looking case studies in co-operation with national authorities. Thereafter, the reports of advisory missions requested by developing countries should contain sufficient case study material to make an in-depth appraisal of the industrial sector's performance during the Second United Nations Development Decade (cf. 12.07).
96. In 1971, UNIDO organized a Seminar on Selected Aspects of Industrial Policy (cf. 13.01.0 in ID/B/80/Add.3, para.113). The Seminar, which was held in Beirut, was attended by 30 participants from selected Middle East and North African countries, who welcomed the broad approach adopted by the Seminar. The report and proceedings of the Seminar were published in 1971.¹³ Plans to hold a similar seminar for participants from Latin American countries in 1971 (ID/B/80/Add.3, para.113) had to be cancelled.
97. ECA proposes to hold in 1973, in co-operation with UNIDO, a meeting on industrialization policy in African countries. The objective of the meeting would be to make a critical review of the policies and measures used to implement industrial development programmes at the national and subregional level. The meeting would precede the ECA/OAU Conference of Ministers of Industry to be held in Addis Ababa in September 1973.
98. The first Advisory Panel of Consultants on Industrial Policies (12.06.02) met in Vienna in January 1971 (cf. ID/B/80/Add.3, para.114). Six independent consultants reviewed the activities of UNIDO in the field of industrial policies during the years 1967 through 1970 and made recommendations for future action. The Panel confirmed that the areas of industrial policy which UNIDO is examining are indeed the most important ones; it also suggested that UNIDO should develop a set of guidelines to ensure a sound and uniform approach in the policy advice provided by UNIDO. The Panel suggested that initially the guidelines be developed as internal working papers to be circulated only to UNIDO staff, experts and consultants for comments.
99. In 1972, a second panel will meet in Vienna (ID/B/80/Add.3, para.115) to advise UNIDO on the problems that faced industrialized countries in reorganizing the structure of selected branches of industry through industrial mergers etc. The panel of consultants will be asked to consider whether the policy adopted can be applied to the more advanced developing countries when facing a similar situation. In 1973, UNIDO plans to invite a different panel of consultants to consider the special types of strategy, plans and policies Governments could adopt to overcome the obstacles to industrial development in the least developed of the developing countries.
100. To enable Governments to compare their policies with those adopted in other countries, UNIDO planned a series of Training programmes on the design of industrial policy measures (12.06.03).¹⁴ Instead of the seminar on tariff and protection policies for industrial development, originally planned for 1972 (ID/B/80/Add.3, para.119), UNIDO proposes to hold two

^{13/} For administrative purposes the report and the proceedings, published in 1971, are listed in the publication programme of Group 13 (Industrial Financing and Investment Promotion).

^{14/} Previously component 13.02.01 (cf. ID/B/80/Add.3, para.117).

regional workshops in 1972 on tariff and other protection policies: one, in co-operation with ECAFE, for participants from Asian countries; and one, in co-operation with ECA, for participants from African countries. At the latter workshop, at the suggestion of ECA, particular attention would be paid to industrial costs and the efficiency of existing industrial enterprises. In 1973, two additional workshops would be organized: one for participants from African countries, in co-operation with ECA; and one for participants from Latin American countries, in co-operation with ECLA.

101. In 1971, the Directory of Industrial Investment Incentives (12.06.04) (previously 13.02.03, ID/B/80/Add.3, para.121), was published.^{15/} UNIDO continued the compilation in 1971 of a revised and updated directory covering all developing countries. A draft version of the revised directory, covering 35 developing countries, has been circulated for comments to potential users. The information was also utilized in the UNIDO programme of investment promotion activities and as a basis for advising individual developing countries on the preparation of handbooks or manuals for potential investors. In 1973, an attempt will be made to increase coverage to all developing countries and to add new areas of policy such as the regulation and taxation of foreign investment and technical know-how fees. Some of this information will be provided by Group 7 (Industrial Administration). Since the directory is intended to serve the international business community by describing briefly the investment climate of each developing country and providing clear instructions on where to obtain further detailed information from the Government, an attempt will be made to interest a commercial organization in continuing with the task of updating and publishing the directory.

102. The assistance of UNIDO has been requested by several developing countries in improving the performance of the state-owned manufacturing sector through the implementation of a uniform policy at the enterprise level on such matters as efficiency targets, investment priorities and prices. To support its operational programme in this area, UNIDO has planned a series of Case studies of policies adopted in the state-owned manufacturing sector (12.06.05). In planning these case studies (which were previously reported as project 13.03.01), close co-operation is maintained with Group 7, Group 10 (Industrial Management and Consulting Services) and the Division of Public Administration of the United Nations Secretariat. The case studies, originally scheduled for publication in 1972, will be reproduced in mimeograph form prior to publication at a later stage.

Appraisals of progress in the industrial sector (12.07)

103. This new project is being introduced into the 1973 work programme to cover the activities of UNIDO connected with the appraisal of progress in the industrial sector at the national and international levels during the Second United Nations Development Decade. (The forerunner of this project, though of a more limited scope, was project component 12.01.06 "Appraisal of performance and achievements of industrial plans" referred to in document ID/B/80/Add.3, paragraphs 36, 37.

^{15/} For administrative purposes the 1971 edition of the Directory is listed in the publication programme of Group 13 (Industrial Financing and Investment Promotion).

104. This project has been formulated to facilitate co-ordination and interaction between the over-all progress appraisal at the regional level (to be handled by the regional economic commissions and UNESOB) and the in-depth sectoral appraisal in individual developing countries. Specifically, it is designed to accommodate the growing demand from the less developed of the developing countries for assistance in improving their ability to undertake in-depth appraisals of their industrialization plans, policies and measures in harmony with the International Development Strategy. Thus this project will be closely linked to the UNIDO operations associated with the UNDP country programming and reviews of technical assistance.

105. Close co-operation with the regional economic commissions and UNESOB is necessary in order to build up a nucleus of specialized staff that can be rapidly deployed at the request of individual developing countries in each region. Such co-operation would also ensure a sound and consistent orientation of activities and would facilitate the exchange of new experiences between countries.

106. During 1971, an attempt was made, jointly with Groups 13, 14 and 15, to formulate an extensive list of indicators to monitor and evaluate industrial development at the macro-economic, intermediate and micro-economic levels in a relatively less developed country. In 1972 and 1973, UNIDO will carry out further preparatory and backstopping work to support the advisory services and training programmes being considered in the various regions. As the backstopping of these new regional projects is being given a high priority, the interregional studies and training as proposed in document ID/B/80/Add.3 (para.37), will no longer be pursued.

107. Co-ordination of work with the United Nations Department of Economic and Social Affairs and with other United Nations agencies is being effected through the ACC Sub-Committee on the Second United Nations Development Decade.

108. An interregional seminar on the operation of industrial planning systems, which was originally proposed for implementation in 1971 (ID/B/80/Add.3, para.45), has been tentatively rescheduled for 1972 owing to certain financial problems. This seminar is designed to provide a number of interested developing countries with an in-depth review of the various systems of industrial planning and appraisal in terms of specific indicators, policy instruments and mechanisms for their evaluation.

Expenditures and estimated costs for supporting and other activities, 1971 - 1973
(in m/m and thousands of US dollars)

Project (Priority A)	Regular budget						Extra-budgetary resources (\$)				
	Staff (m/m)		Consultants (\$)			Expert group meetings (\$)			1971	1972	1973
	1971	1972	1973	1971	1972	1973	1971	1972			
12.01 <u>Industrial development strategies and plans</u>											
12.01.01	6	6	6	1.9	1.0	0.5	-	-	-	-	-
12.01.02	8	12	16	2.0	5.0	4.5	-	-	-	-	-
12.01.03	2	4	2	1.5	2.0	1.0	-	-	-	-	30.0 TA
12.02 <u>Industrial project planning</u>											
12.02.01	1	8	7	-	2.0	2.0	-	-	-	-	-
12.02.02	5	7	9	3.5	3.0	3.0	-	-	-	-	-
12.02.03	8	8	8	6.8	3.0	3.0	-	-	-	-	-
12.02.04	5	1	1	4.0	-	-	-	-	10.0 GTF	15.0 GTF	-
12.03 <u>Industrial project evaluation</u>	12	15	14	6.3	3.0	1.5	-	7.5	-	-	34.0 TA
12.04 <u>Industrial project implementation</u>											
12.04.01	4	7	8	3.0	2.0	3.0	-	-	-	18.5 GTF	-
12.04.02	4	7	6	2.2	2.0	2.0	10.1	6.5	-	-	-
12.04.03	3	6	6	1.0	2.0	2.0	-	-	-	-	-
12.04.04	6	8	10	4.0	1.5	2.0	-	6.5	-	4.3 GTF	-
12.04.05	2	4	4	-	-	3.0	-	-	-	-	7.5 GTF
12.05 <u>Regional industrial co-operation</u>	5	7	9	4.2	1.5	3.0	7.5	-	-	-	-

12.06 Policies and measures used to implement industrial development programmes

12.06.01	5	4	4	1.4	2.5	2.0	-	-	21.7 TA	-	-
12.06.02	1	2	3	3.0	3.0	3.0	3.5	4.5	-	-	-
12.06.03	4	7	8	4.1	2.0	5.0	-	-	-	40.0 TA	49.0 TA
12.06.04	4	3	8	-	-	-	-	-	-	-	-
12.06.05	2	2	2	-	2.0	2.0	-	-	-	-	-

12.07 Appraisals of progress in the industrial sector

	3	13	13	2.3	1.5	1.5	-	-	-	20.0 TA	-
Total	<u>90</u>	<u>131</u>	<u>144</u>	<u>51.2</u>	<u>39.0</u>	<u>44.0</u>	<u>21.1</u>	<u>25.0</u>	<u>21.7 TA</u>	<u>90.0 TA</u>	<u>83.0 TA</u>
										<u>37.5 GTF</u>	

Backstopping and servicing of operational activities

	<u>76</u>	<u>97</u>	<u>108</u>
	<u>166</u>	<u>228</u>	<u>252</u>

a Operational costs shown above are included in the table on page 9.

Printed publications

1971 publications programme

		<u>Language</u>	<u>Cost (US\$)</u>
ID/50 Vol.I	Proceedings of the interregional seminar on industrial location and regional development (12.05)	E	
<u>Industrialization and Productivity Bulletin</u>			
ID/SER.A/15	No.15	F	
ID/SER.A/16	No.16	F S	
ID/SER.A/17	No.17	E F	
ID/SER.A/18	No.18	E	
ID/SER.E/6	Profiles of manufacturing establishments, Vol.III (12.02.03)	E (F,S,R abstracts)	
ID/SER.L/1	Programming and control of implementation of industrial projects in developing countries (12.04.01)	S	
IPPD/54	Summaries of industrial development plans, Vol.II (12.01.01)	E	
			<u>27,336</u>

1972 publications programme

ID/50	Selected studies Interregional seminar on industrial location and regional development, Vol.II (12.05)	E R	
ID/SER.E/7	Profiles of manufacturing establishments, Vol.IV (12.02.03)	E (F,S,R abstracts)	
ID/SER.H/2	Guidelines for project evaluation (12.03.03)	E F S R	
ID/SER.L/1	Programming and control of implementation of industrial projects in developing countries (12.04.01)	F	
-	Summaries of industrial development plans, Vol.III (12.01.01)	E	
-	Application of systems analysis to industrial project implementation in developing countries (12.01.05)	E F S	
-	Extracts of industrial feasibility studies, Vol.I (12.02.04)	E (F,S,R intro.)	
-	Questionnaire for identifying delays and overrun costs during the implementation of industrial projects (12.04.01)	E F S	
-	A case study in a developing country; industrial project implementations (12.04.01)	E F S	
-	Cost accounting for the implementation of industrial projects in developing countries (12.04.01)	E F S	

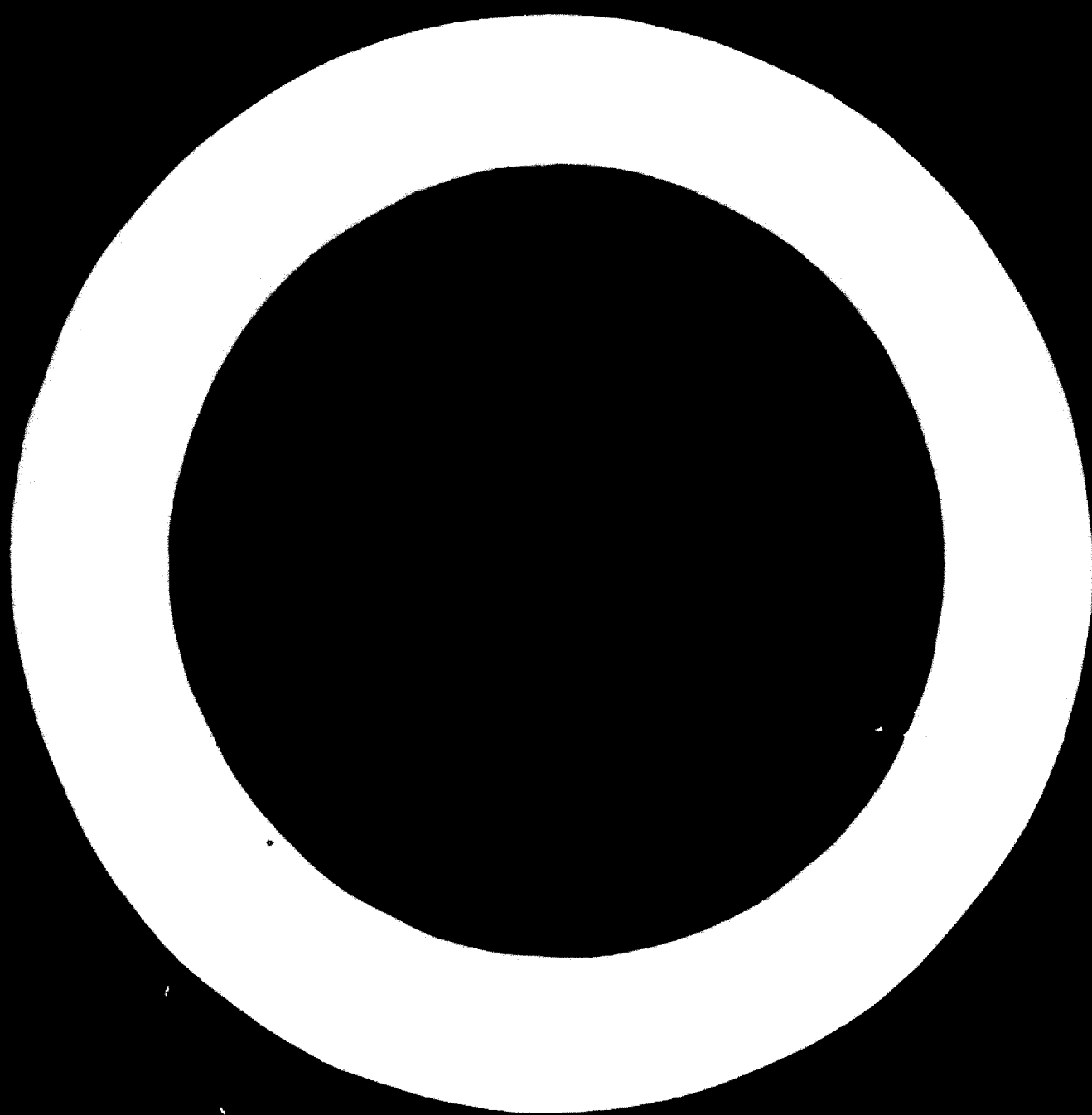
1972 publications programme (cont'd)

	<u>Language</u>	<u>Cost</u> <u>(US\$)</u>
- Project implementation programming techniques under uncertainty (12.04.01)	E F S	
- Project implementation contracts (12.04.03)	E	
<u>Industrialization and Productivity Bulletin</u>		
ID/SER.A/17 No.17	S	
ID/SER.A/18 No.18	F S	
ID/SER.A/19 No.19	E F S	
ID/SER.A/20 No.20	E F S	
ID/SER.A/21 No.21	E F S	
ID/SER.A/22 No.22	E F S	
		<u>32,800</u>

Forecast of 1973 publications programme

- Summaries of industrial development plans, Vol.IV (12.01)	E	
- Profiles of manufacturing establishments, Vol.V (12.02.03)	E (F,S,R abstracts)	
- Two case studies in project evaluation (12.03)	E	
- Standardised approach for project implementation (12.04.01)	E F S	
- Glossary of terms used in the application of network techniques in project implementation and companion tutorial on their practical application (12.04.01)	E F S	
- Training material on industrial project implementation (12.04.05)	E F S	
<u>Industrialization and Productivity Bulletin</u>		
ID/SER.A/23 No.23	E F S	
ID/SER.A/24 No.24	E F S	
ID/SER.A/25 No.25	E F S	
		<u>32,300</u>

Note: 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 13: INDUSTRIAL FINANCING AND INVESTMENT PROMOTION

Introduction

109. The activities related to industrial policies, which have previously been dealt with by Group 13, have been transferred to Group 12 (Industrial Programming, Project Planning and Policies) as they are closely connected with programming and planning. The main responsibilities of Group 13 are the activities related to industrial financing and industrial investment promotion. In the work undertaken in this field, it is very difficult to distinguish between operational and supporting activities. Most of the activities are, in fact, operational and take the form of direct assistance to the developing countries. In many instances, such activities have to be conducted from headquarters and involve staff work, since their operational character implies permanent contact with industrialized countries. During 1971, these activities were given new support with the creation of a team of interregional promotion advisers based in Vienna and financed by UNDP. For the sake of continuity, the presentation of last year's work programme has been maintained, but the preceding remarks should be kept in mind for a better understanding of the nature of the work of UNIDO being carried out by Group 13.

110. On the basis of the growing interest shown by developing countries in the activities in this field, further developments are expected during 1972 and 1973. As a general trend, these activities will assume a more continuous nature and will become more diversified; at the same time, efforts are being made to link them more closely to the programmes of the other groups of activities of UNIDO, especially with those of the Industrial Technology Division.

111. A growing emphasis will be given to assisting institutions of developing countries in charge of industrial promotion and industrial financing to be able to conduct their own activities. UNIDO is assisting the developing countries to create such institutions and to strengthen existing institutions in their operations both at home and abroad. Such assistance generally takes the form of experts and training workshops and seminars for the personnel of such institutions. In the same way, UNIDO is assisting developing countries in mobilizing internal savings and channelling them to industry as external financing can be only a marginal component of the total resources that are needed by the developing countries to finance their industrialization.

112. Through its promotion activities UNIDO is attempting to mobilize, for the benefit of industry in developing countries, various kinds of resources from industrial firms or financing institutions of the more industrialized countries. The objective is to encourage and foster direct contacts and discussions that would result in firm-to-firm or industry-to-industry co-operation. These activities are conducted at the request of developing countries, and UNIDO attempts to adapt its promotional action to the needs expressed by each developing country within the framework of its industrialization strategy and policy. UNIDO will prepare and organize

the contacts with a view to providing the type of external resources required by each specific industrial project; in some instances it may be various types of financing (direct investment, joint ventures or credit facilities) and in other instances it may be transfer of know-how, managerial or training assistance, market facilities etc.

113. In the past, the main instrument for promotional action has been the regional meeting, which was a first step towards providing service to a wide range of countries. In the future, more emphasis will be given to a continuous in-depth promotion of individual industrial projects to which developing countries attach particular importance. In some instances, the promotion will include assistance in planning financial resources, both internal and external; in other instances, it will be assistance in finding external sources. If requested by the developing country, assistance in promotion will be combined with assistance in the preparation of projects; such activities will be carried out in co-operation with Group 12 and with the respective groups of activities of the Industrial Technology Division.

114. Promotional meetings will continue to be a major tool in the promotion programme. Their usefulness has been pointed out by many participants who welcome the opportunity of contacting a great number of potential investors in a short time and at a minimum cost. The main categories of promotional meetings will be:

- Regional meetings of promotion, similar to the ones organized previously in Africa and Asia. It is expected that a similar programme will be initiated in Latin America;
- Sectoral meetings, dealing with specific industrial sectors, to be held possibly in industrialized countries. These meetings will be organized in close co-operation with the Industrial Technology Division; and
- Meetings of development banks and development financing institutions; such meetings are a continuation of the programme that was started in 1970 and 1971.

115. In all of these activities, UNIDO is maintaining close co-operation with other international organizations. The regional economic commissions, UNESCO and the regional development banks are co-sponsoring regional programmes. The International Bank for Reconstruction and Development (IBRD) is associated in various ways: a high-level officer of the World Bank is an active participant in the programme of development banks, and the International Financing Corporation has been represented at the investment promotion meetings. The FAO industry co-operative programme is also a useful channel for UNIDO contacts with individual firms for all projects related to the agro-allied industries.

OPERATIONAL ACTIVITIES

Industrial financing

116. In the field of industrial financing, UNIDO has a broad operational programme of assistance through which the developing countries are provided with advice and expert personnel with executive functions. The programme is supplemented by training activities, including workshops and the provision of fellowships. As far as possible, the technical assistance activities consist of complete projects comprising both training and advice.

117. A case in point is the establishment of the Gambian Commercial and Development Bank. An official of the Gambian Government participated in UNIDO's first training programme in industrial banking techniques. After he returned to his country, the Government requested the assistance of UNIDO in establishing the Bank, which is now operating in its initial phase with the support of two UNIDO experts. The general manager and the Gambian counterparts are being trained through UNIDO fellowships in Cyprus, Ghana and the United Kingdom.

118. Short- and long-term advisory functions are performed by experts who are attached to national industrial financing institutions. In 1972 and 1973, experts will be supplied to Cameroon, Liberia, Malaysia, Thailand and the United Republic of Tanzania to advise the management of the respective development banks on how to mobilize effectively local and foreign resources and on how to utilize these resources to finance specific industrial projects. In some instances, e.g. in Somalia and Peru, experts were supplied to assist in the organization or re-organization of institutions for industrial finance. UNIDO has also supplied experts to the Gambia and Swaziland to serve as executives rather than as advisers.

119. Several developing countries have requested the assistance of UNIDO to enable them to meet the financial requirements of specific industrial sectors. For example, the Government of Peru has requested the assistance of a financial expert to advise the industrial bank on the financing needed to strengthen the Peruvian textile industry. Another expert will advise the Government of Peru on various financial problems encountered in the development of the petrochemical industry.

120. Over the long term, the principal service rendered by UNIDO in this field is assistance in the training of local personnel for the numerous tasks involved in financing industrial development. Many fellowships have been granted, enabling trainees from developing countries to spend anywhere from three months to two years in banking institutions of advanced developing countries and of the industrialized countries. For example, fellows from Jordan were provided training facilities in Malaysia and Singapore; banking officials from Chile, Dahomey and Kenya were offered fellowships to train with the financial institutions in developed countries. In special cases, UNIDO also provides training at its headquarters.

121. Subregional and national programmes in the field of financial analysis and industrial banking techniques have been organized in Southeast Asia and in various subregions of Africa. Most of the participants keep in touch with UNIDO headquarters staff for further assistance after they have taken up their new assignments. Some trainees have been given functions with greater responsibilities after their return to their respective institutions. A trainee from Afghanistan, for instance, was associated with the establishment of a development bank in his country.

Industrial investment promotion

122. The operational activities related to industrial investment promotion cover institutional aspects, manpower training and assistance in identification, evaluation and presentation to potential partners of industrial projects that the developing countries wish to promote and implement.

123. With regard to the institutional aspects, advisory missions were sent to a number of countries in 1971 and more are planned for 1972 and 1973. The main purpose of the advisory missions is to assist developing countries, at their request, in establishing investment promotion machinery or in improving the operations of existing machinery. Thus UNIDO sent an advisory mission to the Philippines in 1971 to assist the country in setting up an investment promotion unit and in preparing a promotional guide for foreign investors. Similar assistance is to be provided to British Honduras, Lebanon and the Brazilian State of Bahia in 1972.

124. Further in 1971, UNIDO sent advisory missions to the Ivory Coast and Tunisia to assist these countries in improving the structure and operations of the investment promotion machineries in their countries, and a technical assistance expert on investment promotion was provided to the Indonesian Board of Investment.

125. In 1972 and 1973, requests from developing countries are expected to rise sharply for advisory missions to set up or improve investment promotion machinery and for the provision of experts on investment promotion. UNIDO also proposes to step up its assistance in training personnel to man the investment promotion machinery in developing countries. To this end, UNIDO plans to hold regional training workshops and to award more fellowships in investment promotion.

126. In 1971, UNIDO began to make co-operative assignments with investment promotion centres of member States to provide facilities for the training of UNIDO fellows in investment promotion. The investment promotion centre of the Republic of Ireland, the Irish Industrial Authority, has agreed to provide such training facilities, and negotiations to this effect are in progress with the European offices of the Indian Investment Centre and the Singapore Economic Development Board.

127. At the request of several developing countries, including Lebanon and the Republic of Korea, special national programmes of promotion have been undertaken in which UNIDO has provided assistance in the preparation of projects, the dissemination of information among potential partners, and the organization of possible meetings. UNIDO is providing increasing assistance to developing countries in the preparation of projects suitable for promotion and in establishing channels of communication to potential partners on a project-by-project basis or through meetings of various kinds. In order to simplify the presentation of the work programme, this activity will be described jointly with the organization of the respective programmes (cf. project component 13.09.02).

Value of approved field projects and forecast of requirements, 1971 to 1973
(in thousands of US dollars)

Source of funds	1971 estimated expenditure	1972			1973		
		Approved projects	Requirements for new projects	Total	Approved projects	Requirements for new projects	Total
UNDP/SF	79.3	435.2	1,087.3 ^{a/}	1,522.5	219.8	2,447.0 ^{a/}	2,666.8
UNDP/TA	156.6		(200.6)			(855.0)	
RP	16.8	54.0	-	54.0	40.0	-	40.0
SIS	97.6	110.1	100.0	210.1	-	250.0	250.0
GTF	9.1	30.0	24.0	54.0	-	70.0	70.0
FIT	<u>20.0</u>	<u>28.4</u>	<u>18.0</u>	<u>46.4</u>	<u>-</u>	<u>45.0</u>	<u>45.0</u>
Total	381.4	657.7	1,229.3	1,867.0	259.8	2,812.0	3,071.8

Notes: UNDP/TA and UNDP/SF are to be merged, effective 1 January 1972.

^{a/} Annual estimated costs of projects included in the UNDP Country Programmes or projects officially submitted to UNDP for approval.

**List of Approved Projects and Projects
under Active Consideration**

<u>Projects over US\$100,000</u>	<u>Projects under US\$100,000</u>		
<u>National policies and institutions for financing industrial development</u>			
KOR-39 (IPF)* - Extension Services Department in the Medium Industry Bank, Phase II (executing agency: ILO)	CNR-67/165 GAN-71/1280 GAN/71/7 GAN/13/2/2** LIR-71/1322 SEN/13/1/1**	SOM-70/926 SOM-69/627 SWA-9025-70 PER-70/1074 INS/69/28	MAL/69/13 IRQ/69/7 JOR/71/11** KUW/13/2/1** YEM/13/2/1**
(1 project)			(16 projects)
<u>Industrial financing at project level</u>			
MAR (IPF)* - Investment promotion adviser	AFE/69/23	VC/13/7	
(1 project)			(2 projects)
<u>National and regional investment promotion machinery</u>			
DAH-13 (IPF)* - Establishment of investment development advisory services	KEN/13/1/2** LIR/13/2/2**	AFR/13/1/5 AFR/13/2/5	FIN/13/1/5** IRQ/13/1/2**
IVC-13 (SF) - Centre for industrial studies and promotion	MAG/68/8 NER/68/22 NIR/13/2/4** TUN-71/1374	BAR/13/2/1** BRA-71/1447 ELS/13/2/1** AFG/13/1/1**	ISR/13/2/2** INT/70/35 INT/13/1/13**
(2 projects)			(17 projects)
<u>Direct assistance to developing countries in promotion of special industrial projects</u>			
PHI-67/254 (SIS) - Assistance to the Board of Investments in industrial economy, mechanical engineering, chemical engineering and market analysis	CNR-71/1290 CUB-71/1371 CON(K)-71/1363 MOR-71/1287 NER-70/899	SEN-71/1337 SIL-71/1439 TOG-71/1317 UPV-71/1323	KOR-71/1202 NEP-71/1283 LEB-71/1206 LEB-71/1333
INT/70/41 (TA) - Industrial investment promotion team			
(2 projects)			(13 projects)

* Projects not yet approved but included in the Country Programmes and projects officially requested.

** Fellowship posts.

SUPPORTING AND OTHER ACTIVITIES

128. The supporting and other activities of Group 13 are classified under the following projects:^{16/}

Industrial financing

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

Industrial investment promotion

National investment promotion machinery in developing countries	13.08
Promotion of specific industrial projects	13.09

INDUSTRIAL FINANCING

National policies and institutions for financing industrial development (13.05)

129. Under this project, UNIDO provides assistance to the developing countries in the formulation of policies, measures and techniques designed to raise domestic financial resources for industrial development. The publication of the manual on the establishment and organization of Industrial financing institutions (13.05.01), originally scheduled for 1971 (ID/B/80/Add.3, para.134), has been postponed to 1972. The manual contains basic material on the establishment of industrial financing institutions and will be particularly useful to UNIDO experts and consultants when advising on new charters and the statutes for new development banks as in the case of the Gambian Commercial and Development Bank.

130. The case studies on industrial financing (previously 13.05.02), carried out by UNIDO in 1970 and 1971 have been, and will continue to be, utilized as background material in the training workshops in industrial financing (cf. 13.06.01 and 13.06.03). For reasons of economy, it has been decided not to publish the studies but to reproduce them internally. It is not foreseen to undertake further case studies on industrial financing in the immediate future.

131. In place of the case studies, which are being phased out, UNIDO is carrying out a series of activities in an effort to foster Co-operation among industrial development financing institutes in developing and developed countries (13.05.02)^{17/} These activities have found wide

^{16/} Projects 13.01 to 13.04, related to industrial policy, have been transferred to Group 12, Industrial Programming, Project Planning and Policies.

^{17/} The activities under this heading were previously described under project component 13.05.01 (ID/B/80/Add.3, para.135).

support among development bankers and executives of industrial financing institutions and development corporations in both developed and developing countries. In 1970, UNIDO organized in Paris the first meeting for the specific purpose of bringing together representatives of industrial development financing institutions in both developed and developing countries.

132. In 1971, UNIDO convened in Copenhagen a similar meeting, in the form of an expert group; 135 representatives from 50 countries participated in this meeting at which confidential bilateral contacts were made, leading to the discussion of concrete proposals for co-operation. In 1972, UNIDO proposes to hold a similar expert group meeting in Canada. Depending on the results of the 1972 meeting, a similar expert group meeting may be held in 1973.

133. With regard to the training programme on industrial financing (previously 13.05.03), it was decided not to publish the proceedings of the Interregional Seminar on Financial Aspects of Manufacturing Enterprises in the Public Sector, which was held in Rome in 1969; most of the important findings and recommendations of the Seminar appeared in the report which was published in 1970.

134. As a new activity, UNIDO proposes in 1972 to establish and operate a Mechanism for the exchange of banking information (13.05.03). This activity is being introduced in response to a recommendation of the Expert Group that met in Copenhagen in 1971 (cf. para.132 above). The objective of this activity is to enable participating development banks to exchange information on specific industrial projects financed and promoted by development financing institutions, and on the specific studies which the banks undertake. Through the mechanism that UNIDO proposes to establish, the information possessed by an institution will be offered on a confidential basis to other participating institutions. The prospective beneficiaries of this scheme are convinced that such an exchange of confidential information will save them considerable effort and help them to avoid mistakes. This system would be initiated in 1972 on a pilot basis and, if successful, would become fully operational in 1973. In the implementation of this scheme, UNIDO will work, as recommended by the industrial development banks, under the guidance of an advisory committee of nineteen bankers from the International Bank for Reconstruction and Development (IBRD), regional development banks and various financing institutions from developing and developed countries.

135. In order to provide the in-depth information required by some developing countries on the Mobilization of domestic resources for the financing of industrial development (13.05.04),^{18/} UNIDO will start to collect case studies in 1972 on various methods of stimulating internal capital formation (ID/B/80/Add.3, para.140). This effort will be continued during 1973, with a view to developing a wide array of instruments to attract a maximum amount of savings for industrial development purposes. On the basis of this research activity, it is planned to draw up in 1973, on the basis of the experiences gained, an abstract to fill the gap in the understanding of factors that determine the level of capital formation for industrial investments in developing countries. This supporting activity ties in closely with the technical assistance to be provided

^{18/} Previously entitled "Mobilization of savings for industry" (ID/B/80/Add.3, para.140).

in 1972 to Liberia and Zambia in mobilizing domestic resources for industrial development. Several other developing countries, especially from Africa, have shown interest in obtaining assistance from UNIDO in this field. The activities are carried out in close co-operation with other United Nations organizations, and especially with such institutions as the International Savings Banks Institute, the World Council of Credit Unions and regional and national development banks.

Industrial financing at the project level (13.06)

136. The programme of Training workshops in financial planning and analysis of industrial projects (13.06.01) is well established and has been conducted regularly since 1968 for finance officials from developing countries. In 1971, UNIDO organized two training workshops: one in Singapore (ID/B/80/Add.3, para.142) for participants from Southeast Asia and one in co-operation with IDCAS in Alexandria, Egypt, for participants from the Arab States.

137. Of the two regional workshops originally proposed for 1972 (ID/B/80/Add.3, para.143), UNIDO will be able to hold only one, which will be for participants from French-speaking African countries. As part of its operational programme, UNIDO will assist the Government of Thailand to hold a similar training workshop for national personnel in 1972. In 1973, UNIDO proposes to hold a training workshop for participants from English-speaking African countries.

138. The compilation of Case studies on the application of financial analysis and planning techniques (13.06.02), which are being utilized in the training programme, will be completed shortly. Publication of the studies, originally scheduled for 1972 (ID/B/80/Add.3, para.144), has been postponed to 1973. At present it is not envisaged to undertake new case studies on this subject.

139. A Training programme in industrial banking techniques (13.06.03) was started in late 1970 (ID/B/64/Add.13, para.59). Owing to lack of resources, the workshop planned for 1971 (ID/B/80/Add.3, para.145) had to be postponed until 1972. In addition, UNIDO has been requested by IDCAS to hold a similar programme for its member countries. In 1973, UNIDO proposes to organize, in co-operation with the Industrial Development Bank of Japan and the Asian Development Bank, a training programme for participants from Asia. The joint training programme would be designed for executives of development banking institutions and would concentrate on the most advanced techniques for industrial lending operations such as standardized programmes for project appraisal and financing management operations.

140. To supplement and strengthen the training programme in industrial banking techniques, UNIDO proposes to intensify in the coming years its training activities by an expanded programme of In-bank training through fellowships (13.06.04). This programme, though largely operational in character, would call for increased headquarters support, planning and preparation. The programme would be carried out in co-operation with the inter-bank co-operation system.

141. UNIDO proposes to add another dimension to the financial workshop programme by organizing on a national level an Orientation programme for the financing of industrial projects (13.06.05). This programme would be formulated expressly for officials who require an understanding of the

basic concepts of industrial financing. Case material for this programme would be drawn directly from industrial projects in need of financing and would thus reflect the actual conditions of a given country. The case material would be developed into financial dossiers. Four countries, two from Asia, one from Latin America and one from Africa, have expressed interest in participating in this programme in 1972. Owing to the limitation of resources, it is expected that no more than one of these orientation programmes can be carried out in 1972 and that the other programmes will have to be postponed until 1973.

142. In response to the specific needs of developing countries for assistance in establishing sound financial policies and in resolving complex financing problems, Advisory missions on project evaluation and financing (13.06.06) will be initiated in 1972 as a joint project with Group 12 (Industrial Programming, Project Planning and Policies). Under this programme, which is primarily operational, interested Governments will be assisted in the preparation and evaluation of industrial projects and their financial analysis and planning. The operational and field component of these missions will call for increased support and backstopping by headquarters staff.

External financing for industrial development (13.07)¹⁹

143. An updated edition of the Directory of external sources of financing (13.07.01), originally planned for 1972 (ID/B/80/Add.3, para.147), is scheduled for publication in 1973. The directory will include a special annex which will deal with the financing of particular industrial sectors such as the fertilizer and the textile industries.

144. Utilizing the numerous case studies that had been prepared in previous years, UNIDO published in 1971, a Manual on the Establishment of Industrial Joint Venture Agreements (13.07.02). In 1972, additional case studies will be made dealing with co-operative arrangements between organizations from centrally-planned economies and industrial enterprises in developing countries. Additional material will be obtained from the participants of the training workshop on industrial joint venture agreement negotiations, to be held in 1972 in Kuala Lumpur, for participants from Southeast Asian countries (ID/B/80/Add.3, para.149). Participants at the workshop will study the problems of negotiating joint venture agreements, using specific joint venture cases as exercise material.

145. In 1973, UNIDO proposes to hold another training workshop on industrial joint venture agreement negotiations for participants from the African region. The workshop will be held along the same lines as the 1972 meeting, taking into account the experience gained from that meeting.

INVESTMENT PROMOTION

National investment promotion machinery in developing countries (13.08)

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

¹⁹ Previously, entitled "External financing for industrial projects" (ID/B/80/Add.3).

147. 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. Preliminary work in developing the compendium was carried out in 1971 by a consultant who covered the acts of incorporation of the investment promotion centres of Greece, India, Ireland, Israel and Jamaica. UNIDO is presently revising the initial draft, and the revision is scheduled for publication in 1973. The compendium will serve as a handbook for UNIDO staff and experts assisting developing countries in setting up their own investment promotion machineries. It will also be useful to officials of developing countries dealing with investment promotion agencies.

148. 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 participants from French- and Spanish-speaking countries. In 1971, an interregional training programme was held partly in Vienna, partly in Warsaw and partly in London. Aside from the formal training, visits were arranged in the three host countries to manufacturing corporations that have investments in the developing countries.

149. In 1972, UNIDO plans to vary the scope of these training programmes by adding an expert advisory element to them. As a result, the investment training programmes of UNIDO will include, in the future, expert advisory services, assistance in the organization and operation of investment promotion machineries and assistance in the promotion of specific industrial projects. UNIDO proposes to hold in 1972 two regional training programmes in Africa: one for participants from French-speaking countries and the other for participants from English-speaking countries. In 1973, it is planned to hold two programmes: one for participants from the ECAFE region and the other for participants from the ECLA region.

150. At the First Asian Meeting to Promote Specific Industrial Projects in Asian Countries (cf. 13.09.02), representatives of several investment promotion institutions in Asia expressed their interest in organizing expert group meetings to further Co-operation among investment promotion agencies (13.08.03). This suggestion is being followed up, and UNIDO proposes to hold the first such meeting in 1972 in Asia. After further consultations with interested parties, another such meeting may be organized in 1973 for participants in another region.

Promotion of specific industrial projects (13.09)

151. Within the framework of their strategies and policies for industrialization, and as a complement to the mobilization of their own internal resources, developing countries need to increase and improve their access to external sources of financing. Through this project, UNIDO attempts to facilitate the contacts of the developing countries with potential sources available in the more industrialized countries. This project is implemented under two interrelated components.

152. Through a Portfolio of industrial projects (13.09.01), established at its headquarters, UNIDO acts as a centre for the collection, processing and dissemination among potential investors of information on investment opportunities and industrial projects emanating from developing countries. It can also inform interested developing countries on new ideas of investment submitted by industrial and financial organizations in developed countries.
153. It is essential that information on industrial projects and investment opportunities be carefully prepared and well presented to potential partners. Until developing countries, particularly the least developed, are able to build up their own machinery, staffed with adequately trained personnel, to assume the responsibility of project identification, preparation, evaluation and promotion, UNIDO should continue to provide these services. With the assistance of JNDP, UNIDO recruited in 1971 an industrial investment promotion team consisting of four interregional advisers to assist developing countries both in the preparation of project information and in the presentation of projects to potential partners in industrialized countries. These interregional advisers form the nucleus of a task force that operates at country and regional levels, at the request of the countries concerned. The interregional advisers are stationed in Vienna as they need to maintain permanent contacts with both developing countries and the advanced, industrialized countries.
154. Throughout 1971, efforts have been made to intensify contacts with capital exporting countries and to identify new potential partners. Support is being sought from these countries in the provision of promotional facilities to be used by project proponents from developing countries. These efforts will be continued in 1972 and 1973.
155. An index of selected investors was compiled in 1971 and is to be issued in 1973 as a supplement to the "Directory of External Sources of Financing" to inform developing countries of their potential partners, their fields of activity and the type of contribution they can make.
156. The portfolio activity, which is carried out on a continuing basis, is supplemented by regular Meetings to promote specific industrial projects (13.09.02). The immediate objective of these meetings is to provide occasion for individual contacts, discussions and initial negotiations between proponents of projects and investment proposals and potential partners. In addition to the 1969 meetings of Tunisia and Rabat and the 1970 meetings of Manila and Nairobi, UNIDO organized in 1971 the Second Asian Meeting in Singapore and the Third African Meeting in Abidjan, both of which were attended by participants from a large number of capital exporting countries.
157. In 1972, UNIDO, as part of its operational programme in this field, will assist the Government of Lebanon in organizing a national investment promotion meeting.
158. In 1973, UNIDO plans to hold two multisectoral investment promotion meetings at a regional level: one in Africa, in connexion with the 1973 Conference on African Industrialization, which is to be sponsored by ECA and the Organization of African Unity; and one in Latin America, in co-operation with appropriate regional organizations.

159. In accordance with the wishes expressed by many countries, UNIDO will increasingly develop through its investment promotion programme, activities devoted to specific industrial branches. Sectoral meetings will be organized jointly with the expert group meetings held by the various groups of activities within the Industrial Technology Division. In addition to technical discussions, the meetings will provide opportunities to discuss various kinds of industrial co-operation between potential partners of developing and developed countries. Such co-operation may include investment in specific projects, technical assistance and management contracts, transfer of know-how, marketing and licensing agreements. This approach was initiated in 1971 at several UNIDO meetings, including the Seminar on the Development of the Leather and Leather Products Industry in Africa (cf. 6.04.01) and the Expert Group Meeting on the Processing of Selected Tropical Fruits and Vegetables for Export to Premium Markets (cf. 6.02.08). In 1972, this approach will be used in the proposed interregional seminar on the manufacture of cement (cf. 3.01.01) and the expert group meeting on pre-investment considerations and technical and economic criteria in the oil-seed processing industry (cf. 6.02.05). This concerted approach is expected to be further strengthened in 1973 with a view to concentrating efforts to implement industrial co-operation. It is expected that several of these meetings will be held in industrialized countries. Co-operation between firms may be supplemented by industry-to-industry programmes.

Expenditures and estimated costs for supporting and other activities, 1971 - 1973
(in m/m and thousands of US dollars)

Project (Priority A)	Regular budget						Extra-budgetary resources (\$ m)			
	Staff (m/m)		Consultants (\$)			Expert group meetings (\$)		1971	1972	1973
	1971	1972	1973	1971	1972	1973	1971			
13.05 <u>National policies and institutions for financing industrial development</u>										
13.05.01	6	2	1	0.1	4.0	-	-	-	-	-
13.05.02	3	4	6	-	2.0	3.0	6.7	8.0	8.0	-
13.05.03	-	4	9	-	-	-	-	-	30.0 GTF	50.0 GTF
13.05.04	-	4	7	-	2.0	3.0	-	-	-	-
13.06 <u>Industrial financing at the project level</u>										
13.06.01	12	10	6	2.0	3.0	-	-	-	17.5 TA 9.2 GTF	25.0 TA 20.0 TA
13.06.02	3	1	-	2.5	-	-	-	-	-	-
13.06.03	6	5	6	-	-	-	-	-	30.0 TA	20.0 TA
13.06.04	-	-	3	-	-	-	-	-	-	-
13.06.05	-	3	3	-	1.5	2.0	-	-	-	-
13.06.06	-	3	3	-	1.5	2.0	-	-	-	-
13.07 <u>External financing for industrial development</u>										
13.07.01	4	4	4	-	-	-	-	-	-	-
13.07.02	6	4	7	0.8	3.0	3.0	-	-	30.0 TA	25.0 TA
13.08 <u>National investment promotion machinery in developing countries</u>										
13.08.01	3	3	-	2.1	2.0	-	-	-	-	-
13.08.02	6	6	7	-	2.0	2.0	-	-	22.0 TA	45.0 TA 52.0 TA
13.08.03	6	3	5	-	2.0	3.0	-	5.0	-	-

13.09 Promotion of specific industrial projects

13.09.01	38	38	50	2.0	5.0	5.0	-	-	-	120.0 TA	120.0 TA	180.0 TA
13.09.02	60	60	60	5.9	-	-	1.6	-	-	159.5 TA	250.0 TA	297.0 TA
Total	<u>153</u>	<u>154</u>	<u>177</u>	<u>15.4</u>	<u>28.0</u>	<u>23.0</u>	<u>8.3</u>	<u>13.0</u>	<u>13.0</u>	<u>9.2 GTF</u>	<u>30.0 GTF</u>	<u>50.0 GTF</u>

Backstopping and servicing of operational activities

26	26	27
<u>179</u>	<u>180</u>	<u>204</u>

a/ Operational costs shown above are included in the table on page 37.

Printed publications

<u>1971 publications programme</u>		<u>Languages</u>	<u>Cost (US\$)</u>
ID/58	Incentive policies for industrial development - Volume I Report of the interregional seminar (formerly 13.02.01)	F S	
ID/66	Selected aspects of industrial policies Report and proceedings of the interregional seminar (13.01.02)*	E F	
ID/68	Manual on the establishment of industrial joint venture agreements in developing countries (13.07.02)	E	
IPPD/42	Directory of industrial investment incentives (13.02.03)*	E	
			<u>2,711</u>

1972 publications programme

ID/49	Financial aspects of manufacturing enterprises in the public sector - Volume I Report of the interregional seminar (13.05.03)	F	
ID/54	Directory of external sources of financing available for industrial projects in developing countries (13.07.01)	F	
ID/68	Manual on the establishment of industrial joint venture agreements in developing countries (13.07.02)	F	
-	Manual on the establishment and organization of industrial financing institutions (13.05.01)	E	
-	Compendium of acts of incorporation and of investment promotion agencies of developing countries (13.08.01)	E	
			<u>7,400</u>

Forecast of 1973 publications programme

-	Case studies on the application of financial analysis and planning techniques (13.06.02)	E	
-	Directory of external sources of financing available for industrial projects in developing countries, revised and updated edition (13.07.01)	E F	
			<u>4,200</u>

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

* Projects 13.01 and 13.02 were transferred to Group 12; for administrative purposes, 1971 publications relating to these projects are included in the publication list of Group 13.

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GROUP 14: PROMOTION OF EXPORT-ORIENTED INDUSTRIES

Introduction

160. The need for the development of outward looking industrialization in the developing countries is generally recognized. In line with this need, UNIDO has formulated a work programme for Group 14 aimed at assisting developing countries to establish industries that manufacture goods for exports and at helping manufacturers to increase the competitiveness of their export products. The programme thus reflects the International Development Strategy, adopted by the General Assembly for the Second United Nations Development Decade, in which the improvement of international trade conditions for developing countries has been given first priority among the measures to be taken by the world community.

161. The transfer of technology and know-how from developed to developing countries, as a means of promoting manufactured exports from developing countries, is receiving increasing emphasis in the work programme. For example, within the international subcontracting programme, specific action has been suggested for 1972 in the form of a promotional meeting at which questions relating to patents and licences will also be taken up. This approach will be further developed in 1973.

162. In the proposed 1973 work programme formulated by UNIDO for Group 14, there is a definite trend towards the concentration of resources on certain major projects that have received clear support by the Industrial Development Board at its fifth session, projects that have also evoked a strong response from both the developing and developed countries. The concentration of resources will make it possible to consolidate the various activities so that all projects will have a common aim, namely to assist the developing countries in improving the competitive position of their manufactured goods for exports. In order to reflect this trend in the presentation of the work programme, the titles and numbering of projects had to be changed from those given in document ID/B/80/Add.3.

163. One area of concentration has been the international subcontracting programme through which UNIDO, serving as an ad hoc subcontracting exchange, has channelled a large number of subcontracting offers to manufacturers in developing countries. Another project in which the results and response have been encouraging is the product adaptation and development programme. An increasing number of countries are participating in this project, which has been expanded to facilitate a two-way flow of information.

164. The build-up of these projects, together with the efforts being undertaken to ensure that developing countries gain maximum benefit from the Generalized System of Preferences, has necessitated a certain redistribution of the secretariat resources in this area. Certain projects that were included in the 1972 work programme have had to be redirected. Thus, for example, in line with the findings of the Interregional Training Seminar on the Utilization of Excess

Capacity in Developing Countries for Export (cf. 14.05.02), the future activities of UNIDO related to the utilization of excess capacity for export will be conducted as part of the regular technical assistance programme. Similarly, other activities (cf. ID/B/80/Add.3, paras.196 and 199) have been redrafted in a more operational way or merged with the rest of the programme.

165. Most of the activities undertaken by Group 14, particularly projects with promotional components, are not complete in themselves, but need to be followed up by specific assistance through operational projects in the fields of technology, management, policies, programming etc. In this sense, a major part of the programme of Group 14 is closely related to the activities of other UNIDO groups of activities and represents a type of across-the-board, preparatory work that paves the way for other specific technical assistance projects.

166. The activities of UNIDO being undertaken by Group 14 form part of the United Nations combined programme for the promotion of exports and adhere to the guidelines incorporated in that programme. Close co-operation is being maintained therefore with UNCTAD, the UNCTAD/GATT International Trade Centre (ITC) and with the regional economic commissions and UNESOB in order to achieve a co-ordinated approach to the export development problems in the industrializing countries.

OPERATIONAL ACTIVITIES

167. The trend in the pattern of development of technical assistance in the previous years became a definite pattern in 1971. The number of requests for integrated programmes of assistance, as compared to requests for individual experts, has continued to increase. More and more requests are being submitted for assistance aiming at orienting industry as a whole, or an entire industrial sector, towards production for export. Moreover, the assistance requested is not only for short-term but also for long-term measures, including industrial development policy measures, selection of adequate policy instruments, development of infrastructure and structural adjustments. This trend calls for much closer internal co-operation among UNIDO's groups of activities and for greater working contact with other international organizations concerned with development of exports, such as UNCTAD and UNCTAD/GATT/ITC. The long-term programming of technical assistance, introduced in 1971 by UNDP, facilitates this type of assistance, which could hardly be formulated on a project-by-project basis.

168. An example of the long-term type of programming is a project being implemented in Mexico, where the whole capital goods sector is being evaluated with the aim of adjusting its structure towards improved export performance. This project is closely connected with the special methodology developed by UNIDO in a supporting activity on metalworking industries as potential export industries (cf. ID/B/80/Add.3, para.191). The methodology is to be published in 1972, though the collection of programming data had to be suspended until further operational projects for metalworking industries could be clarified. In Iceland, UNIDO, in co-operation with UNCTAD, will examine the entire industrial structure to identify those industrial sectors that offer the best export opportunities and to define the action necessary to build up those sectors so they will be in a position to export.

169. The number of requests for assistance in the implementation of specific recommendations made in the course of preparatory missions and activities is increasing as well. These requests cover assistance in the creation of production co-operatives for exports, creation of leasing agencies to finance equipment for export production etc.

170. A trend seems to be developing towards requests for highly specialized assistance in such fields as essential oils, toiletries and cosmetics. Assistance of this type requires highly specialized personnel and a number of companies in the developed countries had to be contacted to find the required expertise.

171. A large part of technical assistance originates from the promotional supporting services of Group 14 such as the product adaptation and development programme, the international subcontracting programme and headquarters activities relating to the establishment of industrial free zones for export processing. Such assistance is closely co-ordinated with other projects in this area.

172. As in previous years, assistance is provided at the government, sectoral and plant levels, but a closer vertical and horizontal co-ordination of assistance at these three levels has been achieved. This is probably the most relevant feature of the present pattern of technical assistance deriving from the past experiences gained by Governments and UNIDO.

Value of approved field projects and forecast of requirements, 1971 to 1973
(in thousands of US dollars)

Source of funds	1971 estimated expenditure	1972			1973		
		Approved projects	Requirements for new projects	Total	Approved projects	Requirements for new projects	Total
UNDP/SF	-	138.4	558.6	697.0	42.0	2,115.0	2,157.0
UNDP/TA	145.5		(190.0) ^{a/}			(430.0) ^{a/}	
RP	55.7	42.2	-	42.2	45.0	-	45.0
SI3	242.1	484.7	280.0	764.7	-	900.0	900.0
OTF	20.0	-	25.0	25.0	-	35.0	35.0
FIT	<u>8.7</u>	<u>20.0</u>	<u>7.0</u>	<u>27.0</u>	<u>-</u>	<u>27.0</u>	<u>27.0</u>
Total	472.0	685.3	870.6	1,555.9	87.0	3,077.0	3,164.0

Note: UNDP/TA and UNDP/SF are to be merged, effective 1 January 1972.

^{a/} Annual estimated costs of projects included in the UNDP Country Programmes or projects officially submitted to UNDP for approval.

List of Approved Projects and Projects under Active Consideration

<u>Projects over US\$100,000</u>	<u>Projects under US\$100,000</u>		
<u>Multisectoral</u>			
ARG-42 (IPF)* - Industrial export promotion - assistance in development of export possibilities in food industries, capital goods industry, engineering, electronic and electrical industries	MLW/14/2/1**	VEN-70/717	PHI/14/1/4**
	MOR-70/1156	VEN-9031-71	THA-71/1310
	SUD-71/1510	FIJ/14/2/1**	THA/70/42**
	SWA/14/2/2**	IND-71/1178	THA/14/1/1**
	ARG/68/4	IND/71/1	CYP-70/935
COL (IPF)* - Export promotion - assessment of industries for export adaptation	COL/14/2/2**	IND/14/2/4	HUN/14/1/1**
	COS/60/6	IND-69/580	IRQ/14/1/4
	COS/14/2/1**	IRA-70/894	ISR/14/1/2**
ICE-71/1276 (SIS) - Development of export-oriented industries	MEX/14/2/3**	KOR/14/2/2**	LEB/14/2/1**
	MEX-70/1100	IND/71/42**	SYR/14/1/2**
	PAN/14/2/3**	NEP/14/2/5**	INT/70/37
	URU/14/1/1**		
(3 projects)			(34 projects)

Promotion of international subcontracting arrangements

INT/70/42 (TA) - International subcontracting programme
(1 project)

Programme of product adaptation and development for export-oriented industries

MLI-71/1442	BRA-71/1404	IRA-71/1207
MOR-71/1350	AFG-71/1352	KOR-71/1302
TAN-71/1222	IND-71/1209	PHI-71/1224
TUN-71/1466	IND-71/1193	

(11 projects)

Selected incentives to promote export-oriented industries

MAR-69/655	TRI-71/1244	KUW-71/1212
MAR/71/4	KOR-70/1135	LEB-71/1332
BRH/71/3	KOR-71/1405	SCY-70/1070
PAN-71/1161	THA-70/1009	INT-VC/14/9

(12 projects)

Identification and selection of manufacturing industries with export potential

KOR-71/1238
(1 project)

Training programme in development of industrial exports

IND/69/17 INT/69/19
(2 projects)

* Projects not yet approved but included in the Country Programmes and projects officially requested.

** Fellowship posts.

SUPPORTING AND OTHER ACTIVITIES

173. The supporting and other activities of Group 14 are classified under the following projects:

Promotion of international subcontracting arrangements	14.01 ^{20/}
Programme of product adaptation and development for export-oriented industries	14.02 ^{21/}
Selected incentives to promote export-oriented industries	14.03 ^{22/}
Identification and selection of manufacturing industries with export potential	14.04 ^{23/}
Training programme in manufacturing for exports	14.05 ^{24/}

Promotion of international subcontracting arrangements (14.01)

174. The aim of UNIDO in this project is to arrange for contacts, at a company level, between partners from developed countries and developing countries who wish to enter into subcontracting agreements. The Industrial Development Board, at its fourth session, expressed particular interest in UNIDO's programme of international subcontracting (A/8016, para.248). The results achieved through this project confirm that there is great interest in developing countries in participating in international subcontracting, and UNIDO intends to increase its efforts in this area.

175. The work undertaken by UNIDO in International subcontracting (14.01.01) in 1969 and 1970 was largely of a preparatory nature, such as the compilation of background information and the identification of possible fields of action. In 1971, an interregional project was launched aimed at identifying specific subcontracting opportunities in developed countries and locating suitable counterparts in developing countries who could meet the subcontracting orders. Some six developed countries were covered, and a number of offers were communicated to developing countries. Despite the short duration of this new activity, several business negotiations were stimulated, which may bring about some 1,500 new employment opportunities for developing countries. A large number of contacts were established with business companies in developed countries, and these contacts will be followed up systematically in the expectation that they will lead to further subcontracting offers. Further in 1971, two studies

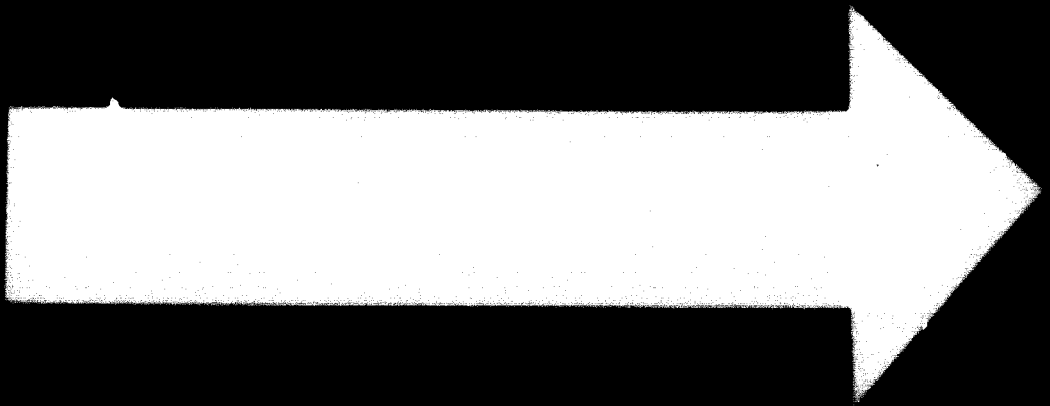
^{20/} Formerly 14.04 (ID/B/80/Add.3 and 5).

^{21/} Formerly 14.05 (ID/B/80/Add.3 and 5).

^{22/} Formerly 14.02 entitled "Policies and measures for the development of the industrial export sector" (ID/B/80/Add.3).

^{23/} Formerly 14.01 (ID/B/80/Add.3).

^{24/} Formerly 14.03 entitled "Measures to raise levels of export efficiency" (ID/B/80/Add.3).



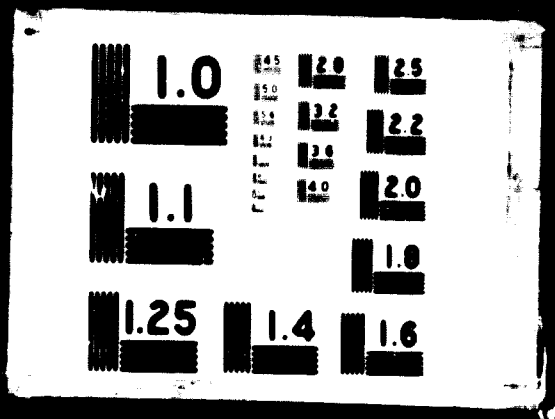
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were initiated on specific conditions under which some developed countries with centrally-planned economies could participate in this programme.

176. UNIDO plans to continue this activity in 1972 on a considerably larger scale. As a complementary activity, UNIDO proposes to establish at headquarters a systematic service that could become the nucleus for the creation of an international subcontracting exchange. UNIDO will also continue rendering technical assistance to the partners identified for subcontracting in developing countries. In addition, studies are planned on special issues related to subcontracting.

177. In 1973, UNIDO proposes to place special emphasis on the establishment of the above-mentioned international subcontracting exchange. Moreover, a systematic machinery would be established in the developing countries to facilitate the flow of subcontracting agreements through local or subregional subcontracting exchanges.

178. In addition to the above approach, UNIDO plans to use international subcontracting as an instrument to promote the transfer of technology to the developing countries. To this end, UNIDO proposes to hold in 1972 within its Programme for transfer of technology and know-how through subcontracting and licensing agreements (14.01.02) a promotional meeting as described in document ID/B/80/Add.5 (paras.4-13).

179. The main objective of the meeting will be to provide a place for face-to-face discussions between potential partners from developing and industrialized countries. At the same time, the meeting can serve as a forum for the promotion of international subcontracting, which is an efficient means for diversifying the exports of developing countries and for promoting the flow of patents and licences, a process that would stimulate the upgrading of manufacturing technologies in developing countries. As far as possible, the promotional meeting will be based on specific industrial projects so as to provide a basis for further negotiations and actual business arrangements. Co-operation with other international institutions active in this field is envisaged.

180. In 1973, UNIDO proposes to hold another promotional meeting, utilizing the experiences gained in the 1972 meeting.

**Programme of product adaptation and development for
export-oriented industries (14.02)**

181. The aim of UNIDO in this project is to assist producers in developing countries to upgrade their products, thereby improving their prospects on the export market. To this end, UNIDO organizes direct contacts between manufacturers in developing countries and potential buyers in developed countries. The need for this activity was recognized by the Industrial Development Board in resolution 17(III) and in the discussion of the Board at its fifth session (A/8416, para.236). Activities under this project are carried out through interrelated project components, each of which serves a specific purpose.

182. Through the Programme of product adaptation and development (14.02.01), UNIDO is assisting the developing countries in improving the quality of selected manufactured products

in order to make them acceptable on the markets of the industrialized countries. The products are identified at specialized consultations between manufacturers from the developing countries and experts from the developed partner countries. Information obtained through the consultations is fed back to the relevant production units in developing countries, and UNIDO provides follow-up technical assistance in implementing the improvements identified.

183. In 1970 and 1971, the pilot stage of the programme was initiated in ten developing countries of Africa, Asia and Latin America (ID/B/80/Add.3, paras.219, 220). A variety of methods were introduced in order to achieve the maximum flexibility of implementation. Specialists from business companies acted as consultants, and various business associations offered to sponsor such consultations in the developed countries. Some of the projects were directed towards European markets (in the Federal Republic of Germany and Sweden) and some towards markets in the United States of America. The latter were organized through the New York Liaison Office of UNIDO. The meeting that was planned for 1971 to assess the results achieved in the pilot stage (ID/B/80/Add.3, para.220) was cancelled in view of the paucity of accumulated experience. UNIDO held discussions in 1971 with UNCTAD/GATT/ITC on broad guidelines for co-ordination of relating activities, with a view to strengthening the integrated approach and achieving the maximum potential benefits for the participating developing countries.

184. In 1972, UNIDO will continue the pilot operations on a considerably expanded basis and finalize the country projects initiated in 1971. The consultations are expected to result in a variety of recommendations to producers on subjects ranging from structural adaptations of entire industrial sectors to technological changes for upgrading promising products. UNIDO will provide technical assistance in relevant fields (e.g. technology, management, policy and programming) as a follow-up of the consultations. At the end of 1972, a thorough evaluation and assessment of the programme will be made.

185. On the basis of the 1972 evaluation, the activities under this heading, while continuing in principle along the lines described above, may lead in 1973 to the formulation of major regional technical assistance projects in this area. Some of the country projects will undoubtedly have to be supported by studies of various natures.

186. In addition to the country-to-country approach used in project component 14.02.01, multinational consultation meetings will be held in selected developed countries. In 1972, UNIDO will hold in New York a Consultation conference on product development for exports (14.02.02).^{25/} Eight to ten developing countries are expected to take part in this conference, sponsored jointly by UNIDO, the World Trade Centre and the United States Agency for International Development (USAID). Each product displayed at the conference will be commented upon by a number of potential buyers so that the producers will have an opportunity to programme the necessary product development measures. On the basis of the experiences acquired at the 1972 conference, UNIDO proposes to hold a similar conference in 1973 in one of the industrially advanced European countries.

^{25/} Originally entitled "Export development orientation meeting" in ID/B/80/Add.5, paras.1-3.

Selected incentives to promote export-oriented industries (14.03)

187. Through this project, UNIDO provides assistance to developing countries in identifying economic instruments and measures to encourage and facilitate the accelerated growth of the manufacturing export sector. UNIDO also assists the Governments of these countries in implementing such incentives and measures.

188. Considerable interest has been expressed by a number of developing countries in the investigation into the establishment of Industrial free zones as incentives to promote export-oriented industries (14.03.01).^{26/} A number of countries have requested technical assistance from UNIDO in this area. To support the operational activities in this area, UNIDO collected and classified in 1971 the information available on free zones. This information will be presented as working papers to the international training workshop that UNIDO will be holding in 1972 (ID/B/80/Add.3, para.198). After the workshop has reviewed and discussed the background papers, UNIDO plans to revise them and put them in the form of guidelines for developing countries interested in establishing free zones; the guidelines are scheduled for publication in 1973.

189. In order to improve its technical assistance projects in this area, UNIDO proposes to hold an expert group meeting in 1973 to evaluate the results of the operation of various free zones and to obtain expert opinion on the future development of industrial free zones as an economic instrument. UNIDO will prepare papers on selected issues that have arisen in connexion with operational activities in this area, and the papers will be presented for discussion at the expert group meeting. In these activities, the co-operation of UNCTAD/GATT/ITC will be sought through the appropriate channels.

190. UNIDO proposes to arrange in 1972, subject to availability of resources, a series of consultations to provide for a frequent exchange of information between producers on common problems related to manufacturing for exports. These consultations are expected to lead to the establishment, in some selected branches of industry, of International associations of producers for specific branches (14.03.02; Priority B) (ID/B/80/Add.3, para.199). The consultations would cover a number of subjects such as specialization, technological complementarity and arrangements for industrial co-operation. Among the by-products of such consultations would be a stronger bargaining position vis-à-vis the markets of developed countries and a reduction of the competition between developing countries. The consultations would assist UNIDO to determine the feasibility of establishing such associations, which might be able to contribute to the promotion of export-oriented industries within the developing countries.

191. The consultations would be continued in 1973 and might conceivably develop into operational projects. It is possible that some of the consultations would be held in connexion with various industrial branch meetings organized by the Industrial Technology Division.

^{26/} Previously entitled "Free ports and free-zones as incentives to promote export-oriented industries" (ID/B/80/Add.3, para.197).

192. Another measure from which producers in developing countries could benefit would be Improved access to information on industrial products for export (14.03.03; Priority B).²⁷ Information on production methods, quality, design, technical parameters of products and other requirements of specific markets can be obtained at various international trade and export centres and at other institutions. Owing to lack of resources, investigations into the possibility of stimulating the systematic flow of such information to manufacturers producing goods for export from developing countries could not be started in 1971 (cf. ID/B/80/Add.3, para.196). Subject to availability of funds, UNIDO proposes to begin such investigations in 1972. By 1973, it is hoped that the investigations will lead to an identification of the institutional arrangements needed to initiate the flow of such information. Possible co-operation in this activity with UNCTAD/GATT/ITC will be ascertained through appropriate channels.

**Identification and selection of manufacturing industries with
export potential (14.04)**

193. The Special International Conference of UNIDO in consensus resolution ID/SCU/Res.1, operative paragraph 1(g) recommended, inter alia, that UNIDO "organize specific operational measures to assist, in co-operation with UNCTAD, the regional economic commissions and UNESOB, the developing countries, especially the least developed among them, to take full advantage of the benefits of the Generalized System of Preferences for manufactured and semi-manufactured products. To this end UNIDO should promote the establishment and improvement in developing countries of industries in respect of which they possess comparative advantages". Under the present project, UNIDO aims at identifying in specific countries products and product groups that have a potential for industrial expansion in view of the new market outlets opened by the Generalized System of Preferences.

194. To achieve these ends, UNIDO reformulated in 1970 the project component Supply and demand of export-promising manufactures and semi-manufactures (14.04.01) on the basis of discussions with UNCTAD and UNCTAD/GATT/ITC (ID/B/80/Add.3, paras.186-190). UNIDO, UNCTAD and UNCTAD/GATT/ITC formed country missions to assist developing countries in identifying the industries that, in view of the opportunities presented through the Generalized System of Preferences, have export potential. One such mission was undertaken in 1971 to Morocco, and several requests are being processed for implementation in 1972 and 1973.

195. Prior to the visit of a country mission, a comprehensive study is undertaken, as a supporting activity, of the industrial structure and export potential of the industry of the country, taking into account the specific opportunities presented in the Generalized System of Preferences. After having selected products with definite export potential, the mission team then discuss these products with industrialists and government officials in the country. The ultimate goal of the mission is to formulate with the Government a plan of action to promote the industrial growth of export-oriented industries.

^{27/} Previously entitled "Utilization of existing world export institutions for the benefit of producers in developing countries" (ID/B/80/Add.3).

196. For UNIDO, this plan of action takes two forms: in-depth production feasibility studies on the products identified and follow-up through technical assistance projects in technology, organization, management etc. When new industrial projects are identified during the preparatory work for a country mission, they may be included in the investment promotion programme of UNIDO, described in the work programme of Group 13 (Industrial Financing and Investment Promotion). During 1972 and 1973, the country mission programme will be systematically expanded to include a greater number of developing countries, with special emphasis on the least developed of the developing countries. In the implementation of this programme, and especially with regard to contacts with the countries concerned, close co-operation will be maintained with the relevant regional economic commissions and UNESOB.

197. In 1973, UNIDO proposes to hold a seminar for participants from countries of the UNESOB region. The purpose of the seminar would be to review the progress achieved through the joint country missions and related programmes, with particular relevance to the UNESOB region.

198. The methodology developed by UNIDO for programming the Metalworking industries as potential export industries in developing countries (14.04.02), which was originally scheduled for publication in 1971 (ID/B/80/Add.3, para.191), will be published in 1972 under the title "Planning and programming of the metalworking industries with a special view to exports". The collection of programming data, envisaged in last year's work programme, was postponed pending the evaluation of further operational projects related to the metalworking industries.

199. As explained in document ID/B/80/Add.3, para.192, the Joint UNIDO/ITC/UNDP exploratory missions (14.04.03) have been phased out of UNIDO's work programme. During 1971, UNIDO reviewed and revised the preparatory work that had been carried out on these missions and integrated it into the country missions (cf. 14.04.01) and into the international subcontracting programme (cf. 14.01.01).

Training programme in manufacturing for exports (14.05)

200. In the formulation of this project, UNIDO 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 the developing countries." The training programme of UNIDO in export production techniques received the support of several delegations to the Industrial Development Board at its fifth session (A/8416, para.236).

201. In its efforts to raise the standards of export production in developing countries, UNIDO has adopted a variety of training approaches. Training has been provided on a country basis as, for example, in the programme for Indian trainees undertaken in 1971. In addition to the exchange of experience among participants and the review of guidelines, training is and will be an important element of the international training workshop on industrial free zones, which UNIDO plans to hold in 1972 (cf. 14.03.01), and of the orientation programme organized within the product adaptation and development programme (cf. 14.02.01), in

co-operation with the World Trade Centre in New York. In these activities UNIDO provides training to participants from developing countries in international market requirements.

202. While training takes place at several levels within the activities of Group 14, the core of these activities is the specific Training programme in the development of industrial exports (14.05.01).^{28/} Under this programme, one training course is held each year. These training courses usually have a duration of approximately eight weeks. The first phase of the course is in the form of a seminar with lectures and discussions on the problems encountered in quality control methods, design techniques, application of international standards etc. In the second phase, the participants concentrate on the application of these techniques at a company level. The co-ordination established with UNCTAD/GATT/ITC ensures the complementarity in the training activities of that organization with those of UNIDO.

203. The training course originally scheduled for 1970 (ID/B/64/Add.14, para.25) was held in Belgium in 1971 for participants from English-speaking developing countries. UNIDO plans to hold a similar training course in 1972 for participants from French-speaking developing countries (ID/B/80/Add.3, para.201). Further in 1972, the report on the training activities of Group 14 will be issued as a working paper. UNIDO proposes to continue this training programme in 1973, and negotiations to this effect are being carried on with several potential host countries. Additionally, UNIDO proposes to organize, jointly with ECLA, a similar type of training for participants from Latin American countries.

204. In 1971, UNIDO organized, as planned, an Interregional Training Seminar on the Utilization of Excess Capacity in Developing Countries for Export (14.05.02) (ID/B/80/Add.3, para.202). The Seminar, which was held in Istanbul, was attended by some 50 participants from developing countries. In accordance with the findings of the Training Seminar, future activities under this heading will be carried out as technical assistance projects within the operational programme of UNIDO.

^{28/} Previously entitled "Training programme in industrial promotion measures related to exports of manufactures" (ID/B/80/Add.3, para.201).

Expenditures and estimated costs for supporting and other activities, 1971 - 1973
(in m/m and thousands of US dollars)

Project (Priority A)	Regular budget						Extra budgetary resources (\$)		
	Staff (m/m)		Consultants (\$)		Expert group meetings (\$)		1971	1972	1973
	1971	1972	1973	1971	1972	1973			
14.01 <u>Promotion of international subcontracting arrangements</u>									
14.01.01	12	20	20	2.4	4.0	4.0	-	-	-
14.01.02	10	3	5	-	-	-	-	-	-
							72.0 TA	60.0 TA	100.0 TA
							-	40.0 TA	40.0 TA
14.02 <u>Programme of product adaptation and development for export-oriented industries</u>									
14.02.01	12	20	20	2.0	2.0	4.0	-	-	-
14.02.02	-	3	5	-	-	-	-	-	-
							-	40.0 TA	60.0 TA
							-	22.5 GTF	-
14.03 <u>Selected incentives to promote export-oriented industries</u>									
14.03.01	12	12	12	5.7	6.0	7.0	-	-	20.0 GTF
14.04 <u>Identification and selection of manufacturing industries with export potential</u>									
14.04.01	16	16	20	2.3	2.0	2.0	-	-	-
14.04.03	6	-	-	1.5	-	-	-	-	-
							-	-	22.5 TA
14.05 <u>Training programme in manufacturing for exports</u>									
14.05.01	8	8	8	-	-	-	-	-	-
14.05.02	10	-	-	2.8	-	-	-	-	-
							29.3 TA	70.0 TA	35.0 TA
							18.0 TA	-	-

Printed publications

<u>1971 publications programme</u>		<u>Languages</u>	<u>Cost</u> <u>(US\$)</u>
ID/29	Industrial co-operation between developed and developing countries for exports Report of the expert group meeting (formerly 14.02.01)	S R	<u>454</u>
<u>1972 publications programme</u>			
ID/23 Vol.I	Metalworking industries as potential export industries in developing countries Report of expert group meeting (14.04.02)	F	
ID/23 Vol.II	Planning and programming of the metalworking industries with a special view to exports (14.04.02)	E F S	
ID/29	Industrial co-operation between developed and developing countries for exports Report of the expert group meeting (formerly 14.02.01)	F	<u>8,500</u>
<u>Forecast of 1973 publications programme</u>			
-	Industrial free zones (14.03.01)	E F S	<u>3,200</u>

Note: 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 15: INDUSTRIAL SURVEYS AND STUDIES²⁹

Introduction

205. Although many of the projects and components contained in UNIDO's programme of work for Group 15 are of a continuing nature, a significant change has occurred, namely the increased emphasis upon an operational programme that is co-ordinated and, to some degree, integrated with the operational programmes and other activities being carried out by the various groups of activities within UNIDO. Activities relating to the promotion of industrial development require a wide range of data and information, and the basic task of Group 15 is to provide the general data and information required by UNIDO's various groups of activities. This task extends beyond the collection of statistics to include a diagnosis of problems within specific industrial sectors. The identification and diagnosis of such problems can form the basis for future action by the developing countries and by UNIDO in its various programmes of technical assistance.

206. In the activities being undertaken by UNIDO within Group 15, the most important operational tool at the country level is the industrial survey mission. Supplemented by special advisory missions, this activity is designed to provide the most comprehensive and up-to-date information available on the industrial situation, problems and potentials of the country concerned. The reports of the industrial survey missions serve as a basis for further promotion and orientation of the industrial development of a country, for the design of technical assistance, and for the planning, programming and promotion activities of UNIDO. These reports may also be of use in the country programming procedures of UNDP. The industrial survey missions and their ensuing reports are of special value for the least developed of the developing countries, for which time-series data are virtually non-existent and only piecemeal data and information are available.

207. The "Industrial Development Survey" (cf. 15.01) contains basic information at the global level on the latest trends in manufacturing output, trade, investments, productivity and employment. The annual volumes of the Survey provide a perspective against which individual developing countries can measure their progress and set their goals. The extensive and detailed coverage provided by the Survey makes it a useful tool for monitoring the progress of the developing countries during the Second United Nations Development Decade.

208. The country file system (cf. 15.04) contributes to the success of a number of UNIDO activities, including the operational programmes being implemented by all groups of activities within UNIDO. For each developing country there is a file of basic information on the economy

^{29/} For administrative purposes the number of this group of activities has been changed from 15a to 15.

In general and the industrial sector in particular; this information is supplemented by relevant data supplied by all sections of UNIDO. The files are continually updated so as to be useful in the briefing of UNIDO field experts.

209. Although the special industrial studies (cf. 15.02) fall within the framework of the supporting programme, they have a direct impact on operational activities. By providing an analysis of topics that are currently of critical importance to the industrialization of the developing countries, the studies can serve as a guide for the developing countries and for the improvement of the various operational activities of UNIDO.

210. The assistance of UNIDO in industrial surveys, as in other fields, is meant to be temporary; the ultimate goal is to help the developing countries to become self-sufficient in carrying out their own surveys. For this reason, UNIDO has initiated a series of training workshops in which the methods of industrial surveying are introduced and explained to participants from the developing countries.

211. Several of the activities being carried out by Group 15 are appropriate tools for the appraisal of industrial activities and for monitoring progress during the Second United Nations Development Decade. The "Industrial Development Survey" and the projections of future developments can be used to monitor progress at the global level, while the industrial survey missions are geared to the country level.

OPERATIONAL ACTIVITIES

212. Survey assistance in the form of country survey missions, short-term advisory missions and several types of long-term assistance is the nucleus around which all the activities of Group 15 revolve. To date, some 20 developing countries and three regional organizations have officially requested survey assistance. UNIDO has carried out industrial survey missions in Botswana, Brazil, Cyprus, Ecuador, the Gambia, Kenya, Laos, Lesotho and Swaziland, and others are in progress in the Central African Republic, the Dominican Republic, Malaysia, Qatar and Surinam. Two missions are in the preparatory stage and additional requests for assistance in this field are anticipated. At the regional level, UNIDO is providing industrial survey assistance to the East African Community, the East African Development Bank and the Industrial Development Centre for Arab States (IDCAS). A large proportion of the technical assistance in this field has gone to the least developed of the developing countries, and this trend is expected to continue. Industrial survey assistance is intended to help a developing country in assessing its industrial structure, past performance, growth potential and future economic requirements. Thus, the surveys include an identification of investment opportunities in manufacturing, an analysis of existing industrial policies and institutions with regard to their effectiveness and impact upon the manufacturing sector, and an evaluation of technical assistance requirements and priorities.

213. Experience has shown that country survey mission reports may serve as a basis for long-term planning activities by the interested countries for the survey missions go beyond a basic stock-taking exercise to deal with project identification and analysis of the industrial structure.

214. At the project and sectoral levels, the country survey missions are expected to identify the salient intersectoral and inter-industry relationships that are important for industrial planning purposes and to report on the advisability of conducting selected investment feasibility studies.

215. It is important that close contact be maintained between the country survey missions and the technical and substantive sections in UNIDO. This is accomplished primarily by means of a thorough briefing of the survey team by various sections of UNIDO before the mission is sent to the field. Upon completion of the field work, the reports of the survey mission are discussed within UNIDO during an extensive and systematic debriefing. On the basis of the consensus reached, a final report is prepared for the consideration of the Government of the country concerned.

216. In Kenya, a UNDP/SF project, the Industrial Survey and Promotion Centre, was established to follow up the work of the industrial survey mission to that country. The Centre is conducting surveys in areas and sectors not covered by the survey mission and is also evaluating the projects initially identified by that mission. Some of these projects have been submitted by Kenya for promotion through UNIDO's investment promotion programme.

217. The reports of the survey missions also serve the secondary function of providing UNIDO with in-depth information on individual developing countries. Such information can be utilized in the over-all review of industrial development and for purposes of planning long-term technical assistance; the surveys, if repeated, can serve as an instrument to monitor progress during the Second United Nations Development Decade.

218. A related operational activity is the provision of short-term advisory missions to developing countries and regional organizations to deal with such problems as the planning of an industrial survey, design of methodology, sampling techniques, the nature of the questionnaire and the analysis of results. These activities are usually undertaken by staff members acting in an advisory capacity. In such instances, the actual implementation of the survey is usually carried out by the counterpart institution of the developing country. In 1971, UNIDO's assistance to IDCAS included a survey of this type.

219. UNIDO is also assisting the East African Development Bank to establish an industrial studies unit, which is to be responsible for the collection of industrial information and for project identification. The East African Community is receiving technical assistance in the area of industrial statistics and industrial studies.

220. The activities of UNIDO in this field are closely linked to the programmes of other international bodies. Thus, UNIDO was represented in the ILO employment missions carried out in Colombia in 1970 and in Ceylon in 1971, and similar participation is anticipated in employment missions to Iran and Kenya. UNIDO is also participating in the ILO sponsored Asian employment survey and in the industrial survey for regional co-operation being carried out by ECAFE. UNIDO has co-operated with the International Bank for Reconstruction and Development (IBRD) in conducting several pre-investment studies missions (e.g. in Algeria and East Africa).

Value of approved field projects and forecast of requirements, 1971 to 1973
(in thousands of US dollars)

Source of funds	1971 estimated expenditure	1972			1973		
		Approved projects	Requirements for new projects	Total	Approved projects	Requirements for new projects	Total
UNDP/SF	197.1	} 587.7	79.1	666.8	115.3	1,205.0	1,320.3
UNDP/TA	72.0		(60.0) ^{a/}			(410.0) ^{a/}	
RP	6.0	21.2	-	21.2	15.0	-	15.0
SIS	133.3	74.4	150.0	224.4	-	280.0	280.0
GTF	6.4	-	6.0	6.0	-	10.0	10.0
FIT	-	-	3.0	3.0	-	3.0	3.0
Total	415.4	683.3	238.1	921.4	130.3	1,498.0	1,628.3

Note: UNDP/TA and UNDP/SF are to be merged, effective 1 January 1972.

a/ Annual estimated costs of projects included in the UNDP Country Programmes or projects officially submitted to UNDP for approval.

**List of Approved Projects and Projects
under Active Consideration**

<u>Projects over US\$100,000</u>	<u>Projects under US\$100,000</u>		
<u>Industrial country survey missions</u>			
KEN-21 (SF) - Industrial survey and promotion centre (1 project)	GAB-69/610	PER/15/2/3**	QAT-70/1075
	SUD-69/512	SUR-70/989	YEM-VC/15/10
	SUD/15/2/3**	MAL-69/961	INT-VC/15/9
	DOM/71/8	CYP-70/772	INT-VC/15/8
	GUA/15/2/1**		
			(13 projects)
<u>Special industrial studies</u>			
AFR/REG-182 (SF) - East African Development Bank: industrial studies unit (1 project)	CAF-69/586	LAO-69/577	INT-69/672
	AFR-70/920	AFE/70/44	
			(5 projects)
<u>Training and related activities</u>			
	BOT-70/721	EAC/70/4	AFE/REG-176 (3 projects)
<u>Industrial statistics</u>			
LAO/68/5 (TA and IPP)* - Industrial develop- ment and productivity (1 project)	NLM/15/2/2**	KOR/15/2/2**	
			(2 projects)

* Projects not yet approved but included in the Country Programmes and projects officially requested.

** Fellowship posts.

SUPPORTING AND OTHER ACTIVITIES

221. The supporting and other activities of Group 15 are classified under the following projects:

Industrial Development Survey	15.01
Special industrial studies	15.02
Training in methods and techniques of industrial surveys and related activities	15.03
Industrial statistics and the country file system	15.04
Synoptic presentation of industrial survey mission reports	15.05

222. Supporting activities are designed to complement and strengthen the operational activities. Both the country file system and the special industrial studies enhance the quality of technical assistance by providing the most up-to-date information on, and an analysis of, important industrial problems.

Industrial Development Survey (15.01)

223. The preparation and publication of the "Industrial Development Survey" are a major supporting activity of UNIDO. The first volume, prepared for the Athens Symposium and published in 1968, contained a comprehensive assessment of industrialization trends and developments for the period 1955-1964. A similarly comprehensive volume of the Survey is to be published every five years, the next volume being scheduled for publication in 1973. Each intervening year, an annual review is published which provides basic information on the latest trends in manufacturing output, trade, investment, productivity and employment. In addition to the established format, the annual volumes continue to present an examination of a critical aspect of industrialization. Among the special topics dealt with were: regional industrial co-operation (Volume II); and industrialization strategies and policies (Volume III, which was published in 1971). For Volume IV, scheduled for publication in 1972, the topic is the interrelationship between industry and agriculture. This latest topic constitutes part of UNIDO's contribution to the inter-agency co-operative programme called for by PAO to study the consequences of the Green Revolution. The special topic for Volume V, scheduled for publication in 1973, will be structural changes in manufacturing growth. This presentation will utilize much of the analysis and conclusions of the special industrial study on sectoral changes in manufacturing growth (cf. 15.02.03) and will be based on the experience of some 30 countries, tracing the changes that took place in the structure of output as economic growth occurred.

224. In both the comprehensive and the annual surveys, industrial trends throughout the world are studied, but the emphasis is on industrialization in the developing countries. By its very nature, the survey is therefore specially suited for monitoring progress at the global level during the Second United Nations Development Decade. Providing information, as it does, on global and regional trends, the "Industrial Development Survey" gives individual developing countries a

point of reference for the evaluation of their progress and for the establishment of their priorities. The collection of the most current data available for each volume required the co-operation of the Statistical Office of the United Nations, the various regional economic commissions and UNESOB, UNCTAD, ILO and FAO as well as other international organizations.

Special industrial studies (15.02)

225. The special industrial studies are designed to provide an analysis of topics that are of critical importance to the industrialization process, such as employment, the special problems of small countries and country projections of industrial growth. The special industrial studies are not conceived of as an academic exercise, but are of a practical nature aimed at offering action guidelines for decision makers in developing countries and at improving the quality of UNIDO's technical assistance. The studies, based on the actual experiences of developing countries, have been compiled by UNIDO through field experts, advisory missions, survey missions and other activities. In several instances, the study topics relate to items that have appeared repeatedly in the terms of reference of industrial survey missions, for the missions are being increasingly requested to identify export opportunities and to survey problems and prospects related to employment in the manufacturing industries. Each study is co-ordinated with the other groups of activities of UNIDO, and extensive co-operation has been maintained with other United Nations organizations.

226. The special industrial studies are components of UNIDO's programme for the Second United Nations Development Decade. The projections provide information to the developing countries and to UNIDO headquarters and field staff for planning and guiding industrialization during the Decade; other studies, which concentrate on key problem areas, provide an in-depth monitoring of progress that pin-points both weak and strong points in past performance.

227. The study on Some special problems of industrial development of the smaller developing countries (15.02.01), undertaken in 1970 (ID/B/64/Add.15, para.21), was completed in 1971. It constitutes part of UNIDO's contribution to the special efforts called for by the General Assembly in resolution 2626(XKV), paragraphs 56 to 58, on behalf of the smaller and least developed countries. The study was also used as background material for the 1971 Expert Group Meeting on Industrialization in Countries at Early Stages of Development, with Special Reference to Small-scale Industry (cf. 11.04.03).

228. Another study started by UNIDO in 1970 and continued during 1971 was an investigation of The effects of industrialization on manufacturing employment and productivity (15.02.02). Employment has become an area of extreme concern in many of the developing countries and is especially important in the least developed countries, where high population growth rates often swell the ranks of the marginally employed. This study contains information on manufacturing employment gains, an analysis of the causes of failure to implement employment and productivity programmes, and an identification of areas of conflict between employment and productivity objectives. An analysis is made of the direct and indirect effects of employment on manufacturing growth and of the technological and economic considerations of employment and productivity, in the context of the social and economic conditions prevailing in developing countries.

229. The study, which is based on the experiences of the developing countries, provides an analytical methodology and policy conclusions that will be beneficial to policy makers in the developing countries and to agencies providing technical assistance. The findings of the completed study will be especially pertinent to the design of industrialization strategies and policies. In the implementation of this study, co-operation has been maintained with ILO in connexion with the ILO World Employment Programme, and UNIDO staff members have participated in ILO missions to Ceylon, Colombia, Iran and Kenya. In co-operation with other groups of activities within UNIDO, Group 15 helped to prepare for an ILO expert group meeting a special paper on fiscal incentives to promote employment.

230. UNIDO is also continuing the study on Structural changes in manufacturing growth (15.02.03) (ID/B/80/Add.3, para.251), which involves a cross-country analysis of structural growth to determine the patterns of industrialization for several groups of developing countries. Although the study deals with the effects of economic growth upon several sectors of developing countries, the main emphasis is on the pattern of structural change within manufacturing industries. By comparing the manufacturing structures of the developing countries with structural trends in the developed countries, it may be possible to discover industries away from which the developed countries are moving and into which the developing countries may move. Data on the developed countries will be made available in an ECE study of structural change. Structural data and other information on the individual countries dealt with in the study have been placed in the respective country files, where they are available to all sections of UNIDO. The analysis and conclusions of this study will form the basis of the special topic of Volume V of the "Industrial Development Survey".

231. In 1970, UNIDO began the preparatory work on Projections of industrial development (15.02.04) in the Second United Nations Development Decade (ID/B/80/Add.3, paras.252-257). In 1971, UNIDO carried out projections of output, employment and trade in manufactures for thirteen individual countries and for thirteen sectors. This work will be broadened to cover additional interested countries in 1972 and 1973. The purpose of the projections is to shed light on the prospects for sectoral development during the Second United Nations Development Decade and on the bearing of these prospects on certain policy and other autonomous variables. The projections should provide inputs for industrial country programming and background information for field missions, especially in the areas of surveys, programming and planning. Moreover, they could provide the basis for UNIDO assistance to developing countries in this area. The findings of each completed series will be kept in the country files.

232. The work on the projections is being co-ordinated with other United Nations agencies, particularly the Centre for Development Planning, Projection and Policies (CDPPP), UNCTAD, ILO and the regional economic commissions and UNESOB. Consultations on the projections have taken place with several agencies.

233. The findings of the projects would serve as the basis for a dialogue between UNIDO and the interested countries at an expert group meeting which UNIDO proposes to hold in 1973. At this meeting, the projections would be compared with data and planning information currently utilized by the interested countries. Such a meeting would be a good starting point for the

establishment of a continuing service activity and would provide UNIDO with guidelines for improving the usefulness of the projections.

**Training in methods and techniques of industrial surveys
and related activities (15.03)**

234. The training and related activities of UNIDO in the field of industrial surveys are intended to improve the capability of the developing countries to perform two functions: the collection of industrial data and their subsequent analysis. The activities being undertaken under this heading have three basic components: training of counterparts by the survey mission teams; in-service training financed by fellowships; and training workshops. The first two components are dealt with in the course of UNIDO's operational activities. The training workshops, however, are a separate activity.

235. The Training workshops in methods of industrial surveys (15.03.01) were designed to enable the developing countries to undertake their own surveys (ID/B/80/Add.3, para.259). These workshops are directed by UNIDO staff and are built around the experiences accumulated through operational activities. In 1969, UNIDO conducted a course in collaboration with ECA, ILO, IDEP and IBRD on some aspects of industrial development. In 1970, UNIDO held a workshop on techniques of industrial surveys in Brighton, United Kingdom, for selected representatives of the English-speaking developing countries. A workshop was held in 1971, in Dakar, Senegal, in collaboration with IDEP, for participants from French-speaking developing countries. UNIDO proposes to continue this series of workshops in 1972 and 1973.

236. In 1971 UNIDO commenced work on a Manual on industrial survey methods (15.03.02) that will set forth the basic principles and techniques of industrial surveys (ID/B/80/Add.3, para.261). Much of the content of the manual will derive from UNIDO's field experience with industrial surveys and training workshops. The manual will serve to support several of the operational activities being carried out by Group 15. It will be a natural adjunct to the training courses and, after its publication, could serve as a focal point of the workshops. The manual will also be of use for UNIDO survey missions and for improving local capacity to conduct surveys. At a later stage, this manual will be combined with the manual on methodology for analysis of industrial survey data described below (cf. 15.03.04).

237. With regard to Evaluation of the experience with country industrial surveys and other survey assistance (15.03.03), UNIDO held in 1971 an Expert Group Meeting on the Activities of UNIDO in the Field of Industrial Surveys (ID/B/64/Add.15, para.30). The Expert Group made a number of recommendations that should help UNIDO to improve its survey assistance. The recommendations focused on the country survey missions and included suggestions for follow-up of the mission's recommendations, the training of counterparts, the drafting of terms of reference and the contents of the reports. The Expert Group stressed that the work of each mission, as reflected in the reports, should be forward looking and operational in order to better assist the developing countries in planning and programming industrial development.

238. It is obvious that a machinery for follow-up will have to be developed to ensure implementation of the survey mission's recommendations; efforts are being made to provide for this. As recommended by the Expert Group, a staff member will be included on the survey team whenever possible to ensure that first-hand experience is available during the follow-up phase after the original team has been dispersed. This staff member would be expected to review periodically the follow-up recommendations with government officials in the country concerned. As another step, summaries of the recommendations will be prepared and circulated to headquarters staff and to the country concerned. The synoptic presentation of mission reports (cf. 15.05) is an additional step through which useful information can be provided to potential investors.

239. Among the various training activities of UNIDO designed to upgrade country capabilities for conducting industrial surveys is the Development of methodology for analysis of industrial survey data (15.03,04). An increasing number of developing countries are now collecting regular data on industry (e.g. on output, wages, employment and exports), but they are unsure as to the best way to utilize such data. On a number of occasions, staff members have assisted developing countries to analyse industrial survey data. Such assistance involves several approaches to the task of analysis, and UNIDO proposes to synthesize these approaches and present them in systematic form in a manual. The major objective of this activity would be to ascertain the most useful way to consider such data so as to be able to diagnose the nature and location (branch of industry) of the problems confronting industry in the developing countries. A manual such as the one proposed would enhance the ability of the developing countries to analyse survey results whether the surveys were conducted by UNIDO or by the countries themselves.

Industrial statistics and the country file system (15.04)

240. A well-planned information system is an integral and indispensable adjunct to many aspects of industrial development, and the Country file system (15.04,01) was designed by UNIDO to be such a system. Accordingly, the activities of UNIDO with regard to industrial statistics aim at increasing the availability of information to the organization. As in the past, UNIDO will continue to rely heavily on data supplied by the United Nations Statistical Office in New York and by the contacts already established with the various regional economic commissions and UNESOB. Although these traditional sources of information are of great value, experience has shown that the information tends to be elaborated in a manner not suited to the purposes of evaluating requests for assistance and of briefing field experts. For this reason, UNIDO developed its country file system. The files contain a wide range of background information and extensive economic and industrial data on each of the developing countries, including data calculated by UNIDO such as productivity data and inter-country comparisons. The information in the files is continually updated. The country files are intended for the use of all sections of UNIDO, and for experts and consultants for briefing prior to field missions. This procedure minimizes the amount of field time required for effective orientation and often provides information that would not be available to the expert in the field.

241. As in the past, Group 15 continues to serve as a liaison between UNIDO and the Statistical Office of the United Nations in New York and represents UNIDO in the Working Group of the United Nations Statistical Commission.

**Synoptic presentation of industrial survey
mission reports (15.05)**

242. The reports of industrial country survey missions are necessarily lengthy, detailed and often highly technical in nature. Quite possibly, however, there is a broader and more general audience to which such information would be beneficial. For those countries where government approval is obtained, UNIDO proposes to prepare for wide distribution a synoptic version or digest of the survey mission report. An attractively designed document of some twenty pages would be useful to the country concerned and to UNIDO in promoting investment in industrial projects. The document would include important background information, a summary of the more important findings of the mission, and an identification of areas of investment potential. As survey assistance is concentrated in the least developed countries, this service would have the greatest impact on that group of countries.

Expenditures and estimated costs for supporting and other activities, 1971 - 1973
(in m/m and thousands of US dollars)

Project (Priority A)	Regular budget						Extra-budgetary resources (\$)			
	Staff (m/m)		Consultants (\$)			Expert group meetings (\$)				
	1971	1972	1973	1971	1972	1973	1971	1972	1973	
15.01 <u>Industrial Development Survey</u>										
15.01.01	37	53	60	13.0	14.0	16.0	-	-	-	5.4 GTF
15.02 <u>Special industrial studies</u>										
15.02.01	1	-	-	-	-	-	-	-	-	-
15.02.02	4	2	-	-	-	-	-	-	-	-
15.02.03	6	6	-	-	-	-	-	-	-	-
15.02.04	6	8	8	3.9	4.0	6.0	-	-	-	16.0
15.03 <u>Training in methods and techniques of industrial surveys and related activities</u>										
15.03.01	4	6	6	-	-	-	-	-	-	20.9 TA
15.03.02	1	2	-	-	-	-	-	-	-	35.0 TA
15.03.03	1	-	-	-	-	-	2.3	-	-	115.0 TA
15.03.04	-	-	-	-	-	4.0	-	-	-	-
15.04 <u>Industrial statistics and the country file system</u>										
	13	16	16	1.0	-	-	-	-	-	-

Printed publications

1971 publications programme

	<u>Languages</u>	<u>Cost (US\$)</u>
<u>Industrial Development Survey (15.01)</u>		
ID/41 Volume II	S	
ID/64 Volume III	E	
		<u>4,555</u>

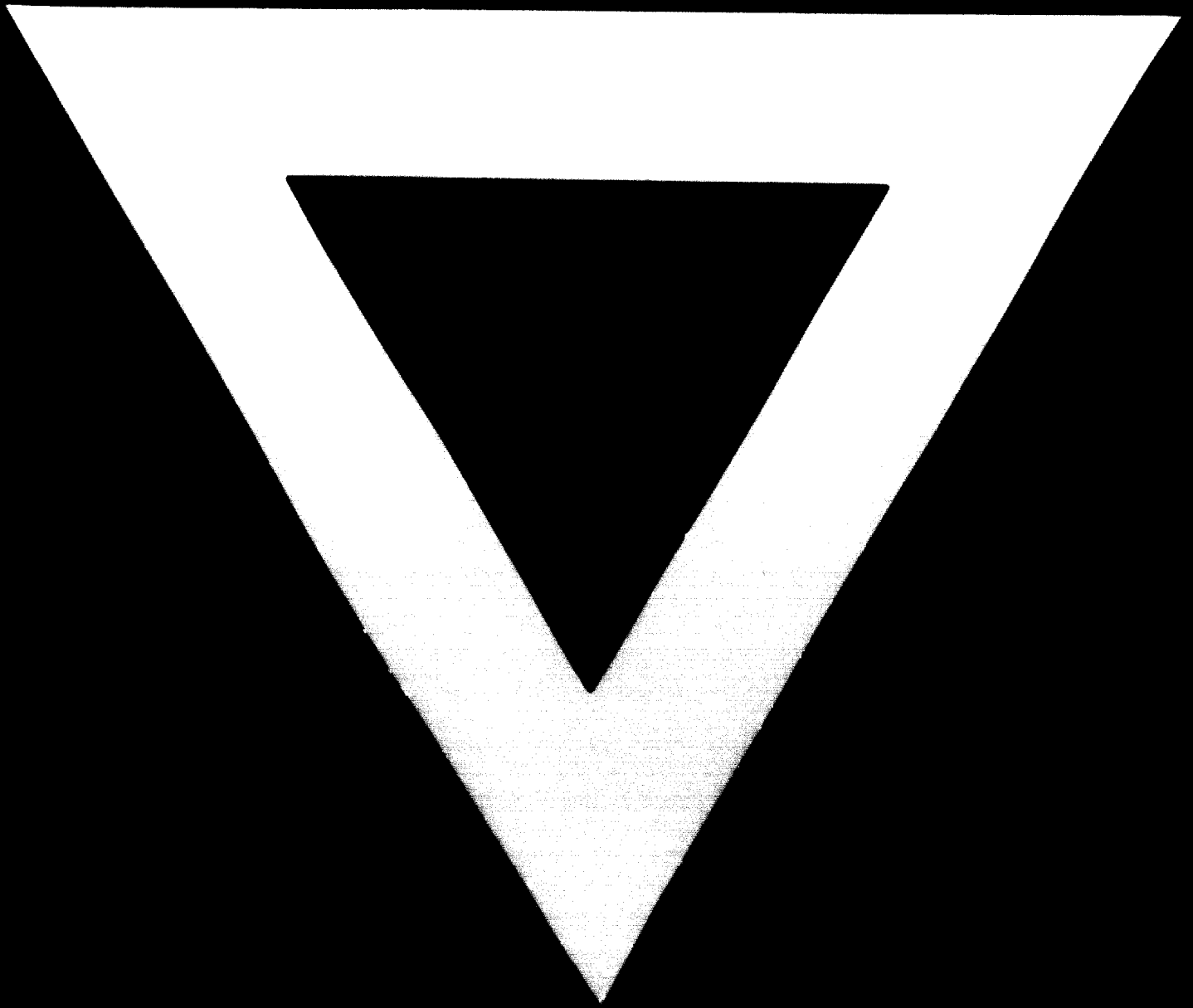
1972 publications programme

<u>Industrial Development Survey (15.01)</u>		
ID/41 Volume II	F	
ID/64 Volume III	F S	
- Volume IV	E	
		<u>8,300</u>

Forecast of 1973 publications programme

<u>Industrial Development Survey (15.01)</u>		
- Volume IV	F S	
- Volume V	E	
		<u>800</u>

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