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ANNUAL REPORT OF THE EXECUTIVE DIRECTOR, 1975

Addendum

Updated financial report to the Industrial Development Board

1. It will be recalled that in the preface to the Annual Report of the Executive Director for 1975 (ID/B/160, page 1), it is stated:

“The figures used in this Report for expenditures during 1975, including those given in the statistical annex, were the latest available at the time the material was approved for publication. Although these figures reflect the situation of the Organization as of 31 December 1975, they are subject to audit and to minor adjustments before the final closing of the accounts. Further, these figures do not reflect the decision taken by the UNDP Governing Council at its twenty-first session in January 1976 to accept the Administrator's recommendation to increase the standard costs of experts from \$3,000 to \$3,500 per month, retroactively for the entire year 1975.”

2. The present document is being issued to update table 1 of the statistical annex of the Executive Director's Report and, at the same time, to call attention to some other significant developments.

TABLE 1. EXPENDITURES FOR THE TOTAL YEAR 1975 AND FIRST QUARTER OF 1975 AND 1976
(In millions of US dollars)

	Actual 1975	1st quarter	
		1975	1976
<i>Technical co-operation programmes</i>	36.5	7.2	9.7
Financed from:			
Regular programme	2.0	0.1	0.2
UNDP/IPF	27.0	5.8	7.3
SIS	4.2	0.8	1.1
Special-purpose Trust Funds	1.2	0.2	0.3
UNIDO General Trust Fund	2.1	0.3	0.8
<i>Programme support costs financed from overhead funds</i>	3.2	0.9	1.1
<i>Expenditures financed from other extra-budgetary resources</i>	0.3	0.1	0.1
<i>Regular budget (net of staff assessment)</i>	20.8	5.4	5.4
<i>Total expenditures</i>	60.8	13.6	16.3
<i>Technical co-operation programmes as percentage of total expenditures</i>	60.0%	52.9%	59.5%

Cost Measurement System

3. In the Annual Reports of the Executive Director for 1974 and 1975, reference has been made to the Cost Measurement System.¹ The initial objective of this System was to measure the costs for support of field projects and to prepare formulae for the reimbursement of the support costs. The System was developed under the auspices of the Consultative Committee on Administrative Questions (CCAQ) on a United Nations-wide basis and covers all costs in the agencies taking part in the exercise. UNIDO has presented data for 1973 and 1974 and will continue to report results for management purposes. The particular problem of UNIDO is its high dependence on UNDP funds for the field projects, coupled with high support costs for such projects. The projects executed by UNIDO are generally small and this is one explanation for the high average support costs. UNIDO is only reimbursed to the extent of 14 per cent of the actual field costs of the projects, leaving a large amount to be covered by the regular budget: for 1975 almost \$US 4.5 million. The obvious solutions to the problem are to find less costly ways of implementing projects of short duration and/or low dollar value and, at the same time, try to find more equitable reimbursement formulae for the support costs. In a resolution the UNDP Governing Council at its twenty-first session in January 1976, took up the question of adjusting the formula in regard to the years after 1977. This offers the agencies an opportunity to present proposals for new solutions.

4. The costs for the support of UNDP projects were as follows in 1975:

Support costs	\$8,784,000
Field programme executed	\$30,826,000
Ratio of support costs to field programme expenditure	28.5%

5. The percentage was lower in 1975 than in 1974, a fact that demonstrates an increased productivity. A note of caution should be expressed, however, for the percentage for support costs will increase considerably in 1976 in consequence of the difficulties encountered with the UNDP programmes.

¹ ID/B/150, chap. VII, paras. 12 and 13;
ID/B/160, chap. VI, para. 16.



CORRIGENDUM
Ref.: ID/B/160
26 April 1976

ANNUAL REPORT OF THE EXECUTIVE DIRECTOR, 1975

Corrigendum

Chapter II. Field Activities

Page 35, paragraph 114, lines 4-15

After jeopardized. delete rest of paragraph

Page 35, paragraph 115

Delete paragraph 115

Page 35, foot-note 9

Delete foot-note 9



CORRIGENDUM
Ref.: ID/B/160
26 April 1976

ANNUAL REPORT OF THE EXECUTIVE DIRECTOR, 1975

Corrigendum

Appendix J. Geographical distribution of the Professional and higher category staff of UNIDO as at 31 December 1975

Page 242, right column

*Under the entry Europe (Western), Italy for 2 P-5, 2 P-4...read 1 P-5,
3 P-4 ...*

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ABBREVIATIONS

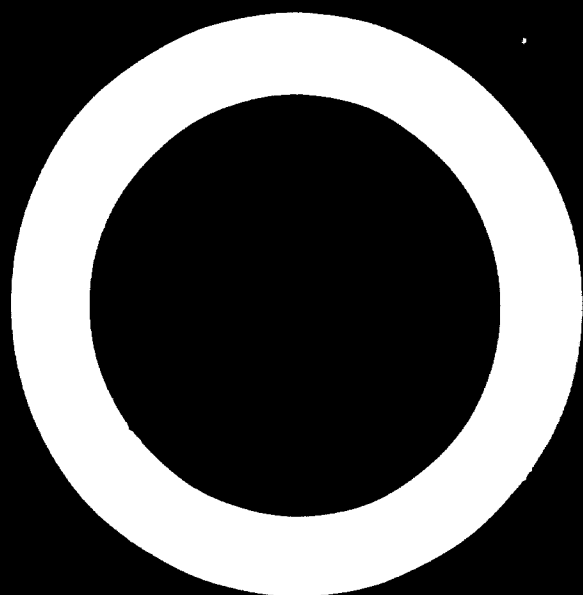
ACABQ	Advisory Committee on Administrative and Budgetary Questions
ASMO	Arab Organization for Standardization and Metrology
CDC	Programme of Co-operation among Developing Countries
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
ECOSOC	Economic and Social Council
ECWA	Economic Commission for Western Asia
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
GTF	UNIDO General Trust Fund
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
IDCAS	Industrial Development Centre for Arab States
IDFCs	Industrial development financing companies
IEC	International Electrotechnical Commission
IIASA	International Institute for Applied Systems Analysis
ILO	International Labour Organisation
IMCO	Inter-Governmental Maritime Consultative Organization
IPF	Indicative Planning Figure
ISO	International Organization for Standardization
ITC	International Trade Centre
LES	Licensing Executives' Society, Inc.
OAU	Organization of African Unity
OPAS	Operational Assistance
RB	Regular budget
RP	Regular programme of technical assistance
SIS	Special Industrial Services programme
STF	Special-purpose Trust Funds
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNISIST	World Science Information System
VINITI	All-Union Institute for Scientific and Technical Information
WHO	World Health Organization
WIPO	World Intellectual Property Organization

Preface

The present Report follows the pattern of the 1973 and 1974 Annual Reports (ID/B/140, ID/B/150), and cross-references have been made to the pertinent sections of those Reports, where appropriate. In this context, the textual part of the Report has been drafted with a view to providing the reader with a representative cross-section of the Organization's activities in the year 1975; it is not a comprehensive report of all the activities of UNIDO during the year under review. The description of the work carried out in 1975 under the various programmes and programme components of the Organization follows the pattern of the biennial programme and budget of UNIDO for 1974/75, which was approved by the Board at its seventh session.

As in the previous Reports, a comprehensive picture of the Organization is to be found in the statistical annex and in the numerous appendices which contain, inter alia, data on income and expenditure for the year under review as well as lists of the Organization's publications, studies, meetings and training courses in 1975.

The figures used in this Report for expenditures during 1975, including those given in the statistical annex, were the latest available at the time the material was approved for publication. Although these figures reflect the situation of the Organization as of 31 December 1975, they are subject to audit and to minor adjustments before the final closing of the accounts. Further, these figures do not reflect the decision taken by the UNDP Governing Council at its twenty-first session in January 1976 to accept the Administrator's recommendation to increase the standard costs of experts from \$3,000 to \$3,500 per month, retroactively for the entire year 1975.



FOREWORD BY THE EXECUTIVE DIRECTOR

1. In compliance with the request of some delegations at the ninth session of the Industrial Development Board that the Annual Report should include a personal and critical evaluation by the Executive Director of past activities and his proposals for the future, I shall endeavour to confine this introduction to the major events that affected UNIDO during 1975 and to some aspects of the future activities of the Organization.
2. The Second General Conference of UNIDO, which was held at Lima in March 1975, was the outstanding event of the year under review, not only chronologically but also substantively. To the new Executive Director, it was the moment when the dialogue between industrialized countries and industrializing countries genuinely began. That was a notable fact in itself and, while it may be over-venturesome to take it as a basis for any predictions regarding the future, at least one can express the wish and the hope that the dialogue will continue so that it will be possible to arrive at the equilibrium that the international community called for during the sixth special session of the United Nations General Assembly.
3. The atmosphere prevailing during the seventh special session of the General Assembly and, to a large extent, the new ground broken at the Conference on International Economic Co-operation in Paris permit us to emphasize the existing chances for gaining a more-understanding attitude to the changes desired, while realizing—it would be too naïve to suppose the contrary—that not all parties concerned perceive the necessity of such changes with the same force and that it will not be easy for such changes to be implemented by those who have admitted their necessity. In other words, there is a long way to go and perhaps even a long battle to fight in order to translate into concrete achievement the principles that have, nevertheless, become increasingly acknowledged among leading circles in the international community.
4. In 1975, so far as UNIDO was concerned, the Lima Conference meant the preparation of the Organization to meet the new tasks assigned to it through: adaptation of the structure of its Secretariat; the expansion of its traditional technical assistance activities, with particular attention to the least developed of the developing countries; the adaptation and transfer of technology; and, above all, the establishment of a system of consultations and negotiation in order to facilitate the redeployment of industrial capacity with the aim of ensuring that the developing countries account for 25 per cent of world industrial production by the year 2000.
5. A large part of the debate during the sixth session of the Permanent Committee, which was held from 1 to 10 December 1975, and the report of which is

being submitted to the Board as ID/B/159, was devoted to the reorganization of the Secretariat. The numerous criticisms I heard on that occasion were indisputably very instructive for me—in particular through the discovery I made of what seem to be unwritten laws in the United Nations system. With regard to essentials, however, I am comforted by the fact that there were no fundamental objections to the scheme of organization that was submitted to the Secretary-General for approval. In any case, the Board may rest assured that, at the end of 1976, in the light of experience, we shall be able to make any adjustments that appear indispensable in order to refine an instrument whose flexibility of operation should guarantee the efficiency of the service for which it has been created.

6. I shall merely recall in passing the important decision taken by the seventh special session of the General Assembly to approve the recommendation of the Lima Conference that UNIDO should be converted into a specialized agency within the United Nations system.

7. So far as the activities of UNIDO itself during 1975 were concerned, I think that the level of technical assistance delivered can be taken as an indication of the Secretariat's efforts. The action already taken by UNDP in November 1975 as a result of its financial difficulties has some negative effects on the results for the year; unfortunately, the adverse effects now being experienced in programmes are likely to become even more serious.

8. Consequently, one can already foresee a distinct decrease in technical assistance inputs to developing countries, unless new sources of finance, for example, in the form of increases in voluntary contributions, make up for the shortfall in UNDP financing. For the moment, in the light of the information presently available, the legal commitments already entered into by the UNIDO Secretariat are \$US 20 million. In addition to this figure, one could hope, depending on the priorities decided upon by the respective Governments, that some \$US 15 million will be made available for implementation. In such an event, the expected level of technical assistance delivery under UNDP programmes would be almost the same magnitude, in nominal terms, as it was in 1975. In this context, I should note that the arguments we have presented in favour of maintaining UNIDO programmes at least at the 1975 level in real terms, in order to prevent an aggravation of the considerable accumulated delay in the implementation of industrial programmes during the first country programming cycle, have unfortunately little chance of being accepted.

9. While there may be cause for sober satisfaction at over-all results with regard to the delivery of technical assistance, the quality of such assistance must be a matter of priority concern for the Organization in the future. If the Executive Director can permit himself to have a personal policy for the future, it can be only in this field. The efforts of the Secretariat will be channelled in the direction, first, of obtaining wider and deeper knowledge of the quality of technical assistance that is most appropriate for helping the developing countries, particularly through more precise knowledge of the socio-cultural environment receiving the assistance, and then towards the execution of the programmes. That indeed was one of the aims pursued through the reorganization of the Secretariat: namely, the regrouping of various types of activities so that, as I hope, the degree of specialization of the staff can be increased, on the one hand, while teamwork can be intensified to ensure more complete integration of the various aspects of the Secretariat's activities, on the other hand.

10. The International Centre for Industrial Studies (ICIS) should play an essential part in this process in that only the mobilization of knowledge regarding industry in the world, today and tomorrow, can guarantee that the correct direction is taken and that a judicious choice is made of action to be encouraged either in the framework of the system of consultations and negotiation that is to be set up or through programmes to be carried out by the Organization, in particular out of its own resources.

11. On the last point, there is scarcely any need for me to emphasize the importance of an industrial development fund attached to UNIDO, or at least of an increase in the voluntary financial contributions of States, in view of the present uncertain prospects resulting from the financial difficulties of UNDP.

12. On the other hand, it seems obvious to me that, in order to carry out its co-ordinating role in the industrial field, UNIDO must first prove its worth both at the conceptual level and at the level of technical efficiency, and that it must do so in such a convincing manner as to obtain the respect and then the support of the competent organizations in the United Nations system. Here also, the greatest hopes are placed in the Centre, while the rest of the Secretariat will also be called upon to provide special contributions, among which one should emphasize the strengthening and improvement of the quality of the relationships that the Secretariat must maintain with the other organizations in the United Nations system that are directly or indirectly concerned with the problems of the industrialization of the third world and of development in general. I am happy to note the spirit of co-operation already shown and the encouraging results obtained at the co-ordination meeting of 3 July 1975 and at the subsequent working sessions with ILO and UNCTAD.

13. In conclusion, I am convinced that the Secretariat can achieve these general targets; I am, however, aware that it will require long-term efforts to do so.

14. However that may be, we shall have an opportunity at the end of 1976 to make a first evaluation of the efforts made, the record of performance and the results obtained. Until then, the Executive Director and the entire staff of the Secretariat must be able to count on the support, confidence and esteem of the States participating in the activities of the Organization, and particularly those States that are members of the Industrial Development Board.

Chapter I

INTERGOVERNMENTAL POLICY-MAKING ORGANS

1. As a subsidiary body of the General Assembly, UNIDO is subject to the direction and monitoring of the General Assembly as well as of a number of other intergovernmental policy-making bodies and subsidiary or *ad hoc* bodies.¹ The present chapter recounts some of the decisions and recommendations made during the year 1975 by those various organs that had, or are likely to have, a direct bearing on UNIDO and its programme of work.

THE GENERAL ASSEMBLY

2. In September 1975, the Member States of the United Nations convened a special session of the General Assembly "for the purpose of examining the political and other implications of the state of world development and international economic co-operation, expanding the dimensions and concepts of world economic and developmental co-operation and giving the goal of development its rightful place in the United Nations system and on the international stage".²

3. At this seventh special session, the General Assembly adopted a resolution on development and international economic co-operation (3362 (S-VII)), which outlined a broad new programme of measures designed to redress the economic imbalance between developed and developing countries.

4. An essential part of the "framework for the work of the competent bodies and organizations of the United Nations system"³ is section IV of the resolution, entitled "Industrialization", in which the General Assembly endorses the Lima Declaration and Plan of Action on Industrial Development and Co-operation and indicates certain steps necessary for its effective implementation.

5. In this particular section of the resolution, it is recommended that "developed countries should facilitate the development of new policies and strengthen existing policies, including labour market policies, which would encourage the redeployment

¹ The 1973 Annual Report (ID/B/140) contains a brief, historic description of these bodies as well as an explanation of their interrelationships.

² General Assembly resolution 3172 (XXVIII), para. 1.

³ General Assembly resolution 3362 (S-VII), preamble.

of their industries which are less competitive internationally to developing countries, thus leading to structural adjustments in the former and higher degree of utilization of natural and human resources in the latter".⁴ Consequently, and as provided for in the Lima Declaration, a system of consultations should be established at the global, regional, interregional and sectoral levels within both UNIDO and other appropriate international bodies. Pursuant to this, the Executive Director should take immediate action to ensure that UNIDO is ready "to serve as a forum for consultations and negotiations of agreements in the field of industry".

6. The activities of UNIDO will also be directly affected by the recommendation concerning a "joint study . . . of methods and mechanisms for diversified financial and technical co-operation which are geared to the special and changing requirements of international industrial co-operation";⁵ and by the recommendation emphasizing the "particular problems in the industrialization of the least developed, land-locked and island developing countries".⁶

7. A particularly significant feature of the resolution is the endorsement by the General Assembly of the recommendation of the Second General Conference of UNIDO to convert UNIDO into a specialized agency. The General Assembly decided to establish an intergovernmental committee of the whole, including States which participated in the Second General Conference, to draw up a constitution for UNIDO as a specialized agency. The constitution is then to be submitted to a conference of plenipotentiaries to be convened by the Secretary-General in the last quarter of 1976. The first session of the intergovernmental committee was held in January 1976 at Vienna; the second and third sessions are scheduled for March and June/July, respectively.

8. At its thirtieth session, the General Assembly devoted attention to the implementation of the decisions adopted at the seventh special session; in resolution 3506 (XXX), it requested "all organizations, institutions and subsidiary organs of the United Nations system to assign the highest priority to the implementation of the measures set out in General Assembly resolution 3362 (S-VII) and to submit progress reports to the Assembly, through the Economic and Social Council, within their respective fields of competence" (para. 2).

9. In the course of discussing the same agenda item, two further resolutions were adopted that are relevant to the activities of UNIDO. The first dealt with institutional arrangements in the field of technology transfer (resolution 3507 (XXX)). In it, the General Assembly noted with appreciation the collaboration between the executive heads of UNIDO and UNCTAD in respect of the recommendation contained in section III, paragraph 1, of its resolution 3362 (S-VII) on the subject of the establishment, strengthening and development of the scientific and technological infrastructure of developing countries.

10. In the same resolution, the General Assembly requests "the Executive Director of the United Nations Industrial Development Organization to continue to take, in consultation with the appropriate organizations of the United Nations system, all necessary measures to establish an industrial technological information bank as a

⁴ *Ibid.*, section IV, para. 2.

⁵ *Ibid.*, section IV, para. 7.

⁶ *Ibid.*, section IV, para. 8.

component of an over-all technological information exchange network, and to report, through the Economic and Social Council, to the General Assembly at its thirty-first session" (operative paragraph 2). Furthermore, the Secretary-General of UNCTAD and the Executive Director of UNIDO are requested, in consultation with the regional commissions and other appropriate organizations, to "continue their efforts, in their respective fields, to assist in the establishment, in developing countries, of centres for the transfer and development of technology at the national, subregional and regional levels, in order to facilitate fulfilment of the interrelated requirements of developing countries" (operative paragraph 5).

11. The second resolution relating to the implementation of the decisions adopted at the seventh special session was devoted to the integration of women in the development process (General Assembly resolution 3505 (XXX)). The relevant organizations within the United Nations system, particularly UNCTAD, UNIDO, UNDP and FAO, were invited "to pay special attention to development programmes relating to women, *inter alia*, in the fields of agriculture, industry, trade and science and technology" (operative paragraph 3).

12. Related to resolution 3362 (S-VII), though discussed under a different agenda item, is General Assembly resolution 3461 (XXX) on technical co-operation among developing countries. In this resolution, UNDP and the participating and executing agencies are requested "to intensify their efforts to achieve full utilization of national institutions in developing countries and the building-up of new capacities in those countries, in the promotion of technical co-operation among developing countries" (para. 5). This request reflects the importance attached to co-operation among developing countries in General Assembly resolution 3362 (S-VII). There, in section VI, developed countries and the United Nations system are "urged to provide, as and when requested, support and assistance to developing countries in strengthening and enlarging their mutual co-operation at subregional, regional and interregional levels. In this regard, suitable institutional arrangements within the United Nations development system should be made and, when appropriate, strengthened, such as those within the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization and the United Nations Development Programme" (operative paragraph 1).

13. During the thirtieth session of the General Assembly, matters directly related to UNIDO and its activities were discussed under agenda item 56. Three resolutions were adopted, the first of which, resolution 3401 (XXX), dealt with revising the lists of States eligible for membership in the Industrial Development Board. It was decided to include Cape Verde, the Comoros, Mozambique, Papua New Guinea and Sao Tome and Principe in list A, and to delete Western Samoa from list A and San Marino from list B.

14. The second resolution (3402 (XXX)) dealt with establishing a United Nations industrial development fund. The General Assembly took note of initial steps taken by the Industrial Development Board in connexion with establishing such a fund and requested the Board to report on this matter at the thirty-first session of the General Assembly.

15. The third resolution (3533 (XXX)) concerned the revised estimates submitted by the Secretary-General for the Programme Budget of UNIDO for the biennium 1976/77. The recommendations of the Advisory Committee on Administrative and

Budgetary Questions regarding the estimates were accepted, and the Secretary-General was requested to submit revised estimates for UNIDO to the General Assembly at its thirty-first session. The revised estimates are to take full account of all factors enumerated in the Lima Declaration and to indicate clearly the resulting programme requirements and the related resources.

16. Two other resolutions adopted by the General Assembly at its thirtieth session were also of concern to UNIDO. In resolution 3509 (XXX) on the Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour, the General Assembly endorsed ECOSOC resolution 1968 (LIX), in which the competent United Nations bodies and the specialized agencies were requested to co-operate fully in the preparations for the Conference.

17. In General Assembly resolution 3515 (XXX) concerning a conference on international economic co-operation, the General Assembly requested the Secretary-General of the United Nations and the executive heads of UNCTAD, UNIDO, FAO and all other competent organs and organizations of the United Nations system actively to assist conference participants.

THE ECONOMIC AND SOCIAL COUNCIL

18. At its fifty-eighth session, held in April-May 1975, the Economic and Social Council adopted three resolutions which bear upon the activities of UNIDO. In resolution 1918 (LVIII), the Council took appreciative note of the report on the efforts undertaken by the United Nations system for the benefit of the Sudano-Sahelian region and urged all United Nations bodies to continue to take effective measures in response to requests for assistance from the Permanent Inter-State Committee on Drought Control in the Sahel. An appeal for continued and timely assistance from all sources to the drought stricken areas of Ethiopia was reiterated in resolution 1917 (LVIII), and in resolution 1916 (LVIII) all international organizations were invited to continue giving their fullest support and assistance in respect of the measures to be taken following the drought in Somalia.

19. At its fifty-ninth session, held in July 1975, ECOSOC took up matters relating to UNIDO under agenda item 13, "Industrial development co-operation". The following documents were before the council: Report of the Second General Conference of the United Nations Industrial Development Organization (E/5696); Draft statutes of a specialized agency for industrial development, prepared by the Secretary-General (E/5711); Report of the Industrial Development Board (E/5695); and Report of the Executive Director of the United Nations Industrial Development Organization on measures taken or contemplated by the Industrial Development Board at its ninth session with a view to implementing the Lima Declaration and Plan of Action (E/5712).

20. The Council reaffirmed Industrial Development Board resolution 45 (IX) concerning the follow-up of the decisions and recommendations of the Second General Conference of UNIDO.⁷ Of particular significance is resolution 1953 (LIX),

⁷Economic and Social Council resolution 1953 (LIX), preamble.

which declared that the Lima Declaration and Plan of Action on Industrial Development and Co-operation constituted "a positive contribution towards the establishment of a new international economic order".⁸ By this resolution, the reports before the Council were transmitted to the General Assembly at its seventh special session and at its thirtieth regular session; further to this, the recommendation concerning the conversion of UNIDO into a specialized agency was referred to the General Assembly at its seventh special session. Resolution 1953 (LIX) also contained the recommendation that the General Assembly at its thirtieth regular session examine the possibilities of expanding the areas of agreement mentioned in the Lima Declaration and Plan of Action, with a view to expediting their early implementation. In the resolution's final operative paragraph, the provision of adequate resources was recommended to enable UNIDO to implement the portions of the Lima Declaration calling for action.

21. ECOSOC resolution 1968 (LIX) referred to the Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour, and requested UNIDO, together with UNCTAD and the specialized agencies, to collaborate with ILO in preparations for the Conference. Discussions have since been initiated with ILO on the manner in which UNIDO can best contribute to the Conference's success.

THE SECOND GENERAL CONFERENCE OF UNIDO

22. In December 1972, the General Assembly decided, in resolution 2952 (XXVII), to convene, in the early part of 1975 for a duration of two weeks, the Second General Conference of UNIDO. During 1973 and 1974, and even in the early days of 1975, the Industrial Development Board and its Permanent Committee, in their capacity as an Intergovernmental Preparatory Committee for the Conference, laid the foundations for the Conference. Throughout the same period, the Secretariat of UNIDO was involved in preparing for the Conference (a detailed report on the work of the Secretariat in this respect was presented to the Board in the 1974 Annual Report, ID/B/150, chap. VI, paras. 93-111).

23. Representatives of 114 States took part in the Second General Conference of UNIDO, which was held at Lima, Peru, from 12 to 26 March 1975. The Conference adopted three resolutions. In the first resolution (ID/CONF.3/RES.1), the Conference called for the establishment, as soon as possible, within UNIDO, of "appropriate machinery, based on the Declaration and Plan of Action adopted by the Second General Conference of the United Nations Industrial Development Organization, for new, more effective and practical forms of technical and financial assistance, within the competence of the United Nations Industrial Development Organization, required by the least developed, the land-locked and the island developing countries to supplement their own efforts to accelerate their industrialization in order to achieve a more equitable share in industrial activity, adequate to raise the level of living of their peoples in the framework of the new international economic order in the field of industrialization".

⁸ *Ibid.*

24. In the second resolution (ID/CONF.3/RES.2), the Conference requested the Executive Director of UNIDO, in consultation with the executive heads of the organs and agencies within the United Nations system concerned, notably UNCTAD, ILO and WIPO, "to prepare as a matter of urgency a concrete co-operative programme of action to promote the creation, the transfer and the use of appropriate industrial technology for developing countries, primarily related to specific branches of industry as well as to social conditions, and to submit a report on this matter including recommendations on ways and means of implementation through the Industrial Development Board and the Economic and Social Council to the General Assembly at its thirty-first session". The third resolution (ID/CONF.3/RES.3) adopted by the Conference stressed the human aspects of industrial development.

25. The Second General Conference also adopted, without a vote, a decision confirming the action of the Industrial Development Board in resolution 42 (VIII) in unanimously endorsing the conclusions and recommendations of the *Ad Hoc* Committee on a Long-Range Strategy for UNIDO. In its decision, the Conference recommended that the reports of the Group of High-Level Experts and of the *Ad Hoc* Committee on Long-Range Strategy for UNIDO be "kept under review, and their conclusions supplemented by new guidelines, in the conceptual framework of a new economic order".

26. The culmination of the Second General Conference was, however, the adoption of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, in keeping with the request of the General Assembly in its resolution 3306 (XXIX) of 14 December 1974. In the Declaration, the Conference set forth a number of principles relating to the process of industrialization. Of particular note is the setting of a target figure of 25 per cent as the minimum share of the developing countries in total world industrial production by the year 2000.

27. The Plan of Action is divided into six major sections. The first section pertains to measures of national scope and is subdivided into measures to be adopted by the developing countries and measures to be adopted by the developed countries. The second section pertains to co-operation, at the subregional, regional and interregional level, among developing countries. The third section points to possible forms of co-operation between developing and developed countries. Section IV concerns special measures to be taken for the least developed, land-locked and island developing countries. Under section V, institutional arrangements, the Conference recommended to the General Assembly, *inter alia*, that UNIDO be converted into a specialized agency. Finally, section VI reaffirms the precepts contained in the Charter of Economic Rights and Duties of States.

28. The report of the Second General Conference of UNIDO is contained in document A/10112.

29. At its seventh special session, the General Assembly adopted the report of the Second General Conference of UNIDO, including the three resolutions, the decision and the Lima Declaration and Plan of Action.⁹

⁹ Since the Conference, the Secretariat has been reporting regularly to the Board and its Permanent Committee on the follow-up of the decisions and recommendations of the Second General Conference (cf. ID/B/155 and Add.1; ID/B/C.3/42).

THE INDUSTRIAL DEVELOPMENT BOARD

30. The ninth session of the Industrial Development Board was held in Vienna from 21 April to 2 May 1975. Following, as it did, so soon after the Second General Conference of UNIDO, the Board devoted considerable attention to the follow-up of the decisions and recommendations of the Conference; these decisions and recommendations, particularly those contained in the Lima Declaration and Plan of Action, had urgent and immediate implications for the proposed UNIDO programme budget for 1976/77 and for the medium-term plan for 1976/79. It is not surprising, therefore, that both the two resolutions adopted by the Board at its ninth session dealt with subjects touched on at the Second General Conference.

31. In the first resolution (44 (IX)), the Board invited the Executive Director to join in the efforts spelled out, *inter alia*, in the Lima Declaration and Plan of Action—to promote and encourage the full integration of women in social and economic activities and, in particular, in the industrialization process on the basis of equal rights. The Board requested the Executive Director to co-operate with the relevant organizations of the United Nations system to keep under review the programmes and priorities of the Organization with a view to giving attention to the integration of women in the industrialization process. The Board also recommended in this resolution that an equitable balance be achieved between men and women within the staff of UNIDO, particularly in senior and policy-making positions, by the end of the Second United Nations Development Decade.

32. The second resolution (45 (IX)) was devoted to the follow-up of the decisions and recommendations of the Second General Conference. In this resolution, the Board requested Governments to take the measures necessary for effectively implementing the Lima Declaration and Plan of Action, and invited the bodies of the United Nations system to initiate relevant measures within their respective spheres of competence. A number of requests were made of the Executive Director, namely, to adopt UNIDO's work programme and internal structure to the priorities established and the tasks assigned to it by the Second General Conference; to submit a report to the General Assembly at its seventh special session on measures taken or contemplated by the Board with a view to implementing the Lima Declaration and Plan of Action; and to request periodically from Governments and international organizations information on action taken towards implementing the Lima Declaration and Plan of Action, submitting to the Board and the Permanent Committee reports on communications received from Governments together with his own comments and suggestions.

33. In the same resolution the Board recommended that the programme budget and medium-term plan of UNIDO be modified in the light of the Second General Conference. It took note of the steps taken by the Secretary-General and the Executive Director to draft statutes for a specialized agency for industrial development, and requested that the views of Governments on the proposed draft statutes be ascertained and submitted to the General Assembly at its seventh special session, together with the views expressed at the fifty-ninth session of the Economic and Social Council. The Board also decided in this resolution that it would be responsible for reviewing and appraising the progress achieved in implementing the Lima Declaration and Plan of Action. In this connexion, it directed the Permanent Committee, at its sixth session, to consider the terms of reference and rules for the

functioning and administration of the Industrial Development Fund and to make a preliminary assessment of the progress achieved in implementing the Lima Declaration and Plan of Action.

34. The Board further decided to defer three draft resolutions and one proposal, referred to the Board by the Second General Conference, to the Permanent Committee at its sixth session for appropriate action.

35. In addition to matters related to the Second General Conference of UNIDO, the Board considered regular features of its work, including the report of the Permanent Committee on its fifth session (ID/B/147), the proposed UNIDO regular programme of technical assistance for 1976 (ID/B/149/Rev.1), and the 1974 Annual Report of the Executive Director (ID/B/150). The report of the Industrial Development Board on the work of its ninth session is contained in document A/10016.

THE PERMANENT COMMITTEE OF THE INDUSTRIAL DEVELOPMENT BOARD

36. It will be recalled that the Board, at its eighth session in 1974, considering the exceptional circumstances that were to prevail in 1975, decided not to hold the regular spring session of the Permanent Committee in 1975. This decision entailed the suspension until the commencement of the ninth session of the Board, of the application of its resolution 32 (VI) on the establishment of a permanent committee.¹⁰ Thus, the Committee held only one session, its sixth, in 1975.

37. At this session, held from 1 to 10 December 1975, the Permanent Committee dealt with a number of items, paramount among which were those related to the follow-up of the decisions and recommendations of both the Second General Conference and of the seventh special session of the General Assembly. On the subject of the three draft resolutions and the recommendation transmitted to the Committee by the Industrial Development Board at its ninth session, the Permanent Committee agreed to recommend to the Board the adoption of a draft resolution on permanent sovereignty over natural resources. It further decided to refer the draft resolution on the transfer of technology (ID/CONF.3/L.7/Rev.1) to the Permanent Committee at its seventh session. The draft resolution on the establishment of an insurance system for guaranteeing contracts (ID/CONF.3/L.9) was referred to the Industrial Development Board at its tenth session. With regard to the proposal made at the Second General Conference by the Senegalese delegation,¹¹ the Committee also decided to refer that proposal to the tenth session of the Board, with the suggestion that it be submitted to the Intergovernmental Committee of the Whole to Draw up a Constitution for UNIDO as a Specialized Agency. The Permanent Committee also reviewed the progress achieved in implementing the objectives and measures of the Lima Declaration and Plan of Action.

38. A separate agenda item, closely related to the Second General Conference, was consideration of the terms of reference and rules for the functioning and administration of the Industrial Development Fund. In this context, the Committee

¹⁰ Cf. A/9616, para. 222.

¹¹ The text of this proposal is contained in annex II of document ID/B/155.

expressed the desire that the Secretariat should prepare a more thorough report on the Industrial Development Fund, taking into account the views expressed in the Committee's deliberations on the subject. The Committee also reviewed the follow-up of decisions and recommendations of the seventh special session of the General Assembly relevant to industrial development and requested the Secretariat to submit a more detailed report on that subject to the Industrial Development Board at its tenth session.

39. Among the other items taken up by the Permanent Committee at its sixth session was the consideration of progress reports on: discussions between the Secretary-General and the Executive Director concerning actions relating to the UNIDO publications programme; discussions between the Executive Director and the Administrator of UNDP concerning the procedure for project selection, allocation and approval; and assistance to the Sudano-Sahelian zone.

40. The Committee also reviewed briefly the co-ordination of activities within the United Nations system in the field of industrial development.

41. The report of the Permanent Committee on the work at its sixth session is being submitted to the Board in document ID/B/159.

Chapter II

FIELD ACTIVITIES

GENERAL INTRODUCTION

1. During the year under review, there were no significant changes in the general direction of the field activities carried out by UNIDO. As in the past, the lion's share of technical assistance projects implemented by UNIDO was financed under the IPFs of UNDP, followed by the Special Industrial Services (SIS) programme (see fig. 1 below). The breakdown of 1975 technical assistance field activities by geographical region and by type of expenditure also followed the pattern of previous years (see figs. 2 and 3 below). The major achievement of UNIDO in 1975 was the significant increase in the implementation of field activities, an increase that far exceeded the target for 1975 that UNIDO had set for itself in late 1974 (this subject is dealt with below in more detail under the heading "Implementation in 1975").
2. The country programming exercise for the first cycle (1972-1976), initiated by UNDP in 1971, came to an end in 1975. For this cycle, a total amount of \$1,537.5 million in UNDP resources was programmed to be used for the benefit of the developing countries.¹ Of this amount, \$1,291.5 million was allocated for country programmes and the rest for intercountry (regional and interregional) and global programmes.
3. UNIDO continued to participate during 1975 in country programming exercises and in the annual review of previously approved country programmes. The senior industrial development field advisers and the regional and the interregional advisers actively assisted both UNIDO Headquarters and Governments in programming tasks.
4. The exercises have been rewarding, for they have provided UNIDO with the opportunity of identifying the needs of developing countries more accurately and of co-ordinating its efforts with those of the Governments concerned in overcoming some of the problems of industrialization. These efforts have resulted in a steady growth in the demand for UNIDO assistance, a trend that continued during 1975.
5. The experience gained during the last four years of programming has been reviewed at various levels within UNDP and in all concerned agencies of the United Nations system. The country programming system was found to be basically sound, although with the passage of time and the evolving needs of the developing countries, certain changes in methodology were considered necessary.

¹ Based on latest information on the distribution of resources.

6. Thus in 1975, in beginning the country programming exercise for the second cycle (1977-1981), there was renewed faith in the ability of the system to adapt itself to the rapidly changing circumstances in developing countries and to assist them effectively in meeting some of their critical needs.

Country programmes

First cycle (1972-1976)

7. Out of a total IPF of \$1,291.5 million made available by the UNDP Governing Council for country programmes during the period 1972-1976, the developing countries earmarked \$153.2 million or 11.9 per cent for industrial projects to be implemented by UNIDO. At the time of reporting in 1974, the estimated value of assistance requested for implementation by UNIDO within the period was \$132.5 million, i.e. 10.3 per cent of the total IPF (cf. ID/B/150, chap. II, para. 5). The increment of \$20.7 million worth of requests for UNIDO assistance during 1975 was due primarily to a realignment of priorities for UNDP assistance by the developing countries.

8. The amount of \$153.2 million, which now represents UNIDO's share of UNDP assistance implemented under the first round of country programmes, can be broken down by region as follows:

<i>Regions</i>	<i>Total country IPF available (in millions of US dollars)</i>	<i>UNIDO share (in millions of US dollars)</i>	<i>%</i>
Africa	501.5	51.5	10.3
The Americas	264.5	28.0	10.6
Asia and the Pacific	338.5	54.4	16.1
Europe and Western Asia	187.0	19.3	10.3
All regions	1 291.5	153.2	11.9

Thus, UNIDO's share of the IPFs is largest in Asia and the Pacific, followed by Africa, the Americas, and Europe and Western Asia in that order. A breakdown of UNIDO's share of country programmes, by region and programme component, is given in table 1 of appendix F.

9. The share of industry in individual country programmes, however, varies widely and does not seem to relate directly to the level of general economic development attained by the countries concerned. UNIDO's share of the IPF in some of the land-locked and least developed countries has been of the order of 38 per cent or above, whereas in some of the more industrialized countries it has remained marginal.

10. Nevertheless, the larger part of UNIDO's programmes under the IPF has been concentrated in a relatively small number of countries; 18 countries (9 in Asia and the Pacific, 4 in Africa, 3 in the Americas and 2 in Europe and Western Asia) account for nearly half of UNIDO's field activities programmed within the 1972-1976 cycle.

11. UNIDO's share in the implementation of the IPFs of the least developed countries is estimated at 9 per cent, on the average. Here again, only four countries (three in Africa and one in Asia and the Pacific) account for about half of UNIDO's activities within the first country programmes for this group of 28 countries.

12. Consequently, it is hazardous to attempt to discern, from a study of the country programmes, specific trends in the demands of developing countries. Which projects the Governments of these countries select for inclusion in their country programmes depends on a number of factors, including the emphasis on industry, the awareness of the full scope of services available from UNIDO, the pattern of ownership of industries, and the availability of other bilateral and multilateral assistance.

13. An examination of UNIDO's basket, however, shows a relatively high concentration of projects in industrial technology. By value, more than half of the requests for UNIDO assistance has been in this field. In 1975, demand for assistance in the engineering industry showed a marked upward trend, followed by light industries, metallurgical industries, building materials industries and chemical, pharmaceuticals and pulp and paper industries.

14. In the area of industrial services, most new requests for assistance were in industrial institutions and quality control. There was a decline in the demand for assistance in small-scale industries.

15. Industrial programming continued to be popular, and the year saw a number of new requests for industrial surveys and studies.

16. The average value of a UNIDO project in 1975 was \$233,000, as against \$178,000 at the time of last reporting. Thus, the average size of projects has improved; it still remains well below the size of the average projects implemented by other major United Nations agencies, however. This is one of the main factors to which the higher UNIDO programme support costs can be attributed. A breakdown of UNIDO country programme projects, by size and programme component, is contained in table 2 of appendix F.

17. Resources were distributed among the various components in projects falling within the competence of UNIDO as follows:

Distribution of resources among various components as percentages of total value of IPF projects active in 1975

	<i>Experts' services</i>					<i>Total</i>
	<i>Individual experts</i>	<i>Consultants under sub-contract</i>	<i>Training</i>	<i>Equipment</i>	<i>Others</i>	
Africa	57.5	15.3	8.1	16.3	2.8	100
Americas	68.4	7.2	5.9	16.3	2.2	100
Asia and the Pacific	55.2	8.6	10.1	24.1	2.0	100
Europe and Western Asia	54.2	6.2	13.0	24.9	1.7	100
Averages for all regions in 1975	58.6	10.3	8.9	19.9	2.3	100

Thus, the pattern differs only slightly from 1974; on the experts' side, the services of experts secured through subcontracting rather than through individual recruitment efforts are being increasingly sought for new projects. The allocation for equipment has declined somewhat.

18. As regards implementation of country programmes, out of the total estimated value of projects expected to be implemented by UNIDO within the period 1972-1976, financial authorization for projects worth some \$116.3 million has been received from UNDP as of the end of September 1975. Projects of the value of \$36.9 million are at various stages prior to approval. Although the rate of project implementation has increased, the volume of new requests received under IPFs of country programmes has left the balance of the value of projects still to be implemented at practically the same level as 1974, i.e. at about \$97 million in 1975.

Second cycle (1977-1981)

19. The programming exercise for the second cycle got well under way in 1975; UNIDO participated in 26 such programming exercises during the year. Further, UNIDO Headquarters missions visited 20 countries for programming consultations, and UNIDO senior industrial development field advisers provided additional assistance to Governments and UNDP field offices on programming matters.

20. It is too early to make any forecast about UNIDO's share of implementation of the IPFs during the second cycle. The UNDP Governing Council has not yet taken a formal decision on the IPFs for the 1977-1981 period. This subject is scheduled for discussion at the twenty-first session of the Governing Council in January 1976.

21. Some of the current country programmes contain provisions for expenditures in the second programming cycle. Moreover, a number of projects have been approved for implementation in 1977 and later. How much of such expenditure will be chargeable to the second-cycle IPFs of the countries concerned will be known only after a full expenditure report on the first cycle is available.

22. A study of the projects so far scheduled for implementation in the second cycle shows that more than 81 per cent of them, by value, are in the fields of industrial institutions, engineering industries, small-scale industries, building materials industries and petrochemical, fertilizer and pesticide industries.

23. The country programming procedure has been greatly simplified, and programming work has been recognized as a continuous process evolving out of periodic reviews of priorities rather than as a rigid framework of activities established for a given period of time.

24. During 1975, UNIDO began studying ways of translating the Lima Declaration and Plan of Action into specific activities within the country programmes of developing countries. UNIDO has begun preparing outlines of proposals in line with the priorities set by the Second General Conference and is forwarding them to Governments for consideration. However, the more recent country programmes have not yet differed markedly from the earlier ones which, by and large, included predominantly traditional kinds of projects.

25. One main difficulty in translating the Lima Declaration and Plan of Action into specific activities within country programmes has been the lack of direct communication between the Governments of developing countries and the executing agencies, including UNIDO. The Administrator of UNDP, in a report to the Governing Council, expressed the opinion that the agencies had been somewhat "pushed out" of the programming process in the first cycle; he said it was his desire to make the intellectual inputs of the agencies more readily available to Governments

in future exercises. A firm mechanism for direct consultations between the responsible authorities of Governments and the executing agencies has yet to be established, however.

26. In May 1975, UNDP and UNIDO held discussions on the nature and scope of UNIDO's participation in the forthcoming programming exercises, particularly in the light of the Lima Declaration and Plan of Action. The importance of direct consultations between the Governments of developing countries and UNIDO was fully acknowledged, and it was agreed that UNIDO would send headquarters missions to a selected number of countries on an experimental basis. Further steps will be determined on the basis of the experience acquired in such missions. Although the response from the field has so far been limited, UNIDO is preparing studies on countries that have expressed an interest in such missions.

27. Later in 1975, UNDP made available a small sum of money for consultation missions in another group of countries, stipulating, however, that the amounts had to be used before the end of the year. Unfortunately, only one country within the group accepted UNIDO's offer to send headquarters staff for consultations with the national authorities responsible for industrial development.

28. UNIDO will nevertheless continue to seek active participation in the country programming exercise, guided by the priorities enunciated in the Lima Declaration and Plan of Action.

Intercountry programmes

First cycle

29. No significant progress could be made in 1975 towards increasing UNIDO's share of implementation of the intercountry IPF. The value of the regional projects assigned to UNIDO stood at \$4.8 million, out of a total regional IPF of \$230.5 million.

30. With regard to the interregional programmes, UNDP approved \$409,000 for 12 projects in 1975, bringing the total amount approved against the interregional IPF to \$2.0 million. For the 12 projects approved, UNIDO contributed \$359,000 from other sources; 9 of these projects involved in-plant training in various fields and 2 were expert group meetings. There has still been no global project in industry.

Second cycle

31. Preliminary work on the intercountry programmes for the second cycle has already started. Here, however, there has been no revision and simplification of programming procedure, as in the case of country programmes. In the intercountry programming procedure, the concerned bureau in UNDP makes an initial selection of projects from among those submitted by the agencies and subsequently circulates them among member Governments for their endorsement. UNIDO's view is that the process is indirect, time-consuming and uncertain. It would prefer, as in country programming, a direct dialogue with the developing countries, perhaps under the aegis of the relevant regional economic commission, with the intention of putting the Lima Declaration and Plan of Action into effect through intercountry programming as well.

IMPLEMENTATION IN 1975

32. During 1975, the operational programmes of UNIDO grew significantly, in keeping with the requests of the developing countries. The value of technical assistance delivered in 1975 is estimated to be approximately \$33.5 million.² This figure, an increase of 39 per cent over the corresponding figure of \$24.1 million for 1974, represents the Organization's expenditures for technical assistance under its five financial programmes: the UNDP/IPF country and intercountry programmes; the SIS programme; the UNIDO regular programme of technical assistance (RP); the UNIDO General Trust Fund (GTF); and Special-Purpose Trust Funds (STF), formerly known as Funds-in-Trust (FIT).³

33. In September 1974, the Executive Director established an interdivisional programming task force to review anticipated delivery capacities for 1975 and the following biennium. This reappraisal of UNIDO's delivery capacity was prompted by the budgetary constraints under which the entire United Nations system has continued to be forced to operate. These constraints, coupled with the chronically inadequate level at which UNDP reimburses overhead costs incurred in relation with UNDP-financed field activities, have been responsible for UNIDO's inability to meet the constantly increasing demand for technical assistance, as calculated on the basis of approved and pipeline projects. Additional financial constraints imposed on UNIDO as a result of currency fluctuations and the loss in value of the dollar had a disruptive effect upon the staffing of UNIDO and thus on the support of operational activities; the Organization continued, however, to make every attempt to increase productivity.

34. The following table gives a breakdown of the approximate total expenditure on technical assistance in 1975 by source of funds, the corresponding expenditure in 1974, and the estimates of 1975 delivery capacity which UNIDO had set for itself in September 1974 and reported in the 1974 Annual Report of the Executive Director (ID/B/150).

*1975 target figures and implementation expenditures
in 1975 and 1974, by source of funds
(In millions of US dollars)*

	<i>IPF</i>	<i>SIS</i>	<i>GTF</i>	<i>RP</i>	<i>STF</i>	<i>Total</i>
1975 target	19.0	2.1	2.0	2.0	0.9	26.0
1975 implementation	24.5	3.7	2.0	2.0	1.3	33.5
1974 implementation	17.5	2.6	1.9	1.5	0.6	24.1

35. Inspection of the above table reveals that, for the first time, UNIDO can report for the year under review not only avoidance of a "shortfall" in implementation, but a programme delivery considerably exceeding the revised figures for estimated expenditure on technical assistance activities. This marked increase in expenditures for operational activities in 1975, although in part due to inflation and an increase in

²Detailed data on expenditures for the year 1975, under all sources of funds, are to be found in the statistical annex to the present Report.

³More information about these financial programmes is to be found in chapter VII, "Sources of Finance".

standard costs for expert services, also indicates a gain in productivity. This is at least partially attributable to continuing efforts over the years towards improving advance planning and project design and towards streamlining implementation and recruitment procedures.

36. The increase in the implementation rate during 1975 and the fact that forecasted delivery was exceeded does not alter the seriousness of the dilemma facing the Organization in meeting the established demand for technical assistance activities. As already mentioned, this demand is calculated on the basis of projects already approved by UNDP, primarily for inclusion in the IPF, and of projects requested by the developing countries but still in the pipeline. It has already been stated in the general introduction to this chapter that the volume of new projects has not changed the balance of the value of approved and pipeline projects still to be implemented under the first UNDP cycle of country programming; it remains at the level of about \$97 million. With regard to the schedules of implementation stipulated in project documents resulting from UNDP country programmes, UNIDO once again experienced very significant shortfalls in implementation under the UNDP/IPF component in 1975. This type of major shortfall in implementation is experienced annually throughout the entire United Nations system of executing agencies; it is largely due to unrealistic scheduling in individual project documents, delays in the procedure of tripartite approval of project budgets, and the process of rephrasing project budgets after the close of a fiscal year. Reforms in the deferral procedure are under review by UNDP. Nevertheless, with the present means of scheduling country programme projects, UNIDO's capacity to deliver its UNDP/IPF-financed projects in 1975 was on the order of only 50 per cent of demand, as defined by the schedules contained in project documents.

37. Seen in perspective, and notwithstanding the seriousness of the Organization's persistent inability to meet its technical assistance demand, UNIDO's improved performance in 1975 in implementing UNDP-financed programmes was impressive. The latest available preliminary summary of project expenditure by agencies, prepared by UNDP, indicates an over-all increase in technical assistance expenditures for all agencies collectively. Expenditures in the first half of 1975 were 137.9 per cent of those in the first half of 1974 (including UNDP/IPF, Programme Reserve (SIS) and Special Measures Funds for least developed countries). The corresponding figure reported for UNIDO is 159.9 per cent, exceeded only by IMCO, UNCTAD, Inter-American Development Bank and UNDP itself.

38. As the UNDP country programmes are by far the largest element in UNIDO technical assistance activities, mention must be made of the current cash liquidity problems of the UNDP, problems that caused a marked slowing down of activities at the end of 1975 and that are bound to have a serious effect on implementation in 1976.

39. The Administrator of UNDP, in a paper on financial resources and related programme costs submitted to the Governing Council in January 1976 (DP/171), indicated that delivery under the IPF by all executing agencies would have to be limited to \$361 million in 1976 and \$369 million in 1977, as compared with the figure of \$398 million, which is expected to be the final outcome in 1975. The Administrator estimated that cost inflation would increase project costs by an average of 12.5 per cent in 1976, compared with 1975, and by a further 7.5 per cent in 1977, compared with 1976. His delivery estimates therefore implied a reduction in real terms of 19.5 per cent in 1976 and a further reduction of 5 per cent in 1977.

40. It cannot yet be said whether UNIDO, as an executing agency, will fare better or worse than the average. Resident Representatives of UNDP have been given ceilings for expenditure under the IPF in 1976 and have been asked to propose, after consultation with Governments, how the expenditure under various projects in all sectors of the country programme should be rescheduled in order to comply with these limits. At this stage, it is impossible to predict how UNIDO's delivery of technical assistance projects within the country programme will fare under these new constraints.

41. As in earlier years, by far the major share of UNIDO expenditures for operational activities was financed by UNDP under the IPF programme, followed by the SIS programme, primarily financed under the UNDP Programme Reserve.

42. Following the agreement reached between UNDP and UNIDO in May 1974 (documented in Amendment No. 1 to the Guidelines and Procedures for SIS) the SIS programme now seems to be regaining the momentum of previous years. The value of projects implemented in 1975 amounted to \$3.7 million, as compared with a low \$2.6 million in 1974, an increase of 40.6 per cent.

43. The agreement by UNDP in 1974 to permit over-programming and to delegate to Resident Representatives the Administrator's authority for approving projects has contributed towards increasing the 1975 level of approvals; net new approvals rose from \$3.6 million in 1974 to \$7.7 million in 1975, indicating the continuing demand for this type of assistance.

44. Unfortunately, this improvement did not extend to the least developed countries. The level of requests for assistance, as compared to the 1974 level, remained almost static. During the first 10 months of 1975, only \$0.8 million worth of net approvals for this group of countries was added to a carry-over of \$0.7 million at 1 January 1975, providing barely half the programming level agreed upon as adequate to reach the yearly expenditure target of \$1 million. Thus, the total expenditure under the SIS programme in the least developed countries in 1975 is estimated to be only slightly above \$0.5 million, or 50 per cent of the authorized amount.

45. Two main factors, one conceptual and the other procedural, have tended to limit the scope of SIS activities in the least developed countries. First, the criteria for utilizing SIS, as popularly interpreted, favours countries with an active industrial base. Secondly, the system of charging all expenditures incurred under SIS in these countries against their quotas, established under the UNDP Special Measures, discourages them from submitting new requests.

46. A joint UNDP/UNIDO review of the SIS programme took place in Vienna in October 1975. The review took into account the changing situation in developing countries and the Lima Declaration and Plan of Action adopted by the Second General Conference of UNIDO. Further consultations on this subject are being held between the Executive Director of UNIDO and the Administrator of UNDP.

47. A percentage breakdown of total UNIDO technical assistance expenditures in 1975, by source of funds, is given in figure 1. As stated earlier, detailed final 1975 expenditures are to be found in the statistical annex.

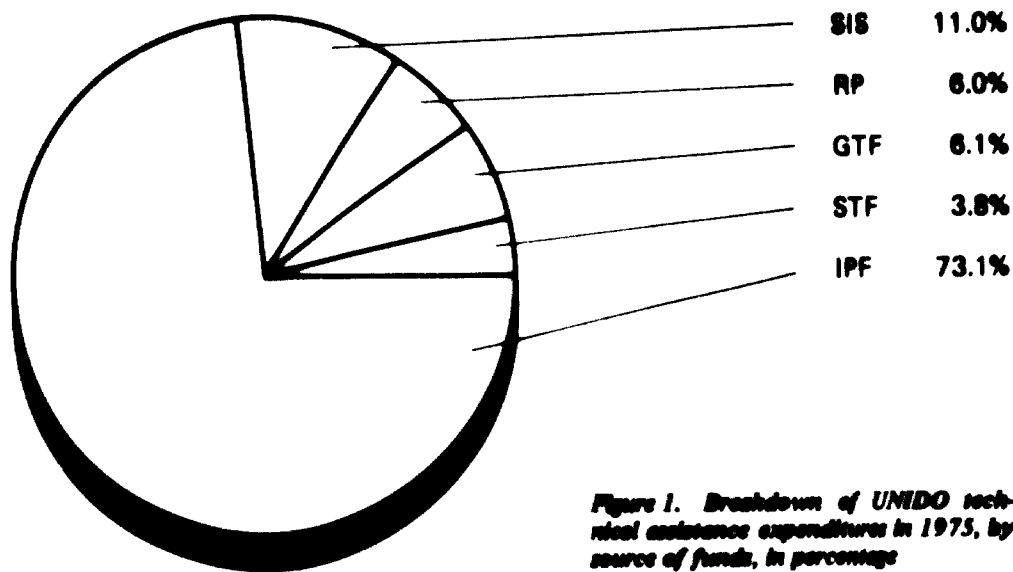


Figure 1. Breakdown of UNIDO technical assistance expenditures in 1975, by source of funds, in percentage

48. In figure 2, a breakdown is provided of UNIDO's technical assistance expenditures in 1975 in terms of project components or type of expenditure. As in previous years, the largest single item was project personnel and consultants, followed by subcontracts, equipment and other expenses, and by fellowships and training. The provisional rounded-off totals for 1975 by type of expenditure are: project personnel including consultants (i.e. expertise), \$20.3 million; subcontracts, equipment and other expenses, \$9.1 million; and fellowships and training, \$4.1 million. The growing provision of expertise has not been limited to project

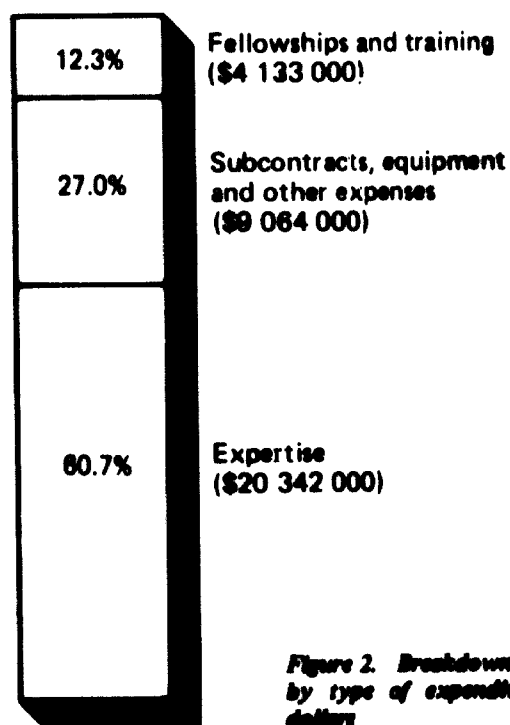


Figure 2. Breakdown of technical assistance in 1975, by type of expenditure, in percentage and in US dollars

personnel and consultants; the utilization of subcontractors is also increasing. A word of caution: this breakdown of expenditures by project component and breakdowns appearing elsewhere in this report should not be interpreted too rigidly. For example, the data concerning training and fellowships cover only a portion of UNIDO's training efforts, i.e. only those for formal training programmes and training elements.

49. As in earlier years, the industrial technology programme accounted for the highest technical assistance delivery of the three substantive programmes of UNIDO (approximately 49.7 per cent or \$16.7 million). The industrial services and institutions programme was responsible for delivering some \$10 million or 29.9 per cent of the Organization's total technical assistance. The programme of industrial policies and programming accounted for about \$6.4 million or 19.2 per cent of 1975 delivery. Detailed descriptions of technical assistance expenditures by substantive programmes and programme components are given in the following chapters of the Report and in the statistical data in the annex.

50. Further improvement in the rate of delivery of technical assistance is limited for UNIDO, as for many other United Nations organizations, by the current severe budgetary constraints and the inadequate reimbursement of project support costs. These problems can be solved only through intensified co-operative efforts by all of the partners involved in the development process. UNIDO has taken concrete measures to increase productivity, and these measures have resulted in a quite acceptable increase in the delivery of assistance in 1975. The Organization will continue to make every possible attempt to maximize its productivity.

SPECIAL PROGRAMMES

51. As in the past, UNIDO is continuing its special programmes related to the promotion of technical co-operation in industry among developing countries (CDC), special measures in favour of the least developed countries (LDC), and assistance to the drought-stricken countries of the Sudano-Sahelian zone. As the activities under this heading cut across the lines of the Organization's three substantive programmes, references to individual projects under the special programmes are also to be found in chapters III, IV and V, where the activities of the various programme components are described.

Programme of co-operation among developing countries (CDC)

52. Activities under this special programme of action, which was established in 1973 in response to IDB resolution 36(VII) calling for UNIDO to promote industrial co-operation among developing countries, continued to gain momentum in 1975. The programme's continuation and expansion, a high priority element in the work programme of UNIDO, was given further impetus by mandates in the Lima Declaration and Plan of Action and in resolutions adopted by the General Assembly of the United Nations.

53. The implementation of the CDC programme is reflected in different chapters of the present Report, particularly in chapter VIII under the section dealing with specific co-operative agreements with some of the developing countries. Many of the activities listed in other chapters, although without any specific reference to this

programme, also involve co-operation among developing countries, i.e. recruitment of experts from developing countries; placement of UNIDO fellows in other developing countries; and intercountry projects, particularly group training programmes, seminars and other meetings held in the developing countries, and co-operation with regional groups and the regional economic commissions.

54. In addition to the above, there are a number of projects identified and executed within the framework of the special action programme launched in 1973 by UNIDO, in collaboration with UNDP, to stimulate co-operation among developing countries. These projects have been financed mainly from SIS funds, as agreed between UNDP and UNIDO. Under the arrangements of this special programme, if two or more developing countries agree to establish a programme of co-operation in the form of advisory services, consultations or training, they are themselves to assume the local costs, which are incurred mostly in national currencies. The contribution of UNIDO/UNDP is generally limited to the cost of the international travel involved and, in some cases, to the cost of the preparatory analysis for documentation or additional short-term advisory services that might be required from outside the participating countries. Special arrangements may be made for the least developed countries. This special programme is being developed systematically and, according to reports by field staff and to correspondence received at Headquarters, it has aroused considerable interest among the Governments of the developing countries.

55. A survey among these Governments, initiated in 1974 to define areas in which they could offer technical assistance, or would need and welcome technical assistance from others within the context of this special programme, has elicited encouraging responses from 40 States. The ensuing report was distributed in June 1975 to all developing countries and interested institutions.⁴ It contains indications of more than 600 opportunities to initiate industrial co-operation. Although the information thus presented can certainly be improved with regard to clarity and precision, the report can nonetheless serve as a basis for the development of further proposals for specific co-operative programmes.

56. At the time of writing, two Governments, Ecuador and Malawi, have responded with concrete suggestions that are currently being processed with the proposed partner/donor countries. UNIDO has received indications that some other countries have established contacts directly among themselves. Concerted action will be taken in the coming year to promote viable projects in areas identified by the survey.

57. In order to stimulate the interest of Governments, UNIDO has already formulated outlines of more than 100 proposed project activities: 40 proposals would involve donor countries in the Asia and Pacific region; 25 would involve donors in the Americas; 24 would involve donors in Africa; and more than 10 would involve donors in the region of Europe and Western Asia. The proposals are mainly for bilateral projects between neighbouring countries, and some are between countries in different geographical regions. The specific industrial areas in which exchange and transfer of know-how have been suggested are in the engineering industries; metallurgical industries; construction and building materials and pulp and paper industries; fertilizers, chemicals and petrochemicals industries; and industrial information.

⁴Document UNIDO/TCD 420 of 13 May 1975, "Opportunities for co-operation in industrial development".

58. Additionally, consultations related to the establishment and functioning of subregional economic groupings have taken place, and related advisory services have been provided, for instance, by the Latin-American Association of Development Financing Institutions to the African Development Bank, and by the Secretariat of the Andean Group to the Mano River Union.

59. The following paragraphs describe projects that were carried out in 1975 under the CDC programme, excluding the activities implemented within the framework of co-operative agreements with specific developing countries.

60. The Government of Mexico has agreed to receive executives of an iron and steel company in Ecuador for consultations with Mexican enterprises and experts in respect of electric furnace steel-making and rolling of concrete reinforcement bars in small plants. Plant visits and consultations have been arranged for a period of one month, with the collaboration of Altos Hornos de Mexico S.A.

61. During an observation visit by a delegation from Kenya to Ethiopia, consultations were held in which it was agreed that the experience gained by Ethiopia in establishing a standards institute would be made available to Kenya as a guide for planning a similar institution in that country.

62. The Government of Kuwait has established co-operative programmes with Oman and Yemen in consultations and training in the field of industrial policies, legislation and licensing systems, and in respect of the operations and activities of the Kuwait Industrial Development and Consulting Bureau; these CDC projects also include visits to the Shuaiba Industrial Area Authority. Agreement in principle has been reached to implement similar co-operative projects with Bahrain, United Arab Emirates and Democratic Yemen.

63. The Indian Government provided facilities for a workshop, held in 1975, on co-operation among developing countries in the field of machine tools and allied engineering industries. The purpose of the workshop was to review and discuss with industrialists and entrepreneurs from selected developing countries, possibilities for transfer of technology based on Indian experience in this field. The Industan Machine Tools Ltd. of Bangalore, India, hosted the workshop.

64. The Mexican Government invited representatives of Bolivia, Brazil, Colombia, Honduras, Trinidad and Tobago and Venezuela to participate in a seminar on industrial information, organized by the Technical Information Service of the National Council for Science and Technology (CONACYT) in Mexico, from 10 to 14 February 1975.

65. The Government of the Republic of Korea hosted in 1975 the second interregional seminar for co-operation among developing countries in the packaging industry. Representatives from 12 developing countries studied the possibilities of establishing co-operation to broaden their experience in industrial packaging; they also had the opportunity of visiting industrial establishments in the Republic of Korea, to observe the progress achieved in this field by the host country.

66. The Government of Malaysia hosted a regional workshop in October 1975 for discussing common problems related to acquisition of technology through licensing agreements in the Asia and the Pacific region. The meeting was attended by representatives of India, Indonesia, Papua New Guinea, Philippines, Singapore and Thailand.

67. The Government of Senegal has made arrangements to receive nationals of neighbouring countries, specifically the Gambia, Mali, Mauritania and Upper Volta, for co-operative projects to be established with the collaboration of SONEPI (Société d'études et de promotion industrielle).

68. The Government of India has been asked to assist Jamaica through consultations on food processing, at the Food Research Institute in Mysore, and technology and standardization and metrology, at the Indian Standards Institute.

69. UNIDO will continue to assist the developing countries in the exchange of experience and, wherever feasible, in the promotion of co-operative production and marketing of industrial goods. One occasion for this activity will be the fifth regional seminar on UNIDO operations, for Asia and the Pacific, to be held at New Delhi at the beginning of 1976. Considerable preparatory work was done in 1975 to make this seminar an effective forum for promoting the CDC programme in that region.

Special measures in favour of the least developed countries⁵

70. Pursuant to the various resolutions of the General Assembly and the Industrial Development Board and to the principles set forth in the Lima Declaration and Plan of Action, UNIDO sustained efforts in 1975 to implement a special action programme for the least developed countries in Africa, Asia and the Pacific, and Latin America.

71. An excellent example of assistance to the least developed countries is the mobile demonstration unit for the processing and use of plastics in agriculture that was dispatched to Mali and Upper Volta. This project is described in more detail in paragraphs 94-99 of this chapter.

Programming missions

72. In 1974, UNIDO fielded two separate missions to the Sudan. In the first mission, UNIDO participated with UNDP and FAO in consultations to discuss ways of improving the efficiency of the public sector industries, with special reference to the sugar, textiles and oilseed industries. A second mission focused on specific areas of Sudan's industry, including plans for industrialization and areas in which UNIDO assistance could be beneficial. These missions will, it is hoped, result in concrete projects to be included in the Sudan country programme.

73. In the first half of November 1975, a three-man UNIDO mission visited Uganda at the Government's request to assist in preparing the industry section of the country programme for the period 1977-1981; this involved a study of the existing industrial structure, an assessment of industrial development potentials, and an analysis of major techno-economic problems affecting Ugandan industry. The mission also worked out a short-term programme for rehabilitating specific priority industries.

74. Visits were made to Nepal and Bangladesh in April 1975 in order to hold discussions with senior government officials on the industrial development programmes of those countries and to identify future areas of co-operation with UNIDO.

⁵Tables containing a breakdown of total UNIDO technical assistance delivery in 1975 to the least developed countries, by region and country and by source of funds, are to be found in appendix K.

75. Arrangements have now been completed with the Governments of Bangladesh, Rwanda, Somalia, Sudan and Yemen for UNIDO to undertake detailed sectoral diagnostic studies in these countries, with a view to determining short- and long-term technical assistance needs in industry, without regard to source of assistance.

Activities under special allocations

76. It may be recalled that special allocations have been earmarked under two programmes for utilization in the least developed countries: an amount of \$1 million per year under the SIS programme, and \$500,000 per year under the regular programme of technical assistance. In this context, it should be noted that UNIDO does not consider projects included in the country programmes of this group of countries to be part of the "special measures" programme. The utilization of the allocation within the SIS programme has been dealt with elsewhere in this Report. As regards the amount set aside within the regular programme of technical assistance, UNIDO made extensive efforts to meet some of the critical needs of this group of countries by promoting innovative ideas for their benefit, both at country and intercountry levels. The following are examples:

77. *Afghanistan.* During 1975, funds were provided to defray the costs of the participation of a senior official from Afghanistan's Ministry of Mines and Industry in a study tour to India to examine how to improve and expand the norms and standards organizations of his country.

78. *Bangladesh.* The Bangladesh Minister of State for Industry, accompanied by two officials, was invited to visit UNIDO for consultations with senior staff on areas of future co-operation between Bangladesh and UNIDO.

79. *Ethiopia.* An amount of \$3,000 was allocated to provide for a consultant to visit Ethiopia to undertake an exploratory and preparatory mission covering the country's light industries sector. Further, a request from the Government of Ethiopia for assistance in improving the efficiency of industries that were recently nationalized (about 120 in all) is under active consideration.

80. *Haiti.* The Government requested UNIDO to provide an expert for four months to assist the Secretariat of State for Commerce and Industry in the preparation of an investment code; an allocation of \$12,000 has been approved. Also at the request of the Government, a former UNIDO expert in Haiti will be returning to the country to assist in the establishment of a ceramics industry; the amount approved for this purpose was \$36,000.

81. *Laos.* Two officials from the country's woodworking industry visited the Ligna Woodworking Fair, held in Hanover in May/June 1975, to exchange ideas and to study modern techniques in this industry.

82. *Somalia.* An amount of \$10,000 was approved to enable a consultant to visit Somalia for two months in order to prepare a feasibility study on a pilot demonstration project for post harvest technology (threshing, drying and storage for maize and sorghum). A further sum of \$36,000 was approved to provide a financial expert to assist the Somali Development Bank for two years in appraising industrial projects submitted for financing and in supervising and organizing financial analysis in new areas of investment; the expert will also advise on all industrial banking matters.

83. *Sudan.* \$9,200 was approved in 1975 to cover the cost of a study tour for three Sudanese officials to visit modern production plants for pipe fittings in Austria and Egypt. The purpose of the study tour was to assist the Khartoum Central Foundry and Mechanical Workshop, together with the Central Electricity and Water Corporation, to expand the present establishment so as to include the local production of water pipe fittings.

84. *Western Samoa.* An amount of \$3,200 was approved to defray the cost of participation by a senior official from Western Samoa in the in-plant training course on industrial free zone development and management. This course, which is being organized by UNIDO in co-operation with the Shannon Free Airport, Ireland, will concentrate on the role of industrial free zone development in exporting products and on the establishment and operation of industrial free zones.

Interregional projects

85. In 1975, \$10,000 was approved for the preparatory phase of a large project designed to promote the manufacture of agricultural tools, improved animal-drawn implements, hand-operated machines and simple power equipment in selected least developed countries. The countries to be covered by the project are Bangladesh, Bhutan, Ethiopia, Haiti, Laos, Nepal, Sudan, Uganda, United Republic of Tanzania and Upper Volta.

86. A total of \$11,800 was approved to cover the costs of participation by senior officials from Democratic Yemen, Ethiopia, Haiti, Uganda, United Republic of Tanzania and Yemen in the international consultation meeting on pharmaceutical industries, held in Hungary in November 1975.

87. A sum of \$40,000 has been approved for an orientation programme in industrial programming and planning for the least developed and land-locked countries, with special emphasis on the development of export-oriented industries. The main objective of the programme is to provide the least developed countries with general guidelines on industrial strategies leading to their emergence as exporters of manufactured products.

Regional projects

88. UNIDO approved \$7,700 for a consultant to undertake a technical evaluation in the Sudano-Sahelian zone, with a view to strengthening existing production units and workshops for the manufacture of agricultural machinery, pumps and allied items.

89. In accordance with General Assembly resolution 3045 (XXVIII), which called upon all United Nations specialized agencies and institutions to undertake special measures to assist the countries affected by the drought in West Africa, UNIDO undertook preliminary assistance to the Centre for the Development and Production of Equipment using Solar Energy and Other Sources of Energy, at Dakar, Senegal. It is envisaged that this Centre will cover the neighbouring countries of Mali, Niger and Upper Volta. Project assistance has been based in Dakar because the Institute of Meteorological Studies, which will become the nucleus for the regional project, is located there.

Other areas of assistance

90. UNIDO continued to assist the least developed countries in their efforts to obtain financial aid from multi- and bilateral sources. The following are a few examples of such projects:

91. *Burundi*. Following the short-term services of a three-man UNIDO consultant mission to assist the pesticide formulation industry (\$9,000), a pesticide formulation factory is now under construction.

92. *Benin*. A very large project totalling \$455,000, a centre for the study and promotion of national enterprises, is now operational, and is expected to be completed by December 1976.

93. After a five-month mission by a UNIDO consultant, a report has been completed on *Traitement des agrumes* (citrus); it has now been sent to the Government, UNDP and the World Bank for the necessary follow-up.

Assistance to the drought-stricken countries of the Sudano-Sahelian zone

94. A comprehensive report of the activities of UNIDO in providing assistance to the drought-stricken countries of the Sudano-Sahelian zone was submitted by the Secretariat to the Permanent Committee at its sixth session.⁶ The comments of delegations to that report are to be found in chapter VIII of the report that the Committee submitted to the Industrial Development Board on the work of its sixth session.⁷ The following paragraphs provide information supplementary to that contained in the Secretariat's report to the Permanent Committee.

95. UNIDO assigned a consultant on product diversification and production expansion in mechanical engineering to work in the Sudano-Sahelian zone. The task of the consultant was to evaluate workshops in each of the Sudano-Sahelian countries and to specify the integrated assistance required, including the approximate amount of funds, for strengthening and expanding production units for local manufacture and assembly of agricultural implements and machinery, pumps and allied products. The consultant was also requested to make suggestions to the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) on ways of implementing his recommendations. He completed his assignment by the end of 1975. In addition, UNIDO has implemented SIS projects related to agricultural machinery in Upper Volta and, under the UNIDO General Trust Fund, carried out an agricultural machinery maintenance and repair project in the Gambia.

96. During the year under review, UNIDO received a request from CILSS to send two missions to the Sudano-Sahelian zone to prepare two prefeasibility studies, one on the establishment of pesticide formulation plants and the other on the establishment of a fertilizer bulk handling, blending and bagging plant. UNIDO endorsed the requests and forwarded them to UNDP for approval under the SIS programme.

⁶ID/B/C.3/40.

⁷ID/B/159.

97. The UNIDO programme of assistance for the drought-stricken countries in the Sudano-Sahelian zone includes a project on the production of plastics and its use in agriculture and water management. In September and October 1974, a UNIDO mission visited Mali and Upper Volta to obtain the information necessary for fielding, in 1975 and 1976, a mobile unit for demonstrating the processing of plastic and its use in agriculture and water management; the recommendations contained in the mission report were subsequently approved by the Governments of Mali and Upper Volta.

98. As a contribution to the project, the joint UNIDO/Romania Centre provided extrusion and injection machines as well as other equipment and raw materials for the mobile demonstration unit. A team of 13 experts and technicians was sent with the unit. The Government of Romania, through the joint Centre, also provided trucks and land rovers for mounting and transporting the equipment and the team of experts. After the demonstrations, the vehicles will be returned to an office of the Romanian Government in Zaire; the Romanian authorities have consented to donate the extrusion equipment to one of the Sahel countries, for the use as a nucleus for a plastics development centre. UNIDO approved \$120,000 from its regular programme funds to cover the cost of transporting the equipment, materials, vehicles and team.

99. The estimated cost of the equipment, raw materials and salaries of experts and technicians provided by the Romanian authorities is \$195,300. UNIDO is arranging with CILSS for representatives from other Sahel countries to visit the demonstration unit in Mali and Upper Volta.

THE REGIONAL SCENE

100. The value of UNIDO technical assistance delivery to developing countries in 1975 was \$33.5 million, representing an increase of \$9.4 million (or 39 per cent) over 1974 delivery. The rounded off totals of UNIDO assistance in 1975, by regions, are: Africa—\$10 million (1974, \$6.8 million); the Americas—\$6.8 million (1974, \$4.4 million); Asia and the Pacific—\$7.9 million (1974, \$6.3 million); Europe and Western Asia—\$5.9 million (1974, \$4.2 million); and Interregional—\$2.9 (1974, \$2.4 million). The breakdown of these figures is presented graphically in figure 3.^a

Africa

101. In the 1974 Annual Report, three main developments were noted with regard to the technical assistance activities of UNIDO in Africa: (1) a sharp increase in the Organization's participation in country programmes; (2) growing assistance to the least developed countries of the region and to the sub-Saharan areas; and (3) a trend towards the utilization of increasingly complex technologies. During 1975, these same factors contributed to a substantial upsurge in the rate of project approvals and implementation.

^aFor a complete breakdown of expenditures for technical co-operation activities of UNIDO, by region and source of funds, see table 8 in the statistical annex.

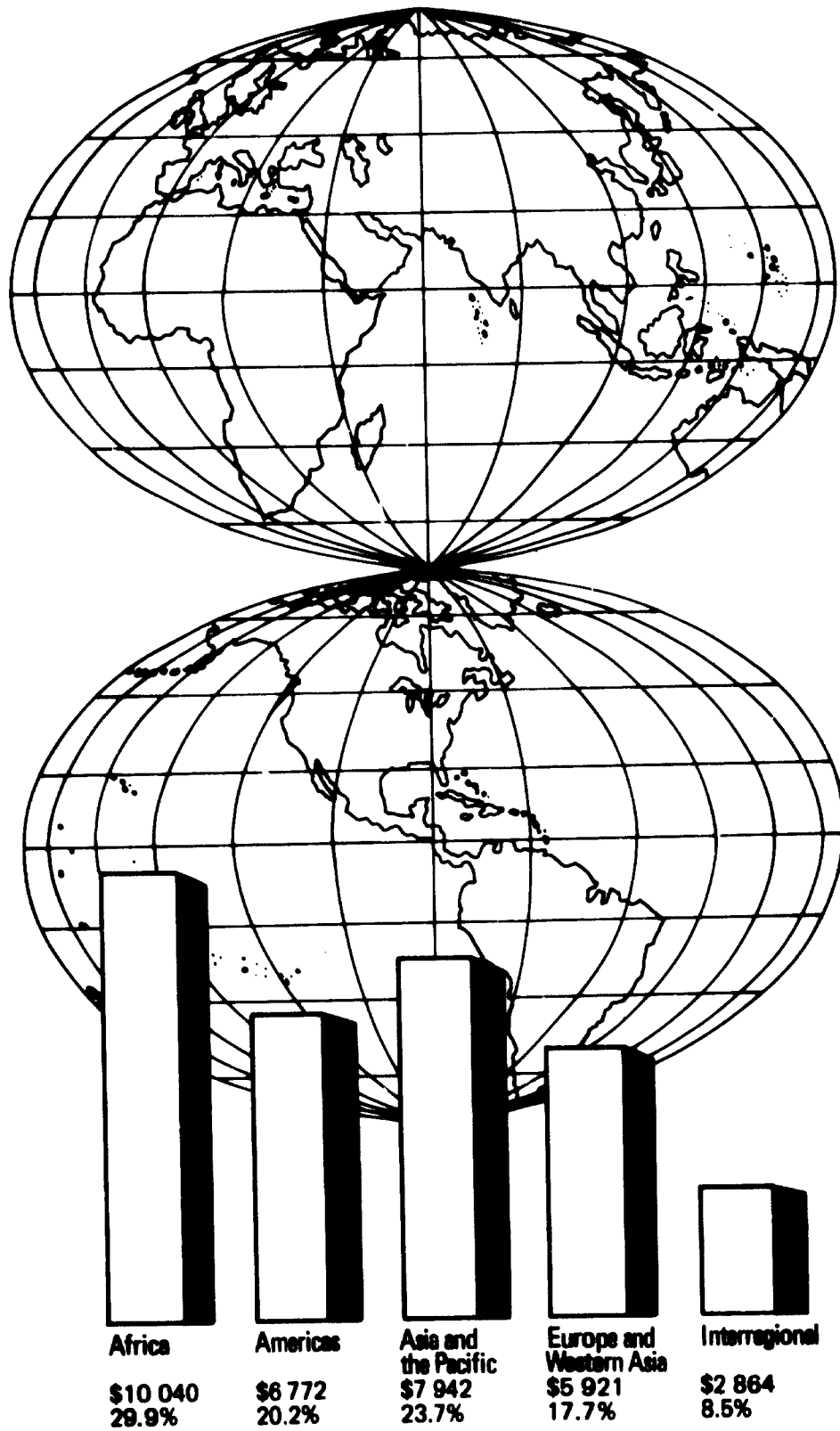


Figure 3. Breakdown of technical assistance in 1975, by region, in percentage and thousands of US dollars

102. UNIDO delivered slightly over \$10 million of technical assistance to Africa in 1975, a substantial increase over the 1974 figure of \$6.8 million. New and additional project approvals through the first six months of 1975 totalled \$11.3 million; of this amount, IPF projects accounted for nearly \$10 million. Figure 4, below, gives a percentage breakdown of UNIDO technical assistance expenditures in Africa in 1975, by source of funds.

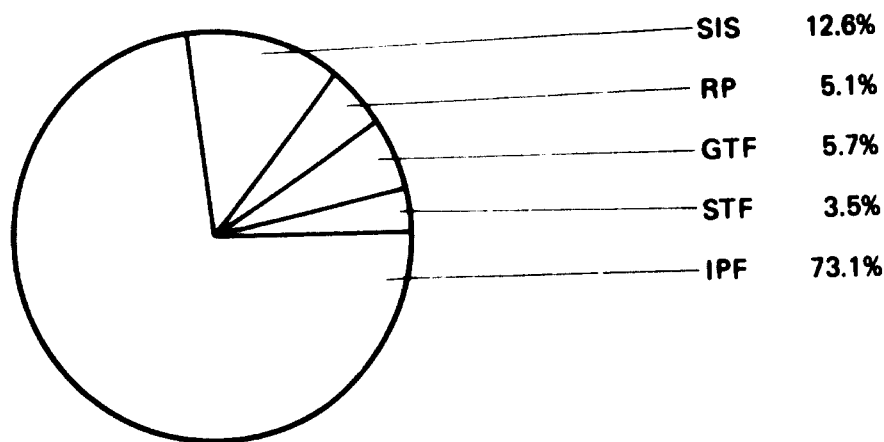


Figure 4. 1975 technical assistance expenditures in Africa, by source of funds

103. The move towards increasingly complex technological assistance is reflected in several of the highly technical projects being carried out in Algeria, Egypt, Ghana, Ivory Coast, Mauritius, Nigeria, Senegal, Tunisia and Zambia. These projects cover such areas as complex metallurgy, sophisticated engineering, electronics, textile research, insecticide and medicinal formulation, construction materials and foundries. This trend is also spreading to less developed countries e.g. Burundi, where an insecticide factory is being built with UNIDO assistance, on the basis of a study that the Organization had previously made.

104. In several other countries, also, UNIDO studies had laid the groundwork for projects to set up new or improve the operations of existing facilities. In the Central African Republic, UNIDO helped to increase production at a watch factory from 10,000 to 35,000 watches per year. Assistance was provided to Togo and Upper Volta in establishing industrial estates, and in Somalia, the foundry and mechanical workshop established with UNIDO assistance was inaugurated on 21 October 1975.

105. Following other UNIDO studies, consideration is being given to establishing factories for ceramics production in the Central African Republic, phosphate bagging in Mali, solar pump equipment in Senegal, cement in Zaire, food processing in Egypt, several light industry enterprises in the United Republic of Tanzania, flat glass and household appliance production in Morocco, agricultural tools and food production in Upper Volta, clay products processing in Botswana, charcoal production in Ghana, vegetable tannins in Swaziland, leather, pulp and paper, plywood and glucose production in the Sudan, and leather and lime production in Madagascar. The possibility of still other factories is currently being investigated by experts attached to UNIDO projects assisting development banks and centres, ministries of economy and industry, and regional organizations.

106. In 1975, country programmes in Africa continued to evidence the increasing commitment of Governments to industrialization efforts, particularly in the more developed countries of the region. In Egypt, for instance, over 25 per cent of the country programme has been reserved for the industrial sector.

107. Among the central concerns of the UNIDO technical assistance programme in Africa were the immediate and long-term needs of the drought-affected Sudano-Sahelian region. Specific instances of the Organization's part in international co-operative efforts to alleviate conditions in that area were given in the preceding section, under the heading "Assistance to the drought-stricken countries of the Sudano-Sahelian zone".

108. During the year under review, a number of project proposals were formulated for the establishment of specific industries. Many of these emanated from assistance provided to centres for development and/or promotion and assistance to ministries for economy and industry in, for example, Benin, Botswana, Burundi, Chad, Ivory Coast, Lesotho, Nigeria, Rwanda, Tunisia and the United Republic of Tanzania. Intensive efforts are being made to secure financing for viable enterprises. Among these efforts are the assignment of UNIDO experts to development banks such as those now being assisted in the Gambia, Liberia and Somalia, the presentation of feasibility studies to World Bank affiliates and assistance to local entities in contacting outside sources of finance.

109. UNIDO has also stepped up its assistance to existing industries with experts in Algeria for chemical and food industries, in the Libyan Arab Republic for the cement industry, a wide range of enterprises in the United Republic of Tanzania, the state-owned industries in Ghana, the Uganda Development Corporation and the Malbaza Cement Plant in Niger. Consultations were held and surveys made on expanding production in Mauritania and Madagascar. Plans are nearing completion for a project to assist Ethiopia in determining ways of supporting existing, recently nationalized industries and of identifying new production possibilities.

110. Engineering and Design Centres, research assistance, quality control and standardization all represent important components in the process of expanded industrialization. In Egypt, UNIDO assisted the Engineering and Industrial Design Centre, which increased its staff to 38 professional counterparts, the Central Metallurgical Research and Development Institute and the Textile Quality Control Centre; further assistance for the Textile Development Centre and for the Food Industry Development Centre is in the planning stage. New projects are being formulated to support industrial research efforts in Ghana and the Libyan Arab Republic, and assistance in standardization and quality control is being provided for the textile industry in Egypt, essential oils in Guinea, and industrial standards in Ethiopia, Mauritius and Nigeria. A notable development in Africa is the tendency of countries with relatively more resources to call on UNIDO's technical capabilities rather than on UNDP funds. Hence the largest standardization project in Africa, which UNIDO is implementing for the Government of Nigeria, contains a major government cost-sharing component.

111. Voluntary contributions either separately or combined with UNDP funding, financed UNIDO activities in respect of foundries and mechanical workshops in Somalia and the Sudan, repair and maintenance centres in Guinea and the Gambia, the training of 60 repair and maintenance fellows in the Turin ILO centre and a feasibility study on plywood for the Sudan.

112. During 1975, valuable information came out of the Centre for Industrial Studies in the Maghreb, concerning the possibilities for manufacturing finished and semi-finished products from lead, zinc and copper; a study on the production of components for household appliances and tin plate production; and a presentation of possibilities for subcontracting several industrial components.

113. In Africa, as elsewhere, developing countries are recognizing in increasing measure that industrial fairs provide a promising forum for the stimulation of new markets, new product development and widening commercial relationships. An African example of this awareness is the industrial fair being organized at Casablanca with UNIDO assistance. (A detailed description of the Casablanca fair is given in chapter IV, under the heading "Industrial Institutions".) It is expected that more such fairs will be arranged with the co-operation of UNIDO.

114. During 1975, the international economy continued to suffer the effects of general inflation, rising fuel prices and currency fluctuations. As a result, it seems clear that the prospects for economic and social progress in a large number of African developing countries have been jeopardized. The slowdown in growth in the industrial countries has seriously hurt the less developed countries by reducing their export market. Even a modest decline in the longer-term growth rates of the industrial nations has a sharper impact, though indirect, on the developing countries than the more direct impact of recent increases in commodity prices. Food prices, for instance, rose by some 25 per cent in 1975, hitting Africa only slightly less hard than the increase in prices for fertilizer and petroleum products. Since Africa as a whole is now a net importer of food and can no longer rely on cheap supplies of surplus grain, these increases have had drastic consequences for some African countries. To relieve the situation somewhat, the United Nations Special Fund⁹ has been tapped; \$3.0 million has been allocated for Ghana, \$2.5 million for Kenya, and \$9.5 million for the United Republic of Tanzania.

115. The oil-producing countries in Africa have been more fortunate than those without petroleum production. Taken together, countries like Algeria, Angola, Egypt, Libyan Arab Republic, Nigeria and Tunisia earned \$16,000 million from exports in 1975, while imports increased by \$4,000 million. This is in stark contrast to the situation in the remaining 36 countries, whose import bill alone rose to some \$4,800 million.

116. The outlook for 1976 is not good. As the recession continues in the industrial world, demand for primary products continues to fall; commodity prices for many such products have dropped sharply from their 1974 peaks. Copper, Africa's most important export after crude oil, led the way down. The situation could be somewhat eased by promoting industrialization in such industries as cassava for starch, wood processing and minerals. Exploitation of bauxite offers another unique possibility, as the African continent has 50 per cent of the world's total bauxite resources. In countries with large bauxite deposits, substantial economies could be achieved by constructing integrated alumina plants and eliminating transport and inventory costs through complete vertical integration from ore to metal in each country.

⁹The United Nations Special Fund was established under the United Nations Special Programme, adopted by the General Assembly at its sixth special session (resolution 3202 (S-VI), section X, operative paragraph 5).

117. The depressed condition of economic activities in many parts of Africa calls for increased efforts towards correcting shortages by assisting in the expansion of industrial production. For UNIDO, this indicates an increased volume of projects, intensified recruitment and, in cases where Government budgets are inadequate, the financing of counterpart salaries.

Latin America

118. The value of technical assistance delivered by UNIDO to Latin America in 1975 amounted to \$6.8 million, representing an increase of nearly 55 per cent over 1974 delivery. The share of Latin America in the total technical assistance programme of UNIDO in 1975 amounted to 20 per cent, slightly above the comparative figures for 1973 and 1974. The substantial increase in UNIDO technical assistance delivery to the region confirmed the prognosis made in the 1974 Annual Report (ID/B/150, chap. II, para. 92). Also confirmed was the forecast made in the same paragraph concerning the decrease in the number of new project approvals during 1975. Nonetheless, the situation in 1975 turned out to be considerably better than expected at the time the 1974 Report was being prepared; at that time, UNIDO had anticipated that new project approvals in 1975 would be about only 40 per cent of the 1974 level, but as several large-scale projects were approved in the latter part of 1975, the approval of new projects reached nearly 70 per cent of the 1974 level.

119. Most of the increase in UNIDO technical assistance delivered in Latin America in 1975 was achieved under the IPF, which makes up 82 per cent of total delivery. There was also a substantial increase in delivery of technical assistance projects under the SIS programme; the level of delivery under the other sources of finance remained fairly stable, in terms of value. A breakdown of UNIDO technical assistance in Latin America in 1975, by source of funds, is given in figure 5. The year under review proceeded fairly smoothly; no major events occurred, such as sudden changes of Governments or natural disasters, to disrupt the implementation of the UNIDO technical assistance programme in Latin America; thus the momentum gained in 1973 and accelerated in 1974 reached a new peak in 1975.

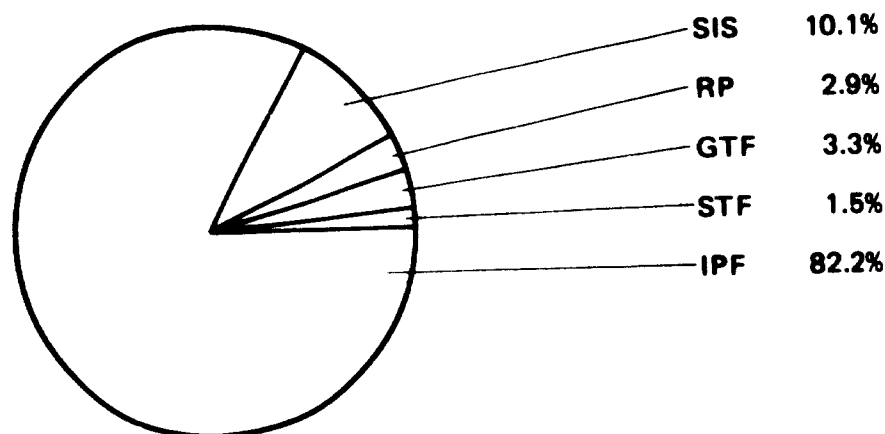


Figure 5. 1975 technical assistance expenditures in the Americas, by source of funds

120. An important event during 1975 was the holding of the Second General Conference of UNIDO at Lima, Peru, in March. In addition to the other achievements of the Conference, it served to call increased attention from the Latin American countries to the work of UNIDO.

121. In reviewing the technical assistance UNIDO has provided to various branches of industry in Latin American countries during 1975, it is difficult to find a common denominator, particularly since the countries within the region are quite varied with regard to stage of industrial development. In some countries, the assistance provided by UNIDO concerned sophisticated fields of industry such as industrial engineering, metallurgy and chemicals; in other smaller countries, particularly those of Central America, assistance took the form primarily of industrial programming.

122. The number of large projects in the region has increased, but in several of the industrially more advanced countries, there has been a tendency to request the assistance of a large number of highly specialized consultants in a given field, for assignments of short duration, generally not exceeding one month. It is here that UNIDO is confronted once again with the problem of recruiting qualified experts, a problem that has been mentioned in previous Annual Reports (ID/B/140, para. 118 and ID/B/150, chap. II, para. 101). Requests are noticeably increasing from countries that are engaged in exporting manufactured goods for assistance in quality control, standardization, and industrial information.

123. In the 1973 Report (ID/B/140, para. 123), mention was made of the possibility of increased assistance to the forestry industry of the region, in co-operation with FAO; promising steps were taken in that direction in 1975, with joint UNIDO/FAO projects in El Salvador and Honduras. It is expected that the number of projects related to the forestry industry in Latin America will increase in the future.

124. UNIDO is co-operating closely with FAO in projects related to the region's agro-industry; it is interesting to note that assistance in this sector is being requested by, and has been provided to, both large and small countries in the region. In August 1975, the Second Latin American Seminar on Foodstuffs and Technology, organized jointly by the Brazilian Institute of Food Technology and UNIDO, was held in Campinas, São Paulo, Brazil. All Latin American countries participated in the Seminar, together with representatives from a number of organizations in Europe and the United States. Among the important decisions and recommendations emanating from this Seminar was a recommendation to establish a Latin American association of food technologists; it is envisaged that Portugal and Spain might also join the association.

125. During 1975, UNIDO continued its co-operation with regional groups in Latin America, particularly with the Andean Group and the Caribbean Community. In October/November 1975, UNIDO sponsored a project, financed under the UNIDO General Trust Fund, to send a group of Andean Development Corporation officials, together with government officials from the six countries participating in the Andean Group, to visit India to discuss measures pertaining to the transfer of technology in industry.

Asia and the Pacific

126. Although 1975 seemed to witness a partial recovery from the dampening effects of world-wide recession, inflation and high energy costs, the prospects for rapid industrialization in Asia and the Pacific do not appear encouraging, except in the oil-exporting countries. Notwithstanding the economy measures recently introduced, Iran, for example, is expected to attain a growth rate in 1975 similar to that of its phenomenal 1974 performance (GNP growth of 42 per cent with 19 per cent increase in industrial output). Good results are also expected in Indonesia and the Republic of Korea. Elsewhere in the region, a grim struggle continues with inflation, adverse terms of trade, food shortages and sluggish local and external demand. In the region as a whole, few signs are discernible of an appreciable alleviation of the current economic situation, even though prospects of a good harvest hold promise of relief in some countries.

127. In 1975, 24 countries in Asia and the Pacific received technical assistance from UNIDO; the total value of delivery was \$7.9 million. In absolute terms, this shows an increase of \$1.6 million over last year's figure of \$6.3 million (a difference of over 35 per cent). To some extent the increase is due to rising costs; largely, however, it is due to the commencement of several large-scale projects in Bangladesh, Burma, Indonesia and Pakistan, and to several equipment-intensive projects that were in full swing in Burma, India, the Philippines, Republic of Korea and Thailand. IPF funds continued to be the major source of financing for UNIDO projects in the region, followed by SIS and the regular programme. A breakdown of UNIDO technical assistance in Asia and the Pacific, by source of funds, is given in figure 6.

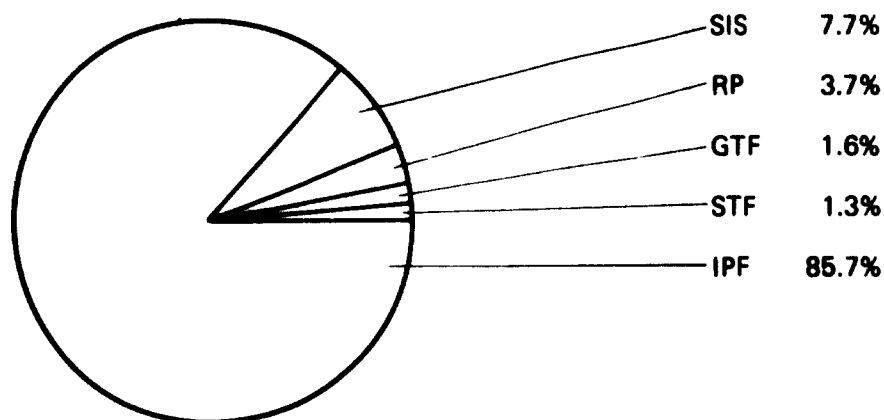


Figure 6. 1975 technical assistance expenditures in Asia and the Pacific, by source of funds

128. In addition to the conventional methods of responding to technical assistance requests received from the developing countries and of carrying on a continuous exchange of views for developing effective programmes of assistance to the industrial sector, UNIDO developed three main thrusts in its technical assistance programme for Asia and the Pacific in 1975. First, in pursuance of the Lima Declaration and Plan of Action (particularly para. 62), special attention and concerted efforts were devoted to the industrial development of the least developed, land-locked and island developing countries of the region. Secondly, and again in line with the Lima Declaration and Plan of Action, substantial impetus was injected into the

programme of technical co-operation among developing countries (CDC), which had been previously introduced by UNIDO; and thirdly, a selective programme of concentrated effort was initiated in key subsectors, according to the priority of each country.

129. In Bhutan, UNIDO continued to assist an ongoing project in improving the capacity and performance of the eight Government-owned automobile workshops in the country. To supplement and reinforce the work already carried out under this project, which terminated in December 1975, another project was approved with the objective of aiding the Government to establish five new workshops that will cater to the maintenance and repair requirements not only of automobiles but also of agricultural and earth-moving machinery. In view of the key importance of transportation to the country's economy, and complementary to the programme mentioned above, another project has been approved in principle to establish a central store for spares. Arrangements are being made for the training of two Bhutanese nationals in cement production, and another UNIDO project is being considered that would involve establishing an industrial development financing institution.

130. In line with Government priorities in Afghanistan, UNIDO continued to render assistance through the all-purpose industrial services project, in industrial planning, project preparation, evaluation, consultancy and training. Several public sector enterprises (e.g. sugar, cotton textiles, bicycles, fertilizers and cotton ginning) were provided with consultants and advice. Under the same project, UNIDO also helped the Government to prepare a depreciation law for industrial enterprises and a feasibility study for a brick-manufacturing plant. Additionally, assistance is contemplated to help the Government in establishing an industrial information service and in preparing the industrial sector of the Seven-Year Development Plan.

131. In Bangladesh, a large programme of technical assistance has been developed by UNIDO, taking into account Government priorities and the specific needs of the economy. The programme is mainly concentrated in certain key subsectors, and aims at upgrading management skills in several public sector corporations. Jute, textiles, metals, engineering and small-scale industries are of crucial importance to the country's economy and are in immediate need of technical assistance; UNIDO has therefore initiated preparatory assistance in these areas, with the intention of first designing an effective work programme and then implementing it systematically. A pilot plastics processing and demonstration centre is nearing completion, and management assistance is being provided to "Petrobangla" in improving the operations of the Chittagong refinery. UNIDO will also provide assistance to the synthetic resins plant. Plans are being made for long-term assistance to develop the leather, food, chemicals, fertilizers, cement and shipbuilding industries. The steel mill and paper board corporations, as well as the Bangladesh Standards Institute, will also receive UNIDO technical assistance. Government efforts to establish a chemical technology and an engineering consultancy institute will be strengthened by technical assistance inputs from UNIDO. A number of feasibility studies for cement and pharmaceuticals are planned; the establishment of a pilot plant for the manufacture of light-weight concrete aggregates has also been proposed.

132. Despite the prevailing conditions, UNIDO was able to deliver in 1975 effective though modest assistance to Laos in some key sectors through the dedicated efforts of several excellent experts. UNIDO initiated efforts as early as 1973 to utilize the

wood abundantly available locally through a small SIS project designed to assist some of the wood-working enterprises. This small project led to three other projects for integrated assistance in the development of the wood-working industry. The productivity of several units covered by these projects has improved appreciably, and locally manufactured furniture is now being exported to overseas markets on a regular basis. These projects, which are still operational, also helped Laos to start production of prefabricated elements for school buildings and low-cost houses. Another area covered by UNIDO assistance was the metalworking industry; in 1972, a UNIDO expert helped a small Laotian workshop to produce simple agricultural tools and implements, using war scrap metals as raw materials. Through continued and expanded UNIDO assistance, including advice in the field of electro-plating, the workshop has developed into a medium-size plant now requiring its own foundry.

133. In Nepal, on the basis of UNIDO assistance to the vegetable ghee industry, global tenders have been invited for the supply of a complete vegetable oil and ghee and margarine plant. UNIDO has completed preparatory assistance on a large-scale project, an industrial services centre, after careful, on-the-spot assessment of the objectives and functions of such a centre. Scheduled to become operational in early 1976, the centre will be the nucleus of technical assistance in planning, programming, consultancy, advisory and catalytic services to industry and the Government. The centre is expected to fill the needs and perform the functions envisaged in the Lima Declaration and Plan of Action, paragraph 62 (a) and (f). Preparatory work on two important projects, namely development of the foundry industry and establishment of a standardization institute, will start soon. A large-scale project for manufacturing agricultural machinery is being considered, and a project to develop the pharmaceutical industry is under implementation.

134. In response to the survey conducted by UNIDO to identify special areas for possible co-operation among developing countries (a description of the survey was given in the preceding section, under the heading "Programme of Co-operation among Developing Countries"), proposals involving five donor countries (India, Pakistan, the Philippines, Republic of Korea and Thailand) were received from the Asian region. Twenty-three potential recipient countries around the globe have submitted requests, which have been forwarded to the Governments of the donor countries through the Resident Representatives. The specific areas in which co-operation and exchange of knowledge are suggested are: electrical and control equipment, engineering and metalworking (including agricultural machinery), paper, cement, fertilizers, rubber, automotive assembly, standardization, quality control and industrial research. After formal agreement of the parties concerned has been received, implementation will begin.

135. Co-operation between India and Indonesia is being developed systematically with the active participation of UNIDO. In July 1973, arrangements were made for an Indian official to visit Indonesia; following his visit, he recommended, *inter alia*, the initiation of a programme for the transfer of technology between the two countries, through an exchange of visits. Consequently UNIDO, with the co-operation of the Governments concerned, arranged a visit of six senior Indonesian officials to India in 1975. From the report of these officials, it is evident that they received a valuable insight into the Indian industrialization experience and that areas of future co-operation were identified, particularly in the engineering, metalworking and chemical industries. The report contains a number of valuable recommendations, e.g. pairing arrangements between the Central Leather Research Institute of India

and the Leather Research Institute at Jogjakarta, Indonesia, and similar arrangements between the Regional Research Laboratory at Hyderabad, India, and the Chemical Research Institute at Bogor, Indonesia. Another recommendation was that Indonesia set up a unit to study how the intricate mechanism of technology transfer could work effectively and beneficially for all parties involved. The recently initiated UNIDO project on building materials has been suggested as the first model unit; other models suggested for future work are small- and medium-scale food industries, simple tools and machines, leather and ancillary industries.

136. In October 1975, UNIDO organized another mission to India on similar lines, this time from the Andean Group of countries. The mission was highly satisfied with the exchange of information, and several areas of co-operation between India and individual countries of the Andean Group have already been identified. Similar visits from Jamaica and Fiji to India and from India to Sri Lanka are under preparation.

137. The third thrust in the 1975 UNIDO technical assistance programme for Asia and the Pacific—intensive effort in key industrial subsectors—is evident from the Organization's programmes in several countries of the region. In Iran, the very modest UNIDO input in the country's impressive industrialization programme is concentrated largely in developing human resources in specific branches such as plastics technology, polymer chemistry, standardization, industrial research, quality control, production of catalysts for the petroleum industry, pulp and paper, and systems analysis. In Pakistan, efforts have been directed towards increased productivity in the most important local resource-based industries, cotton textiles and leather. A systematic programme to improve the management of public sector corporations, which are now playing an increasingly important role, is under preparation. UNIDO is providing assistance to institutions supporting the industrial sector and is also promoting the export of manufactures. In India, assistance is concentrated in heavy and basic industries (steel, petrochemicals, automobiles), followed by textiles, leather and pulp and paper. The UNIDO programme in Burma is directed towards development and research in the petrochemical field, including practical training of newly graduated engineers. In line with the priorities of the Government of Indonesia, UNIDO is helping small enterprises to increase their productivity through technical advice, extension services, marketing information and better management; metalworking, building materials and small textile mills are the areas benefiting from these activities. Simultaneously, a large programme is being prepared, to be implemented in close co-operation with the World Bank, to help small enterprises obtain loans quickly from the relevant government organization and put the loans to effective use. Other activities in support of Indonesia's industrialization effort are aimed at promoting and strengthening standardization and research institutes and several government organizations. An entrepreneurship training programme is also being developed.

138. One of the main preoccupations of UNIDO is to assist the developing countries in adding value to their manufactured products. In one way or another, most UNIDO projects in the manufacturing area, as such, are related to this objective. Quite often the end result does not lend itself to quantification of the UNIDO contribution but there are three notable exceptions to this rule—the three pilot plants in India, Mongolia and Sri Lanka.

139. In Mongolia, the experimental and demonstration plant for processing goat and camel hair will introduce a technology that is neither common nor easily obtainable

in that country. When completed in 1976, the plant will be a source of substantial foreign exchange earnings by exporting cashmere. In both India and Sri Lanka, UNIDO is assisting the Governments, through a systematic and phased programme, in establishing plants for the metallurgical processing of ilmenite concentrates into high titanium dioxide slag.

140. At the regional level, the four UNIDO regional advisers (in agro-industries, transfer of technology, industrial planning and industrial economics) attached to the joint ESCAP/UNIDO Industry Division, actively assisted the countries of the region during 1975 in their industrialization efforts and co-operated with ESCAP in preparing the ESCAP priority programmes for 1975-1977 and 1978-1980. Another adviser, in industrial licensing, is under recruitment.

141. UNIDO has continued its assistance programme to the Asian Coconut Community, providing the services of an industrial economist; four specific projects for improved processing of coconut were prepared for the consideration of UNDP. UNIDO participated during the year in a joint UNDP/FAO/UNIDO mission that conducted a feasibility study on a regional coir processing centre. The regional subcontracting programme and assistance to the South-East Asia Iron and Steel Institute in the standardization of steel production continued.

142. In co-operation with ESCAP, UNIDO implemented three projects in 1975 of considerable interest to the countries of the region: promotion of regional co-operation in chemical fertilizer production and distribution; assistance to the South-East Asia Tin Research and Development Centre; and assistance in the development of agricultural machinery suitable for use and production in Asian countries.

143. Under the UNIDO General Trust Fund, two new regional projects were implemented in 1975, one relating to the promotion of metal transforming technologies and the other to technology acquisition through licensing agreements. Different techniques for transfer of technology were used in each case. In the first project, a portfolio was prepared of enterprises known to employ advanced technologies in various aspects of metal transformation; UNIDO then undertook a tour of selected countries to meet local people engaged in processing metals and explain to them the sources from which they could obtain advanced technologies. The second project consisted of a workshop, organized at Kuala Lumpur, in which most of the developing countries of the region exchanged information and experiences in the selection and acquisition of technology through licensing agreements. Case studies of technology transfer in specific industries and various national approaches were examined with a view to creating more effective government policy on technology transfer and to establishing the necessary institutional machinery for monitoring and regulating the inflow of technology.

Europe and Western Asia

144. In 1975, UNIDO technical co-operation activities in the developing countries of Europe and Western Asia increased considerably. Total delivery to the countries of this region amounted to nearly \$6 million as compared to about \$4 million in 1974 and \$3.2 million in 1973. During 1975, UNIDO managed in Europe and Western Asia 204 projects with a total residual value of \$12.6 million. A breakdown of UNIDO technical assistance expenditures, by source of funds, is given in figure 7.

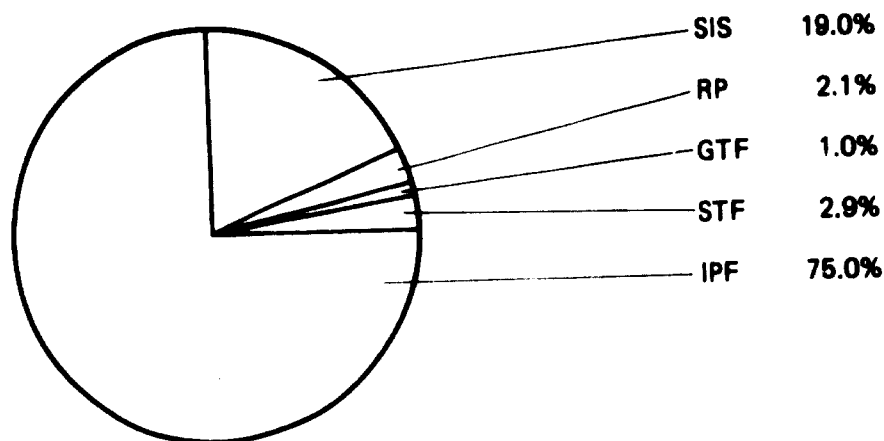


Figure 7. 1975 technical assistance expenditures in Europe and Western Asia, by source of funds

145. UNIDO technical assistance delivery to the countries of Western Asia amounted to approximately \$2.6 million in 1975, i.e. over 40 per cent of the total UNIDO delivery in the entire ECWA region. In co-operation with UNDP Resident Representatives, ECWA and UNIDO field advisers, UNIDO has been giving increased attention to the two least developed countries of the region, Democratic Yemen and Yemen; in these two countries, UNIDO is implementing some 20 projects with a total value of \$440,000. Both countries have requested UNIDO assistance, primarily to restore and improve small plants related to light industries, create a nucleus of industrial programming and planning in the Ministry of Industry, establish small industries and industrial construction industries, and organize and develop small-scale industries.

146. The Syrian Arab Republic has also increased its requests for technical assistance, and UNIDO is now implementing 20 projects for a value of around \$1.3 million in that country. At present, Iraq is passing through a period of intensive economic and social development, involving enormous capital investment in developing industries based on abundant natural resources; the role of UNIDO, however, lags far behind Iraqi needs in this respect. In 1975, the Government of Iraq increased and diversified its requests for UNIDO technical assistance. In some of the other more wealthy countries of the Western Asia region, UNIDO assistance concerns primarily non-oil sectors (particularly in Saudi Arabia and the United Arab Emirates).

147. UNIDO assistance to European countries continued and broadened during the year under review. In Turkey, UNIDO assistance has been increased by four new large-scale projects amounting to \$1.2 million and by an additional \$0.8 million allocation for four ongoing projects. In Cyprus, UNIDO resumed its work, which had come to a standstill in 1974; 10 new small-scale projects and an ongoing large-scale project are under implementation. In Bulgaria, two large-scale projects were completed in 1975, and two new large-scale projects, amounting to \$2 million, are included in the second country programme. In Poland and Yugoslavia, two large-scale projects were completed, and in Yugoslavia two large-scale projects amounting to \$1.2 million are under preparation. UNIDO also implemented many small-scale projects during the year, particularly in Hungary, Iceland, Malta and Poland.

148. UNIDO has continued to encourage co-operation between countries of Europe that are relatively advanced in industry and developing countries of Western Asia and other regions. With the voluntary contributions of the Governments of Hungary, Romania and Yugoslavia, together with financial and technical support from UNIDO, three special long-range programmes have been developed to make use of certain specific experiences and facilities in the co-operating countries, most frequently for training, research and stimulation of industrial co-operation. Details of the three programmes are to be found in chapter VII under the heading "Co-operative Programmes with Contributing Countries".

149. These programmes show only a small part of the promising possibilities that exist within this region. Many new long-range programmes of co-operation between developing countries and between developed and developing countries have been proposed by UNIDO, within the framework of the UNDP regional programming exercise for the period 1976-1981.

Chapter III

INDUSTRIAL TECHNOLOGY PROGRAMME (30.0.00)

INTRODUCTION

1. In 1975 the activities of UNIDO under its industrial technology programme were characterized by two significant developments: first, a very substantial increase in the total delivery of technical assistance, as compared to 1974; and second, the adaptation of the traditional activities of UNIDO, as explained in the last Annual Report (ID/B/150, chap. III, paras. 1-4), to the new spirit of Lima in the planning and initiation of new activities.

2. In 1975, the total delivery of UNIDO technical assistance under the industrial technology programme amounted to \$16.7 million, as compared to \$11.4 million in 1974—an increase of 46.5 per cent. As in 1974, the following programme components accounted for over 70 per cent of the implementation of technical assistance within the industrial technology programme, namely, engineering industries, metallurgical industries, light industries, and fertilizer and chemical industries. In the year under review, the share of the expert component decreased, while the share of the equipment and contractual services increased considerably. Also the share of the industrial technology programme in the total UNIDO technical assistance increased to about 50 per cent.

3. New activities inaugurated by UNIDO under its industrial technology programme in 1975 following the recommendations of the Lima Declaration and Plan of Action included programmes for sectoral consultations, with a view to initiating world action in the redeployment of certain productive capacities existing in developed countries and the creation of new industrial facilities in developing countries. Consultations are planned for basic industries such as steel, chemicals, and engineering industries as well as for such agro-based or agro-related industries as fertilizers, leather and leather products, and oil seeds.

4. Increased emphasis was devoted in 1975 to bringing about co-operation among developing countries with regard to both transfer of technology and the development of industrial sectors such as pharmaceuticals, machine tools, iron and steel and automotive industries. A significant development in this respect was the signing of a note of understanding by the Andean Development Corporation, UNIDO and the Government of India following the visits of a high-level mission and a technical mission from the Andean group of countries to India, in October/November 1975.

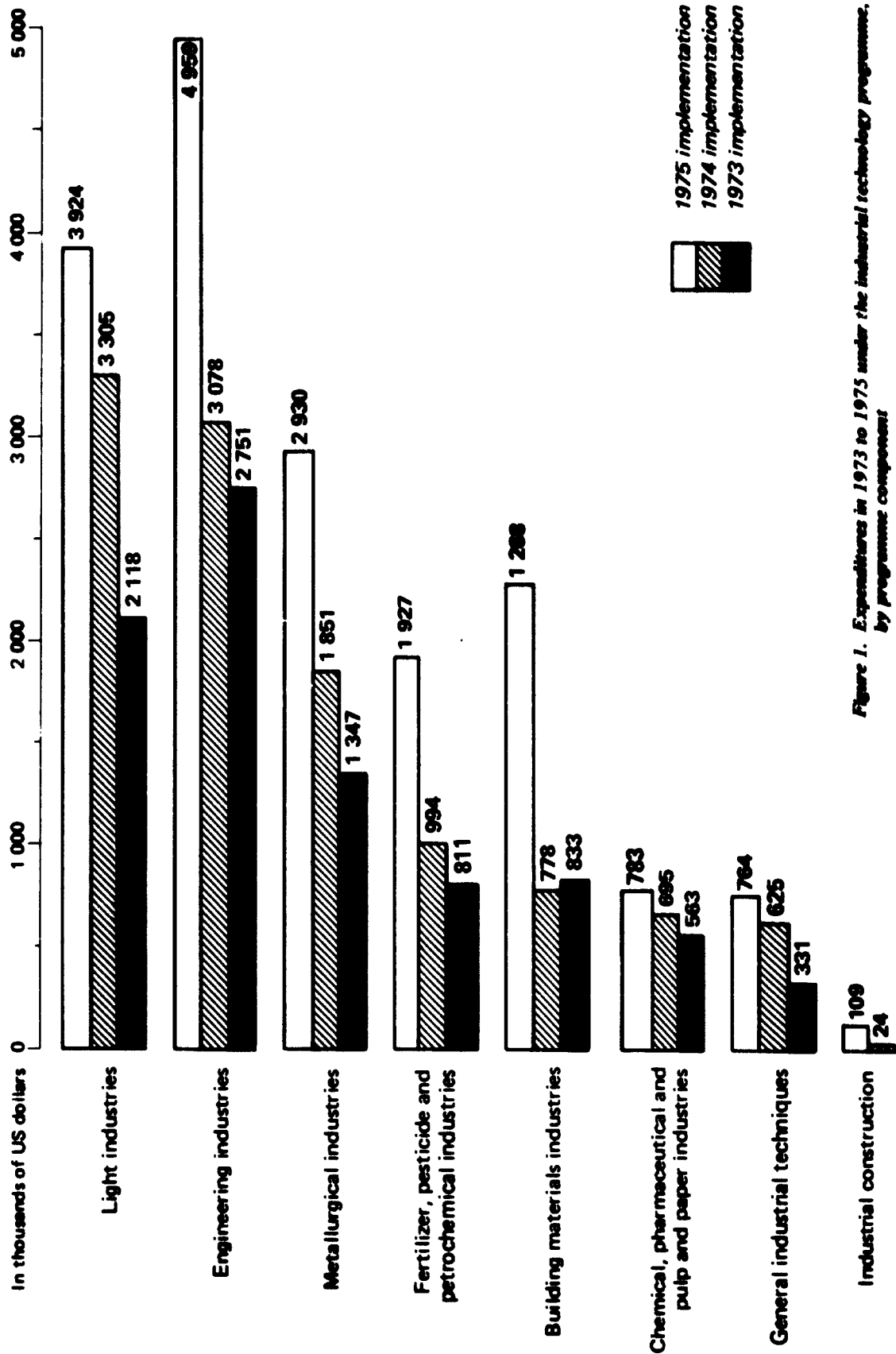


Figure 1. Expenditures in 1973 to 1975 under the industrial technology programme, by programme component

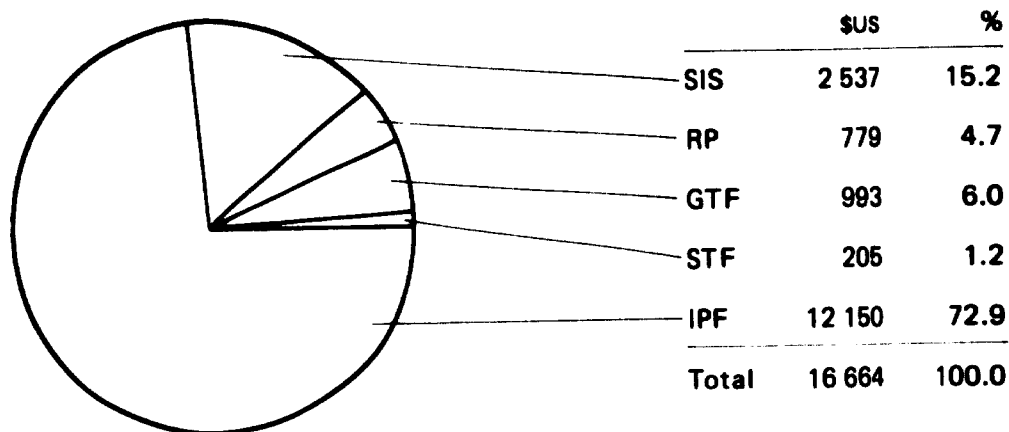


Figure 2. Actual expenditures under the industrial technology programme in 1975, by source of funds (in thousands of US dollars)

The agreement provides for means and mechanisms for co-ordination and co-operation among developing countries in specific areas of industry in the Andean group of countries, namely, policy, planning and organization with regard to technology generation and transfer; exchange of information and expertise related to scientific, technological and industrial development, training, and industrial research centres; and, in particular, co-operation in setting up industries such as metalworking, foundry, forge, machine tools, automotive components and rolling stock.

5. Renewed emphasis was given in 1975 by UNIDO to the selection, use and other related aspects of greater industrial utilization of raw materials in the developing countries. Programmes were also developed with a view to securing additional resources, both from within and outside the United Nations system, in order to direct adequate research towards solving key technological problems related to more common problems faced by the developing countries, e.g. the fixation of rice bran; scaling-down of cement plants utilizing coal; hydrogenation of coals and carbo-chemicals; improvement of flame-retardant, soil-resistant and easy-care properties in cotton textiles; and better utilization of tropical hardwoods. It is envisaged that the preliminary work done by UNIDO in the above-mentioned areas will provide a new dimension to the work of the Organization in the field of industrial technology in the coming years.

6. The programme of industrial technology consists of the following eight components: engineering industries; metallurgical industries; building materials industries; chemical, pharmaceutical and pulp and paper industries; fertilizer, pesticides and petrochemical industries; light industries; general industrial techniques; and industrial construction.

ENGINEERING INDUSTRIES (30.1.00)

7. The importance of the engineering industries lies in the fact that these industries are basic to the process of industrialization, for they produce not only the equipment for the development of the necessary infrastructure (electrical power, transport, telecommunications etc.) but the very means of production for all industries, such as machine tools and other related machinery and equipment. It is, therefore, not surprising that the world growth rate in output and foreign trade in the engineering sector has increased rapidly during the past two decades.

8. In conformity with the recommendations contained in the Lima Declaration and Plan of Action, UNIDO is concentrating under its engineering industries programme component on an integrated approach to industrialization in the developing countries and on assisting them to utilize effectively their existing manufacturing facilities and to establish new ones. Work under the engineering industries component is directed towards encouraging industrial co-operation among developing countries in generating and developing engineering industries and in transmitting relevant technology through the sharing of respective experiences of different countries, thus contributing to the establishment of a new international economic order. The assistance rendered by UNIDO under this programme component includes the provision of engineering services and the transfer of know-how in the areas of agricultural engineering, mechanical engineering, electrical and electronic engineering, extending to the instrumentation and transport equipment sectors.

9. New developments in the programme of work include projects related to alternate sources of energy. The purpose of such projects is to test existing equipment with a view to developing it further so that it can immediately be used and manufactured in the developing countries (solar equipment in Senegal, windmills in Kenya etc.). UNIDO participated in a technical meeting on solar energy organized by the Foundation for Developing Countries in the Federal Republic of Germany and in the ESCAP/Government of India/UNIDO workshop on biogas technology and utilization.

10. The work undertaken by UNIDO in the engineering industries has been divided into five specific activities: metal products industries (30.1.01); machinery industries, including agricultural machinery and implements (30.1.02); electrical machinery and apparatus industries, including measuring and control equipment (30.1.03); transport equipment industries (30.1.04); and maintenance and repair (30.1.05). However, at present, consideration is being given to a reclassification of this component's activities into the following five major groups of engineering industries, as listed under Division 38 of the International Standard Industrial Classification: metal products; machinery; electrical machinery and electronic equipment; transport equipment; and measuring the controlling equipment. In all these branches of industry, the developing countries will continue to be provided assistance in all technological disciplines (metal cutting and metal forming, forging, welding etc.) and industrial services (maintenance and repair, testing and quality control etc.).

Metal products industries (30.1.01)

11. Throughout the year under review, UNIDO continued to provide complementary assistance in, and promote the establishment of, metal industries development centres, tool centres and workshops of different types and to encourage the use of such centres as vehicles for co-operation among developing countries.

12. The pilot mechanical workshop and foundry project in Somalia (cf. ID/B/140, paras. 187-194 and ID/B/150, chap. III, para. 10) was inaugurated in October 1975. The project implementation was somewhat handicapped by delays of equipment deliveries. It is anticipated that the trial phase of operations will be effected in the first quarter of 1976. UNIDO will continue to provide assistance to this project for some years in order to upgrade product quality and skills and to expand the scope of work of this installation.

13. In February 1975, an information workshop took place in the Sudan (cf. ID/B/150, chap. III, para. 11), at the site of the pilot mechanical workshop and foundry project. Participants in the workshops, from Nigeria, Somalia, Sudan and Zambia, analysed the implementation history of the project and visited various customers of the mechanical workshop and foundry. Following these activities the participants visited a number of larger industrial plants in Egypt; this was a most valuable exercise not only for the placement of fellows in Egypt but also for establishing contacts for the recruitment of experts.

14. The expansion of the Metal Industries Research and Development Centre (MIRDC) in the Philippines (cf. ID/B/150, chap. III, para. 12) continued throughout 1975 with the assistance of UNIDO. The services of MIRDC are appreciated by local industry, as evidenced by the great demand for them. As a result of its reputation, MIRDC attracted, in addition to the UNDP contribution, a substantial amount of supplementary bilateral assistance from the Federal Republic of Germany.

15. The implementation of a large-scale project (\$1.4 million) for the development of tool and die production in Trinidad and Tobago (cf. ID/B/150, chap. III, para. 14) proceeded in 1975 according to schedule; all the equipment was delivered, some fellowship programmes were completed and nearly all experts were fielded on schedule. The buildings for the project are completed and most of the counterpart personnel has already been recruited; additional equipment to supplement the UNDP/UNIDO contribution has been ordered by the Government and a portion of it has been received. The first customers have already been served by this project.

16. On the basis of a consultancy study carried out in 1974, a large-scale project (\$157,000) was approved by UNDP (cf. ID/B/150, chap. III, para. 13) for Indonesia to provide assistance to metal industries through the Metal Industries Development Centre at Bandung. Implementation of this project began in 1975, with the preparatory assistance phase. Through this project, assistance will be given to Indonesian mechanical engineering industries in engineering design, cost and quality control, industrial engineering and machine tools utilization; it is also envisaged that such assistance will facilitate product diversification, production expansion and strengthening of organizational structures. Moreover, assistance will be provided in maintenance and repair of mining and chemical equipment, including appropriate parts production. The entire project is closely associated with MIRDC in the Philippines, and is being supported by Belgian bilateral assistance and by the recently signed agreement on Indonesia/Federal Republic of Germany bilateral aid to this project.

**Machinery industries, including agricultural
machinery and implements
(30.1.02)**

17. In 1975 as in previous years, the main requests from developing countries for UNIDO technical assistance under this heading were related to the production of machine tools and agricultural machinery and implements; there was little evidence of a demand for associated equipment. In accordance with the provisions of UNIDO biennial programme budget for 1974/1975, the main thrusts of UNIDO technical assistance in this field were towards selection and utilization of machine tools and instruments as means of production; development in developing countries of production capacities for machine tools and their accessories, as well as for dies, jigs and fixtures; improvement of the quality of machine tools; introduction and promotion of modern technological methods and equipment (NC machine tools); and training of local technical personnel.

18. One of the largest UNIDO projects in this field is the Engineering and Industrial Design Development Centre (\$1.8 million) in Egypt, which is now in its second phase of implementation. The Centre has grown into an organization of more than 150 employees and plays a leading role in the development of Egyptian metalworking industries; it provides continuous assistance to local factories. More than 50 new products, 300 tools, numerous layouts, organizational structures and projects have been designed, planned and executed with the assistance of the Centre. At present, the Centre is planning to hold a regional in-plant training course in engineering design for a number of Arab and other African countries.

19. In October 1975, UNIDO completed its Toolmakers' Institute project in Jamaica (\$176,000). During the course of this project, assistance was rendered in design, building and maintenance of plastic moulds, press tools and fixtures. Through the assistance provided by UNIDO, the Toolmakers Institute has been able to extend its assistance and services to the local manufacture of tools and spare parts, thus reducing the import of expensive tools. At present, the Government has decided to establish a toolroom for the commercial manufacture of tools, dies and moulds and to this end, has requested further UNIDO assistance.

20. During 1975, UNIDO completed the preparatory work for a large-scale project (\$1.4 million) in Malaysia, the Metal Industries Development Centre. The Centre is to provide advisory services to the Malaysian foundries and mechanical workshops in the design, production and application of a variety of castings, dies, moulds, jigs and fixtures. It will also provide maintenance and repair facilities, assist local manufacturers in establishing their own toolrooms, and disseminate data and technical information on modern production techniques to local factories and enterprises. For financial reasons, the Malaysian Government recently decided to defer the metallurgical part of the project and give priority to the mechanical workshop. This will influence, to some extent, the development of the Malaysian metalworking industry and will also entail some additional time for implementation, as the project may have to be revised considerably in substance.

21. During 1975, UNIDO continued to provide assistance to the developing countries in advanced production techniques, namely, numerical control for machine tools. The preparatory stage of assistance has been completed for the establishment of a numerical control centre for metalworking industries in India and of a numerical control training and demonstration centre in Bulgaria (cf. ID/B/150, chap. III, para. 17). It is expected that in the forthcoming years, these two projects will be among the largest and most important UNIDO projects in the field of machinery industries.

22. The promotion and local manufacture of appropriate industrial inputs for the development of the agricultural sector is one of the priority areas in the work of UNIDO. In this connexion, attention was concentrated in 1975 on agricultural tools, implements and machinery—including irrigation and post-harvest technology equipment—suited to the conditions of the developing countries. In line with the Lima Declaration and Plan of Action, paragraph 62 (c), attention was given to the creation of integrated production units for agricultural machinery and maintenance and repair services in the least developed countries. UNIDO carried on regular discussions with FAO and the regional economic commissions on this important subject with a view to evolving co-operative activities. During 1975 the work of UNIDO in this field focused on three particular groups of activities.

23. The first group of activities included the development and local manufacture of simple agricultural implements, especially in the least developed countries. UNDP-financed projects that were under implementation by UNIDO in 1975 included the production of agricultural tools in Laos, where UNIDO provided assistance in establishing a small workshop and in developing locally simple tools and animal-drawn implements (\$224,000), and the manufacture of low-cost farm equipment in Uganda, where UNIDO assisted a local co-operative union in establishing an expanded workshop for the development and manufacture of animal-drawn implements and hand-operated machinery (\$378,000).

24. In addition, UNIDO carried out in 1975 feasibility studies, financed by UNDP, on the establishment of pilot plants for the manufacture of agricultural tools and implements in Indonesia and Upper Volta; similar studies financed under a voluntary contribution to UNIDO by the Federal Republic of Germany were carried out by UNIDO in Lesotho, Botswana and the United Republic of Tanzania. A technical evaluation mission, aimed at strengthening production units for the manufacture of agricultural tools and irrigation pumps in seven countries of the Sudano-Sahelian zone, was carried out in 1975 on a priority basis by UNIDO in co-operation with UNSO and CILSS. As a follow-up of the UNIDO/Government of India joint manufacturing promotion clinic on agricultural tools for the least developed countries (cf. ID/B/150, chap. III, para. 21), action was initiated to prepare engineering drawings and pilot manufacturing plant layouts.

25. An interesting UNIDO technical assistance project is the provision of production engineering services to the Government of Swaziland in the development and manufacture of small, low-cost, 16 hp "Tinkabi" tractors. One hundred units have been manufactured; UNIDO assistance included the development of process planning in order to increase production to 2,000 tractors per year. Action was also initiated with regard to possible regional co-operative activities in this project.

26. Another noteworthy project carried out by UNIDO in 1975 was the techno-economic evaluation of walking tractors and relevant matching implements in Egypt, Sudan and the United Republic of Tanzania. The machinery and experts provided for this project were financed from voluntary contributions to UNIDO by China. Follow-up activities are being carried out to explore the possibility of local assembly of such tractors and implements.

27. The second group of activities had to do with the promotion of the manufacture of low-cost storage bins (cf. ID/B/150, chap. III, para. 22). In 1975, projects on a modest scale were initiated by UNIDO in Benin and Indonesia. In addition, UNIDO carried out an analysis of local fabrication of silos, threshers and grain driers in Somalia.

28. The third group of activities pertained to maintenance and repair work in the field of agricultural machinery. UNIDO assisted Pakistan and the United Republic of Tanzania in utilizing mobile workshops to establish a training programme and to develop stationary maintenance and repair workshops. UNIDO also assisted Indonesia in establishing in 1975 a maintenance and repair programme in rural agricultural areas.

29. In developing countries, closer consultations are needed between the Ministries of Planning, Agriculture and Industry in order that priority can be assigned to the initiation of technical assistance programmes for agricultural machinery and implements within UNDP-financed country programmes during the second programming cycle.

**Electrical machinery and apparatus industries, including
measuring and control equipment
(30.1.03)**

30. The dependence of industrial development on electrical power generation, supply and services, as well as on electrical machinery and apparatuses, has long been an accepted fact in all branched of industry, whether in developed or developing countries. The dependence of industry on electronics, however, has rapidly increased in developing countries only during the last decade; this trend is continuing, as technological advances and innovations introduce the use of sophisticated control equipment into many types of machinery. This is in line with the growing awareness that a certain degree of automation is required in many industries to ensure quality control that cannot be achieved by other means. Moreover, a number of developing countries are recognizing the value of data processing, mini-computers and micro-processors, and are introducing this equipment in some of their industries.

31. In awareness of the need for priority assistance to the electrical and electronic equipment industries, on which many other industries depend in developing countries, UNIDO has undertaken a number of projects in this field. They fall into the following main categories: planning, maintenance, repair and calibration services, promotion of design capabilities and technical assistance in testing and production facilities.

32. The planning activities are designed primarily to assess the demand for and requirements of, or to identify manufacturing possibilities leading to the promotion of appropriate industrial capability and skills. During 1975, UNIDO had projects in this area in the Andean Group, Greece, Malaysia, Peru, Turkey, Zaire and interregional projects for Iran, Pakistan and Turkey (total \$760,000).

33. The maintenance, repair and calibration services activities were mainly associated with national centres concerned with electronic testing and measuring equipment. Following the in-plant group training programme in maintenance and repair of biomedical equipment, held by UNIDO early in 1975 in Budapest, in co-operation with the Government of Hungary, a number of requests were received from several developing countries for UNIDO assistance in the establishment of biomedical electronic equipment and maintenance facilities. Such projects were established in Malaysia and Turkey and experts will be fielded shortly.

34. UNIDO activities relating to the promotion of design capabilities cover all aspects of the work, from the preparation of performance specifications to actual physical and electrical design of products, components and process control systems. Such projects were under implementation in UNIDO in 1975 in Bulgaria (\$628,000), Hong Kong (\$62,000) and the Republic of Korea (\$1.1 million).

35. UNIDO projects through which assistance was provided in 1975 to establish or improve testing and production facilities included those in Hungary, Israel, Mexico, Poland, Romania and Yugoslavia (total \$210,000). UNIDO is also promoting the manufacture in developing countries of high standard, world-quality equipment by assisting in the establishment of testing facilities that are essential for checking performance specifications and safety requirements of electrical and electronic equipment. During 1975, UNIDO received requests for assistance in various aspects of technology involved in the manufacture of electronic components from the

Andean Group of countries, Egypt, Hungary, Turkey and Yugoslavia, as well as for the improvement of existing production techniques from Bangladesh, Rwanda, Yugoslavia and Zaire.

36. Obtaining the information on technical aspects, requirements and conditions necessary for UNIDO to be able to formulate appropriate projects and provide optimum assistance could be considered one of the main difficulties confronting the Organization in this field of activity. The smoothest running and most successful projects have been those where efficient feedback and factual up-to-date information from the field have been readily available either from staff visits, technical advisers or other sources.

Transport equipment industries (30.1.04)

37. The activities of UNIDO relating to the development of transport equipment industries, which heretofore have been concentrated on the automotive industry and shipbuilding and repair, now include an increasing number of projects in land vehicles other than automobiles, such as mopeds, motorcycles, tri-wheelers and simple automobiles, that are generally better adapted to the conditions prevailing in developing countries. UNIDO, in co-operation with the Government of Australia, will organize in Melbourne in February 1976 an expert group meeting to promote the manufacture of such vehicles in developing countries.

38. The project to assist Bhutan in the establishment of an automobile repair workshops network (cf. ID/B/140, paras. 233-235 and ID/B/150, chap. III, para. 30) has now been considerably expanded in size and scope in order to establish a total of eight workshops (\$1.55 million). The services of these workshops will not be limited solely to automobile repair, but will be used for other types of repair as well. A large component of this project is the purchase of vehicle spare parts.

39. In India, UNIDO is assisting in setting up an automotive components testing and development centre within a large-scale project (\$644,000). The building for the centre, in Poona, has been completed, and operations are to start soon. UNDP has supplied equipment, and experts will be provided during 1976.

40. On a still more sophisticated level, UNIDO is assisting Romania (\$165,000) in technological matters such as diesel engines research, shock absorbers and steering gear manufacture, vehicle body design and manufacture, testing of vehicles and components, and gear box manufacture.

41. Throughout the years, the developing countries have been showing increasing interest in developing their maritime transport and in establishing basic marine engineering industries. The Lima Declaration and Plan of Action calls for, *inter alia*, "the creation of national, regional, and interregional enterprises in the field of maritime transport, . . . with a view to promoting the development of trade" (para. 60 (*m*)). The importance of this sector is due, in no small part, to its direct relation to the over-all economic problems confronting the developing countries; for many of them, the establishment of adequate maritime services is a significant factor in their over-all socio-economic development. The shipbuilding and ship repair

industry, being labour intensive and technologically diversified, creates massive employment opportunities and promotes the establishment of other industries. Many of the developing countries are therefore becoming active in the maritime field and are implementing their own shipbuilding programmes.

42. To contribute to the efforts undertaken by the developing countries, UNIDO is steadily expanding its activities in the shipbuilding and marine engineering field. During 1975, UNIDO provided technical assistance in this field to Fiji, Malaysia, Malta, Peru, Turkey and the United Republic of Tanzania. Such assistance included advising the Governments on development programmes for the shipbuilding industry, undertaking feasibility studies on the establishment or reactivation of existing shipyards, and providing technological and managerial expertise to operational shipyards. The latest trend in this UNIDO activity is towards the enlargement of technical assistance projects and the provision of multidisciplinary expertise that will undoubtedly improve the effectiveness of assistance. Such a project has been initiated in the United Republic of Tanzania (\$398,000) where a new boatbuilding facility will be established at Lake Victoria with a view to encouraging the development of fisheries in the area. The project is being implemented by UNIDO in co-operation with the FAO.

43. A number of other projects in this field were formulated during 1975; some of them have already been approved and will start early in 1976. A project in Colombia (Relocation and Expansion of the CONASTIL Shipyard—\$443,000) will constitute an important part of the 1976 UNIDO programme in this field.

44. In an effort to achieve a clear division of responsibilities and work among the different United Nations and specialized agencies, UNIDO is concentrating on production facilities for the construction of new ships and on repair services for all types and sizes of vessels for ocean and internal waterways.

Maintenance and repair (30.1.05)

45. The earlier trend towards smaller and shorter projects of a trouble-shooting nature in the field of maintenance and repair has stopped, and some developing countries are diverting their resources to large-scale maintenance projects. During 1975, for example, UNIDO assisted the Government of Colombia in introducing a unified comprehensive maintenance and repair system for road-making and earth-moving equipment (\$420,000). The second phase of the project dealing with the introduction of a complex spare parts manufacture system and a labour incentive scheme is already under implementation.

46. In Egypt, UNIDO is providing assistance (over \$430,000) in equipping and setting up a series of workshops to service one of the largest local transport companies. The major difficulty encountered in the implementation of this project has been the high percentage of very old transport equipment and the lack of workshop equipment for repairs. The greatest achievement of the project to date has been the introduction of a preventive maintenance and repair system which has stopped the further rapid deterioration of available equipment.

47. In Mongolia, UNIDO assisted in the development during 1974-1975 of a comprehensive maintenance scheme, under the auspices of the Ministry of Food and Light Industries (over \$200,000). The Government of Mongolia has requested additional assistance from UNIDO for equipment and experts (\$130,000) to complete the project through which maintenance services were organized in two entire industrial branches.

48. In 1975, UNIDO completed a large-scale project (\$500,000) in Jamaica through which effective assistance was provided to the Government in maximizing the country's industrial resources by developing a training and demonstration programme in maintenance and repair. It is envisaged that the programme will be continued in the future by local specialists.

49. Guinea has allocated \$2.4 million to initiate a maintenance and spare parts programme and to create repair workshops for the five largest enterprises in the capital. UNIDO completed the preparatory phase of this project in 1975, which has resulted in a comprehensive project proposal and a list of equipment, worth about \$1 million, that is to be ordered shortly.

50. Mali is benefiting from a voluntary contribution from China to introduce, through UNIDO, maintenance services on a regional basis (\$240,000). It is to be hoped that the project will serve as an example for other developing countries to initiate large-scale maintenance and repair programmes. The implementation of this project had been somewhat delayed owing to the lack of counterpart contribution funds for buildings and working capital, but the problem was solved with the help of bilateral assistance from China which provided the necessary means.

51. Preparatory assistance was given by UNIDO in 1975 to the Government of Morocco in formulating a large-scale project concerning the working, maintenance and repair of waste disposal plants at Casablanca, Rabat, Tetouan, Meknes and Marrakesh. The preparatory work is to lead to a comprehensive project in the same field, to be included in the second country programme cycle.

52. To further promote the maintenance and repair programme of UNIDO, a series of training programmes and short promotional/technical events, such as national maintenance weeks, will be launched in many more countries. Financing has been secured for promotional events to be held in Guyana, Paraguay and Peru. UNIDO is now planning such events in Algeria, Egypt, the Libyan Arab Republic, Morocco and Tunisia. It is envisaged that these short-term activities will create greater interest on the part of Governments and industry in specific technical assistance work and in comprehensive training activities in the field of maintenance and repair.

METALLURGICAL INDUSTRIES

(30.2.00)

53. Since metals are essential for the construction and operation of industrial installations and public services as well as for the production of hard consumers' goods, developing countries continue to assign high priority to the establishment of metallurgical industries. The exploitation of metal ore deposits for production of

iron, steel, aluminium, copper etc. and for the transformation of metals and alloys into semi-finished products such as sheet, plate, bars, wire, sections, tubes, castings, heat-treated and surface-treated parts is being given increasing attention by Governments and enterprises of developing countries. A greater effort is being made by those countries to secure the necessary know-how, equipment, raw materials, finance and markets through international and bilateral co-operation and through joint ventures.

54. On the basis of the information, contacts, discussions and studies in 1975, it is to be expected that the demand for technical assistance in the area of metallurgical industries and technology will continue to increase in volume and complexity. This trend is in line with the recommendation contained in the Lima Declaration and Plan of Action to the effect that "developing countries should devote particular attention to the development of basic industries such as steel" (para. 52). It is also evident that there is an increasing degree of international co-operation in this field, including co-operation and assistance among the developing countries themselves, as exemplified by several of the projects mentioned below.

55. The metallurgical industries component is composed of five specific activities: light non-ferrous metals (30.2.01); heavy non-ferrous metals (30.2.02); iron and steel (30.2.03); foundries (30.2.04); and creation and transfer of metallurgical know-how (30.2.05). The technical assistance projects under implementation by UNIDO in 1975 were related to the following main priority areas:

Establishment and operation of metallurgical plants for production of iron, steel, aluminium and copper, as well as for ilmenite smelting;

Establishment and operation of installations for rolling, forging, casting, heat treatment and surface coating of metals and alloys;

Provision of metallurgical know-how and technology, either through specialized centres or plant departments, in order to increase local capability to find solutions to problems related to metallurgical processes and to the production and application of metals and alloys (extractive metallurgy, metallography, quality control, research and development, metal standards etc.).

56. In 1975, UNIDO had 19 large-scale and 75 small-scale projects under implementation in this field. The general trend noted in requests for technical assistance has been towards large-scale projects or integrated expertise, a concept that requires a number of experts to tackle the various aspects of a problem. With regard to implementation methodology, the trend is towards more subcontracting. It should also be noted that considerable groundwork was done by UNIDO in 1975 on preparing projects for which the source of financing has not yet been determined.

Light non-ferrous metals (30.2.01)

57. Specially favourable conditions for the establishment of production facilities for alumina, aluminium and titanium oxide based materials exist in a number of developing countries that have large deposits of bauxite and ilmenite and important

energy generation potential (hydro- or thermo-electric). During 1975, UNIDO had 2 large- and 13 small-scale technical assistance projects under implementation in this field; of these projects, 8 concerned the aluminium industry and the remaining 7 related to ilmenite smelting.

58. As a follow-up of previous UNIDO assistance to Iraq on a proposed aluminium smelter, a large-scale industrial project has now come into being; in 1975, two UNIDO experts advised the Government on techno-economic aspects and on the evaluation of tenders for construction of a \$250 million plant at Khor Al-Zubair.

59. During 1975, UNIDO completed the second phase of a techno-economic pre-feasibility study on the processing of bauxites in Madagascar; the report, which was positive, was transmitted to the Government and might lead eventually to the establishment of large-scale aluminium production.

60. Technical assistance for various stages of bauxite processing and aluminium production have been sought from UNIDO by several countries, including Brazil, Colombia, Indonesia and Iran. Thus, in 1975, new UNIDO projects covered fields such as domestic aluminium market survey, aluminium production potential, preparation of a master plan for secondary aluminium recovery and increase of the production and sales of aluminium extrusions.

61. With the assistance of UNIDO, industrial-scale smelting tests were performed in 1975 in the Union of Soviet Socialist Republics on 1,200 tons of ilmenite concentrates and charcoal from Sri Lanka (cf. ID/B/150, chap. III, para. 49). On the basis of the test report, to be submitted by early 1976, a final decision is to be taken on the construction of a commercial plant.

62. During the year under review, laboratory-scale electro-smelting tests were performed on ilmenite concentrates originating from two deposits in Brazil. The results, transmitted to the Government, confirmed the technical feasibility of processing TiO_2 slag and pig iron.

63. During 1975, UNIDO undertook a feasibility study of a plant for ore dressing of heavy mineral black sands in the Gambia, where the Government intends to establish a plant for producing concentrates for export. Another feasibility study, covering ore dressing and smelting, was carried out in Senegal and might lead to the industrialization of the country's resources of ilmenite-containing ores. Both feasibility studies were carried out for UNIDO by a subcontractor from the Union of Soviet Socialist Republics. An exploratory mission to Mauritania was also undertaken by UNIDO in 1975; the purpose of the mission was to identify assistance needed for the exploitation of ilmenite deposits and their industrialization.

64. The implementation of the large-scale technical assistance project on the establishment of the prototype pilot and demonstration plant for smelting of ilmenite concentrates at Chavara (Kerala), India (cf. ID/B/150, chap. III, para. 47), using the electro-smelting technology developed in the Union of Soviet Socialist Republics, was postponed at the request of the Indian Government. Laboratory-scale smelting tests and a techno-economic report had previously been completed for this plant.

Heavy non-ferrous metals (30.2.02)

65. Developing countries possess important deposits of copper, lead, zinc, tin and nickel ores. The exploitation of these resources for industrial processing has been assigned a high priority by the Governments of many developing countries in an effort to increase exports and the value added to such exports. In 1975, UNIDO had three large-scale and twelve small-scale projects under implementation in this field.
66. In the course of implementing a large-scale project in Yugoslavia (cf. ID/B/150, chap. III, para. 55), UNIDO provided one expert in 1975 and a major part of the equipment envisaged for the project. Through this project, Yugoslavia intends to develop processes to treat low-grade ores in Macedonian deposits.
67. As a follow-up of previous UNIDO assistance, and as a notable example of co-operation between developing countries, the Zambian Government and Egypt concluded a bilateral agreement for a joint Zambian/Egyptian copper fabrication project; market and feasibility studies are to be prepared with UNIDO assistance. This is only one of several industrial projects being undertaken or planned as joint ventures by the two countries.
68. As a result of a UNIDO preparatory mission to Turkey in 1974, technical assistance was provided in 1975 to help to prepare a feasibility study on electrolytic copper refining; as a result of this study, invitations to tender are now under preparation. The production of electrolytic copper and the recovery of precious metals could assist the Government of Turkey to increase not only revenues in foreign exchange but also employment in this branch of industry.
69. Among the technical assistance activities carried out by UNIDO in the field of heavy non-ferrous metallurgy in 1975 were small-scale projects in Argentina, Brazil, Indonesia, Iran, Peru, Rwanda and Turkey.

Iron and steel (30.2.03)

70. A high priority has been assigned to iron and steel production by a number of developing countries; this branch was also singled out in the Lima Declaration and Plan of Action (para. 52). During 1975, UNIDO had 3 large-scale and 34 small-scale projects under implementation in this field. They varied in scope from specialized expertise to the preparation of national master plans for the iron and steel sector.
71. A comprehensive study and recommendations for long-term planning of the Colombian iron and steel sector was in the final stages of implementation (cf. ID/B/150, chap. III, para. 59), having involved extensive discussions and detailed work in Colombia and at the headquarters of the subcontractor in India. This project exemplifies the remarkable new process of exchange of know-how and experiences among developing countries.
72. A UNIDO expert advised the Iraqi Government on the installations being planned for the production of sponge iron at Basrah, which should utilize the abundant national resources of hydrocarbons and ensure the local supply of steel (cf. ID/B/150, chap. III, para. 58).

73. Six UNIDO experts advised the Peruvian Government during 1975 on the expansion of the Chimbote plant and on the planning of the proposed new large-scale plant at Nazca (cf. ID/B/150, chap. III, para. 60).

74. The final report of the joint UNIDO/IBRD mission on the establishment of an integrated steel plant in Thailand (cf. ID/B/150, chap. III, para. 61) was transmitted to the Government and might lead to a decisive step in the country's industrialization.

75. Bench-scale tests for dressing, pelletizing and reduction of Valentines ores of Uruguay were carried out by UNIDO under subcontracting and the report was transmitted to the Government in 1975. As a follow-up, the Government approved a project document for a large-scale project covering assistance in studies for the eventual installation of the first Uruguayan integrated steel plant.

76. During 1975, a team of UNIDO experts was fully engaged in the introduction of a modern, computerized maintenance system at the Helwan Steel Complex in Egypt; the aim of the system is to ensure full capacity utilization and maximum operational efficiency of the installed equipment. Another UNIDO team completed in 1975 similar work at the Dunai steel plant in Hungary (cf. ID/B/150, chap. III, para. 63).

77. In 1975, UNIDO completed a revision of a project for the establishment of a sponge iron pilot and demonstration plant in Andhra Pradesh (India); the enlarged project has been approved by the Government, making it one of the largest and most challenging technical assistance projects of UNIDO.

78. Assistance in the preparation of a comprehensive study on the expansion of the iron and steel sector was requested from UNIDO by the Government of Egypt in 1975; the study is already in the first stages of subcontracting.

79. The bench-scale testing of Costa Rican magnetitic sands for beneficiation, pelletizing and direct reduction was subcontracted by UNIDO at the end of 1975; the purpose of the tests is to ascertain the possibility of utilizing the magnetitic sands for the production of steel.

80. During 1975, UNIDO experts on standardization and marketing of iron and steel products and on steel plant refractories advised the National Council for Non-Ferrous Metals and Steel of Brazil.

81. Assistance in the preparation of a master plan for iron and steel technology was also provided to Brazil, through a team of internationally known technologists, in 1975. Both projects are essential components of Brazil's major effort to develop its steel production capacity. The other technical assistance projects and preparatory missions implemented by UNIDO in 1975 covered a variety of problems confronting the steel industry in developing countries.

82. In view of both the priority attached to steel production by developing countries and the interdependence of the world's iron and steel industry, UNIDO organized, in November 1975, a working group meeting on the follow-up of the Third Interregional Iron and Steel Symposium. The discussion centred on the present position of the iron and steel industry and the prospects for expansion through

international co-operation. The basic reference documents for the meeting were the case study, prepared by UNIDO, on the "Iron and steel industry in developing countries—a preliminary case study of the present situation, prospects for development and international co-operation",¹ and the Lima Declaration and Plan of Action on Industrial Development and Co-operation. The meeting was attended by 18 high-level experts and executives from developed and developing countries. The report of the meeting will be available in early 1976. In the preparation and implementation of the meeting, close contacts were maintained with ECE and with interested non-governmental organizations.

Foundries (30.2.04)

83. The operation of foundries is a necessity in practically all developing countries, and during 1975 UNIDO technical assistance under implementation in this field included 3 large-scale and 13 small-scale projects. The three large-scale projects covered the establishment of four pilot and demonstration foundries, and substantial work was done on several other, similar projects.

84. The majority of the equipment for the pilot and demonstration foundry in Senegal was delivered during 1975 and is in the process of being installed; the expertise and training required for the establishment and operation of the foundry were also provided during 1975 and should enable operations to begin in 1976 (cf. ID/B/150, chap. III, para. 69).

85. With the assistance of voluntary contributions from Yugoslavia, practically all items of equipment for the Somali pilot and demonstration foundry (cf. ID/B/150, chap. III, para. 71) were delivered by the end of 1975. Owing to the special efforts of the project manager and of local personnel, it was possible to start pilot operations. The foundry was officially inaugurated by the President of Somalia on 21 October 1975, in the presence of a senior staff member of UNIDO, representing the Executive Director. For the first time, cast iron was produced in the country.

86. The Government of Malaysia decided to narrow the scope of its metal industries development centre (cf. ID/B/150, chap. III, para. 72), with probable postponement of the installation of the foundry, for which extensive specifications, layouts and programmes of work had been prepared by UNIDO during the course of 1975, through the services of a subcontractor from Romania.

87. A number of other technical assistance projects, comprised largely of expertise, were under implementation by UNIDO in 1975 in Haiti, India, Iran, Laos, Mali, Malta, Mexico, Nepal, Rwanda, Tunisia and Zambia. During the year, UNIDO also finalized a detailed monograph on the establishment of prototype demonstration foundries in developing countries; the monograph is scheduled for publication in early 1976.

¹ Document ID/B/C.3/35/Rev.1/Add.1.

Creation and transfer of metallurgical know-how (30.2.05)

88. Developing countries are making increasing efforts to secure sources of metallurgical technology and expertise for the establishment and operation of their own metallurgical industries. Requests for UNIDO technical assistance led to a number of important projects aiming at the creation, transfer and application of metallurgical technology.

89. In 1975, UNIDO had three small-scale and eight large-scale projects under implementation in this field. The large-scale projects were: Central Creep Testing Facilities for the National Metallurgical Laboratory, Jamshedpur, India (\$700,000); Mineral and Metallurgical Research and Development Centre, Santiago, Chile, Phase II (\$1,850,000); Metallurgical Institute "Hasan Brkic", Zenica, Yugoslavia, Phase II (\$255,000); Central Metallurgical Research and Development Institute, Egypt, Phase II (\$2,021,330); Marmara Industrial and Technological Research Centre, Gebze, Turkey (\$636,000); Iron and Steel Research Centre, Mexico (\$525,000); Metals Advisory Services (Phase I of the Centre for Metallurgical Technology), Pakistan (\$400,000); National Welding Research Centre, India (\$1,140,000).

90. A 1975 joint UNDP/UNIDO evaluation mission, in co-operation with the Government of India, to the Central Creep Testing Facilities at the National Metallurgical Laboratory at Jamshedpur, India, made a very positive assessment of the project. The testing facilities are to assist in the testing and development of high temperature creep-resistant alloys based on indigenous alloying elements. The main input, namely metallurgical equipment, has been provided at a cost of over \$0.5 million, and has been matched by the Government expenditure of about \$1 million for the new buildings and services for the Creep Testing Facilities. Some highly interesting and potentially useful results have already been obtained in the testing and development of chromium-manganese-nitrogen-based high temperature creep-resistant alloys for industrial application in engines, valves and engineering components.

91. The Mineral and Metallurgical Research and Development Centre in Chile is making good progress in providing assistance to the copper concentrators and smelters in the country in the treatment of reverberatory furnace slags, pipe transport of slurries, reclamation of tailings through leaching treatment etc. The Centre is operating in new buildings and facilities, provided by the Government, under bilateral arrangements. The assistance provided under the large-scale UNDP/UNIDO project covered, in 1975, important items of pilot plant and laboratory equipment, as well as specialized expertise.

92. The remaining inputs in equipment and experts to the Zenica Centre in Yugoslavia were provided by UNIDO in 1975. Development work on the beneficiation of Vares iron ores and on production of permalloy was also completed during the year under review, with the assistance of UNIDO.

93. The Central Metallurgical Research and Development Institute in Egypt continued to make good progress in development work related to hot-dip aluminizing of steel, ferro-alloys, investigations of service failures of metallurgical components, roll pass design and rolling practices in the steel rolling mills. In an assessment carried out by government authorities and by the United Nations Internal Audit Service, this large-scale project was rated of great value to the industry in Egypt.

94. The inputs covering equipment, expertise and training for the Marmara Industrial and Technological Research Centre in Turkey were delivered in 1975, according to schedule. The Centre has been engaged in trouble-shooting in connexion with in-service failures of metal parts and in studies related to industrial problems.

95. A project revision, completed by UNIDO in 1975 and approved by the Government of Mexico, calls for assistance to the newly created iron and steel research centre, which should become an essential unit in the progressive Mexican steel industry.

96. The newly started Metals Advisory Services in Pakistan have already begun providing services to local metallurgical plants; this project is being implemented by UNIDO on the basis of a subcontractual agreement with a metallurgical technology centre in the United Kingdom.

97. In 1975, the project document for the National Welding Research Centre in India was approved, and UNIDO provided preliminary assistance in the definition of equipment and installations requirements. The Institute will be a centre of specialized technology for the metal-producing and consuming industries.

98. Other large-scale projects related to the establishment or strengthening of centres that were in the preparatory stage in 1975 were: augmentation of hydro-metallurgical technological facilities (India); aluminium development institute (India); and non-ferrous metallurgical centre (Indonesia). A regional project, the South-East Asia Tin Research and Development Centre, is now under implementation by UNIDO, jointly with other United Nations agencies. A regional African Centre for the Iron and Steel Industry has been proposed for joint implementation with ECA; the project is awaiting the approval of Governments and the UNDP.

99. In the field of metal transformation technology transfer, UNIDO concentrated its efforts during 1975 in several ESCAP countries. A number of firms and institutions in developed and developing countries are co-operating with UNIDO in the preparation and dissemination of offers of metallurgical know-how and its transfer to appropriate recipients through technical agreements, joint ventures, direct technical co-operation etc. The know-how covers metal transformation operations such as casting, forging, rolling, extrusion, welding, brazing, heat treatment and mechanical working. It is described in a portfolio of metal transforming technologies, which is being continuously updated by UNIDO to increase the range and diversity of the metallurgical know-how included.

BUILDING MATERIALS INDUSTRIES

(30.3.00)

100. The principal activities of UNIDO under the building materials industries programme component remain basically the same as those set out in ID/B/150, chap. III, para. 81. Evaluation within UNIDO in 1975 resulted in a further objective being added to those enumerated in last year's Report, that of an integrated approach to the building materials industry as a whole, wherever this was deemed appropriate. The technical assistance programmes of UNIDO in this operational field respond mainly to specific requests from developing countries for assistance; such requests are often limited to particular materials such as bricks, lime, cement or timber. Although this type of project request meets particular needs, investigation has often shown that there could well be a better approach in many developing countries, namely an integrated approach aimed at taking stock of raw materials, labour availability, markets and building techniques and probable manufacturing costs so as to determine the optimum over-all development plan for the building materials industry in a country.

101. The first stage of such a major project was initiated in Indonesia in 1975; further projects are in preparation, notably for Ecuador, Somalia, the Syrian Arab Republic and the United Republic of Tanzania.

102. The work of UNIDO in building materials industries can be divided into three specific activities: cement and concrete products industry (30.3.01); heavy clay, ceramics, glass and allied products industry (30.3.02); and wood processing and wood products industry (30.3.04).

Cement and concrete products industry

(30.3.01)

103. UNIDO technical assistance to the cement and concrete products industry has shown a trend towards bolstering factory establishment and operation through fielding experts who can reinforce host country promotor teams when necessary. The UNIDO expert helps by strengthening the promotor group in its negotiations with international consulting companies working to establish factories, and also helps to avoid, where desirable, over-sophistication of plant installations. In 1975, UNIDO completed assistance of this type in the Libyan Arab Republic and Zaire; ongoing assistance of the same nature is now being offered in Guinea, Honduras, Kuwait, Papua New Guinea and Democratic Yemen. Future technical assistance is likely to include operation of the newly established factories and specialized training of personnel under trust fund arrangements. This type of assistance will help safeguard the newly established factories against deteriorating performance and financial losses by improving plant operation.

104. UNIDO co-operation with India for the development of small viable cement plants using the shaft kiln technique is continuing. The Cement Research Institute of India has drafted a programme for a proposed interregional seminar on development of appropriate technology in the cement industry, which will consider the experiences of both small- and medium-scale cement factories. The realization of the seminar, scheduled for 1977, will depend on the availability of financial support.

Heavy clay, ceramics, glass and allied products industries
(30.3.02)

105. Ceramics industries have a long tradition almost everywhere in the world, and the demand for the introduction of more advanced technologies and the establishment of non-metallic mineral-based industries continues to increase. Worldwide recognition of the need to improve housing standards is undoubtedly contributing to this development, and the majority of UNIDO's activities in this sector is concerned with the manufacture of building materials.

106. Before a manufacturing enterprise for new building materials can be established, a thorough assessment of the quality and quantity of available raw materials must be made. A good example of UNIDO's involvement in this field is a project in the Gambia where a consulting company has carried out an extensive survey of clay, sand and lime deposits followed by laboratory investigations and technological trials. The recommendation to set up a small unit to manufacture ceramic artware for export as well as a brick making plant has been positively received by the Government, and preparation of a follow-up project to implement the proposals is at an advanced stage.

107. A survey of brick clay resources in Lesotho (cf. ID/B/150, chap. III, para. 89) carried out by an expert, supported by a laboratory partially financed by UNIDO, also produced substantial results during 1975. Indications are that the Government will invest in two brick works in Mohalés Hoek and Qacha's Nek as well as in a training centre for brick and tile makers, thus providing the country with an adequate supply of bricks and other structural clay products.

108. Owing to the possibility of employing an uncomplicated and labour-intensive production technology, brick plants will for some time to come account for an important share of UNIDO's activities in the building materials sector, with such countries as Cape Verde, Guinea-Bissau and Rwanda joining the group of possible future producers on an industrial scale.

109. The fine-ceramic industry is also receiving increased attention; during 1975, UNIDO experts assisted in the actual establishment of ceramic tile plants in Benin and Bolivia and advised on the planning of similar manufacturing facilities in the Central African Republic, Cyprus and Malta.

110. In an effort to replace importation by local production, a number of countries—including Cyprus, Libyan Arab Republic and Peru—have requested the assistance of UNIDO in planning the establishment of glass plants. In the three cases mentioned above, UNIDO experts have prepared the tender documents and will, as the work progresses, provide the Governments with further technical advice and support until the time of production start-up.

111. This group of activity comprises, in addition to clay products and glass, a number of more specialized products. A good example is the volcanic materials project in Iceland which, during 1975, showed excellent progress; as a tangible result of UNIDO assistance, a pilot plant for crushing and expanding perlite went into operation towards the end of 1975. The pilot plant will develop the detailed technology to be used by a future industrial-size plant and will provide sufficient

quantities of expanded perlite for trial productions of light-weight building materials. The building materials produced on the basis of expanded perlite, as well as the natural light-weight aggregates scoria and pumice, will be shown at an exhibition in 1976 with the purpose of promoting local application and attracting the interest of foreign investors in joint ventures with the Icelandic Government.

Wood processing and wood products industry (30.3.04)

112. The assistance provided by UNIDO under this heading continued to be considerably varied in nature. The implementation of the major IPF project in Yugoslavia, referred to in ID/B/150, chap. III, para. 97, has been delayed owing to difficulties experienced by the recipient agency in finding qualified counterparts and in modifying the buildings to house the equipment received.

113. The implementation of the large-scale project in Laos has been affected by delays in recruiting associate experts. Assistance in other fields has proceeded satisfactorily. A subcontract has been awarded to design a modular prefabricated system for wooden elements usable in school construction; assistance has also been requested to study the possibility of utilizing the country's forest resources more fully.

114. The field work for the feasibility study for the plywood mill in the Sudan (cf. ID/B/150, chap. III, para. 97) was completed in 1975. Assistance was also given to the furniture industry of Ecuador, Malta and Mauritius. In Kenya, UNIDO provided assistance in the design and production of simple prefabricated modular wooden bridges from local timbers, while in Honduras, the sawmilling industry received technical assistance from UNIDO.

115. The fifth UNIDO Seminar on Furniture and Joinery Industries was held in 1975, in collaboration with the Finnish Government and the Lahti Technical Institute. To date, 122 technicians from the furniture industry of developing countries have participated in these seminars; the next seminar is tentatively planned for 1976.

116. The meeting referred to in ID/B/150, chap. III, para. 98, which was scheduled for 1974 but subsequently postponed, was held in November 1975; the report of the meeting was published by the end of the year. Discussions with the Italian authorities and the Italian woodworking machinery industry have led to an agreement whereby a training course on criteria for the selection of woodworking machines will be held in Milan in May 1976. It is to be financed entirely from an Italian voluntary contribution to UNIDO.

CHEMICAL, PHARMACEUTICAL AND PULP AND PAPER INDUSTRIES (30.4.00)

117. The work of UNIDO in these industries continues to concern basic, organic and inorganic chemicals, pharmaceutical products, essential oils, and pulp and paper of various qualities and board. A notable addition to the technical assistance activities

of UNIDO in this field has been the close co-operation with the United Nations Fund for Population Activities (UNFPA); in 1975, a UNIDO staff member took part in a global survey of raw materials and local production of contraceptives in developing countries, which was carried out by a team of experts. This contribution was a part of UNIDO's co-operation in the work of the United Nations in population activities and has led directly to further direct technical assistance in the field, in Cuba and Ghana, in the local manufacture of contraceptive products and chemical intermediates.

118. The operations of UNIDO under this programme component are divided into three specific activities: basic chemical industry (30.4.01); pharmaceuticals, contraceptives and essential oils industries (30.4.02); and pulp and paper industry (30.4.03).

Basic chemical industry (30.4.01)

119. In last year's Annual Report (ID/B/150, chap. III, para. 104), a reference was made to charcoal processing as a source of raw material for certain chemicals and as an important fuel source in certain countries without petroleum resources. The joint FAC/UNIDO technical assistance project in Ghana (cf. ID/B/150, chap. III, para. 104) is now about to become operational, and a request for assistance in wood distillation has also been received from Zambia. Expertise in this field is rather limited and difficult to find, since wood distillation is no longer widely practised in industrialized countries owing to the availability of cheaper methods for chemical manufacture; the process does, however, justify a re-examination in developing countries with adequate timber resources. Opportunities may exist during planned reforestation, for example, for using non-commercial tree varieties for charcoal.

120. A growing interest in coal as a source of chemical products and liquid fuels is also evident, both in industrialized countries with large coal reserves and in certain developing countries. In Colombia, for example, a detailed study by a contracting firm is scheduled to begin early in 1976 to look into the possibilities of utilizing the country's substantial untapped coal reserves.

121. Following the slump that began in 1973, the demand for salt, both for human use and as a major raw material for the chemical industry, should now be turning upwards again with the improving world economic situation. Consequently, UNIDO intends to study ways in which salt production can be increased by utilizing the potential of tropical developing countries, where raw material and energy from sea and sun can be used to produce solar salt. The assistance of both producers and importers from developed countries will be sought to plan for and develop this expansion in solar salt production. It is anticipated that upgrowth in the salt-producing capacities of developing countries could contribute significantly to increasing their share of total world industrial production to 25 per cent by the year 2000, as called for in the Lima Declaration. For salt production, reaching this target figure could imply as much as 50,000,000 tons per annum.

Pharmaceutical, contraceptives and essential oils industry
(30.4.02)

122. Developing countries have shown great interest in the establishment of pharmaceutical industries during recent years. In the developed countries, this is a highly sophisticated industry, and developing countries, with limited trained manpower and budgets, are often not very well informed as to how they should start building up such an industry in an appropriate way. UNIDO has begun to encourage two main activities to assist the development of the pharmaceutical industry in developing countries. The first type of activity concentrates on developing production units based on imported bulk material or on expanding existing units by improving their quality. This practice has given developing countries the opportunity to achieve economies of up to 50 per cent in the hard currency needed for importing finished packed drugs, thus enabling these countries to develop an industry essential to local health and social welfare. Assistance of this kind has been welcomed by the developing countries, as is evidenced by an increase in the number of projects in this field. In 1975, UNIDO carried out large-scale projects for Cuba, Ghana, India, Sri Lanka, and Zambia, as well as smaller projects in other developing countries. The second type of activity involves the training of technicians from developing countries and the dissemination in the developing countries of the techniques required for the establishment of a pharmaceutical industry.

123. UNIDO is carrying out three mutually complementary supporting activities to promote the establishment of more pharmaceutical industries in developing countries. The first activity had to do with training technicians in developing countries so that they could act as counterparts for experts in future projects. To this end, UNIDO organized in 1974 and again in 1975 a training programme in Belgium in pharmaceutical industrial techniques; 55 technicians of 35 different nationalities were trained in the course of these programmes, with the Government of Belgium providing the necessary funds. The first course was in English, the second in French. It is anticipated that further assistance from the Government of Belgium and the University of Ghent will be available for future training programmes in this field.

124. Secondly, UNIDO organized in 1975 a meeting on the establishment of pharmaceutical industries in order to introduce the developing countries to the technical requirements for developing these industries. The programme, which has been particularly welcomed by developing countries, was financed from a voluntary contribution from Hungary.

125. During 1975, UNIDO undertook preparatory work for the holding of a meeting on transfer of technology related to the pharmaceutical industry, the third essential step for the development of this industry. The meeting is to take place in India in 1976. Through this series of activities, UNIDO hopes to provide the developing countries with a means of familiarizing themselves with the activities and possible assistance of UNIDO in this field.

126. A new programme of UNIDO co-operation with the World Population Plan of Action was worked out during 1975, dealing with the local production of contraceptives for family planning in developing countries. The programme has proved successful; it has been accepted by the United Nations donating agencies and major projects are in preparation for family planning programmes dealing with the production of contraceptives. Funds have been made available by UNDP and UNFPA for these projects.

127. Considerable progress was made during 1975 in the technical assistance programme related to the essential oils industry. Presently, there is a shortage in good quality essential oil products on the world market, but raw materials are available in many developing countries. UNIDO provided technical assistance in 1975 in the production of essential oils to Burma, Egypt and Rwanda. The Organization also developed a programme for the establishment of a mobile pilot plant for the production of essential oils in the Sahara region, which is rich in these materials. According to the findings of a UNIDO expert in 1975, it will probably be possible to establish the plant at the beginning of 1976. The necessary funds have been made available through voluntary contributions from France. Similar projects are planned for Asia and for other African regions in co-operation with the joint UNIDO/Romania Centre. The goal of these projects is to demonstrate proper manufacturing methods and to improve the quality of existing production to meet international standards.

Pulp and paper industry (30.4.03)

128. During 1973-1974, the world was struck by a quite unexpected pulp and paper shortage, and many countries had great difficulties in obtaining sufficient quantities of paper/board for local use and consumption. The shortage was particularly severe in newsprint; many paper mills could not obtain enough chemical pulp for their operations. As a result, paper/board and chemical pulp prices rose considerably, hitting especially hard at the foreign exchange savings of many developing countries that were already suffering from the increased prices brought on by the general inflation.

129. This situation has intensified the interest of the developing countries in the establishment of their own industries for the production of pulp and paper and has resulted in a growing number of requests for UNIDO technical assistance in the field of pulp and paper production.

130. Many of the fibre raw materials available in developing countries for the production of pulp and paper differ from those used in developed countries, for which the existing technologies and equipment have been evolved. As a result, new processes and equipment have to be developed or existing ones have to be adapted to the fibres available in developing countries. For this reason, developing countries are expressing interest in the creation of pulp and paper research institutes. The interest for research and development is particularly concentrated on the use of mixed tropical hardwoods and bagasse for pulp and paper. An example of such interest is the \$15 million pilot plant project in Cuba for the development of technologies for the production of newsprint and viscose pulp from sugar cane bagasse. The project is now well under way.

131. Another area of increased activity for UNIDO is assistance to existing pulp and paper mills in developing countries in building up increased production in their pulp/paper/board industry to supply local markets with locally made products, thereby relieving the strain on the foreign exchange holdings of the country. UNIDO is assisting local pulp/paper/board mills to solve their problems by providing expertise in such areas as trouble-shooting, better production methods, rebuilding and modernizing existing machinery, better maintenance and training.

132. The strengthening and modernizing of local paper industries can be of significant help to the developing countries by reducing the adverse effects of the anticipated worldwide cyclic pulp and paper oversupply/undersupply on the social and economic life in these countries.

FERTILIZER, PESTICIDE AND PETROCHEMICAL INDUSTRIES (30.5.00)

133. The factors which determined the main direction of UNIDO's activities in the field of fertilizers, pesticides and petrochemical industries in 1974 remained basically unchanged in 1975. Against the persistent effects of drought and famine on the world community, the importance of these industries for the agriculture sector has continued to stand out in high relief. The preoccupations of the 1974 World Food Conference were shared by the Second General Conference of UNIDO, which underlined the importance of food production in the developing countries. Meanwhile the cost of petroleum and petroleum-based products, to which the price of fertilizers is tied, continued to rise, leaving the imbalance between the demand for and supply of fertilizers on the world market unaltered. Consequently, UNIDO devoted considerable attention to studying ways of circumventing the dependence of fertilizer production on petroleum and petroleum-based products.

134. The implementation of the eight-point resolution on fertilizers, adopted by the World Food Conference, was a priority concern of UNIDO during the year under review. In response to one of the recommendations of the Conference, efforts crystallized in 1975 to co-ordinate the work of UNIDO in the field of the fertilizer industry with that of FAO and the World Bank (see the following section on "Fertilizer industry"). At the same time, the involvement of UNIDO in the activities of the FAO Commission on Fertilizers increased.

135. The world's growing concern over environmental questions was reflected in continuing UNIDO assistance in 1975 in the field of pyrethrum production and research, while demonstration of plastics production and use was one of the Organization's contributions towards alleviating the untenable conditions in the drought-stricken Sudano-Sahelian region.

136. The three specific activities comprising the work of UNIDO under this programme component are fertilizer industry (30.5.01), pesticides (30.5.02) and petrochemicals (30.5.03).

Fertilizer industry (30.5.01)

137. The strategy and long-term approach of UNIDO in the fertilizer field was strengthened by the Lima Declaration and Plan of Action, which put special emphasis on this sector. The short-term approach of UNIDO is designed to help developing countries to improve the utilization of their existing fertilizer production facilities. During 1975, UNIDO missions were undertaken to India and Pakistan to provide technical advice for improved utilization of fertilizer plants at minimum investment.

138. In 1975, UNIDO, in co-operation with ESCAP, acted as executing agency for a priority project on regional co-operation in chemical fertilizer production and distribution in the ESCAP region. The project consisted of fact-finding missions to developing countries in the ESCAP region with a view to increasing their self-dependence in the production of chemical fertilizer, either through expanded national production or through regional arrangements. The field missions were followed by expert group meetings and missions to meet planners from developed countries and representatives of international and regional banks. The projects' immediate objective was to achieve greater utilization of existing plant capacity; many plants were averaging only 40-60 per cent capacity utilization. Full capacity utilization would help to overcome the deficit suffered by domestic markets and would stimulate the construction of new, export-oriented fertilizer plants in those areas within the ESCAP region where indigenous raw materials are available. This regional approach may call for long-term supply and purchase agreements, on a bilateral basis, and joint ventures between exporting and consuming countries.

139. As part of the long-term approach, aiming at the construction of fertilizer plants based on a variety of feedstocks indigenously or otherwise available in developing countries, UNIDO during 1975 made a number of feasibility studies to determine the viability of various projects; missions were fielded to Ethiopia, Madagascar, Mali and Zaire. The missions also aimed at promoting investment in such projects by Governments or through bilateral assistance.

140. The training and upgrading of skills of nationals from developing countries continued during 1975 with a fourth in-plant group training programme for engineers in the fertilizer industry, held by UNIDO in collaboration with the Union of Soviet Socialist Republics. Twelve engineers from seven developing countries attended the course. There was excellent co-operation between the organizers of the programme and the participants, but some of the latter expressed the opinion that specific problems confronting the developing countries in the fertilizer industry should have been more fully covered.

141. With the collaboration of the Government of New Zealand, a workshop in fertilizer technology was held in that country in 1975, with twelve participants from nine different developing countries. As a follow-up it is planned to hold courses in maintenance and repair of fertilizer plants in other developed countries.

142. To support the promotion, distribution and storage of fertilizers in developing countries, UNIDO completed in 1975 a detailed study on the establishment of a model fertilizer pilot demonstration plant for bulk handling, blending and bagging. This prototype project was conceived with some of the least developed countries in mind. At present these countries consume very small amounts of fertilizer; consequently, a primary goal of the project is to encourage these countries to build up their infrastructure to handle imported fertilizer in bulk by bagging it for distribution with the appropriate formulation.

143. In a joint programme undertaken by UNIDO and IDCAS, in co-operation with ECWA (cf. ID/B/150, chap. III, para. 124), UNIDO experts are providing the Arab States with the data needed to guide the expansion of their fertilizer industry. During 1975, UNIDO fielded missions to assist in the operation of existing fertilizer plants in Arab countries and to improve the utilization of their productive capacity. In addition estimates were made of future demand in order to formulate a comprehensive plan for developing the fertilizer sector in 20 Arab countries.

144. The UNIDO/FAO/World Bank working group held two meetings during the year under review to co-ordinate their activities in the field of fertilizers generally, and specifically in production supply, demand and projection. Statistical data on existing plants and their utilization and on projects planned in the production of nitrogen phosphate and potash plants are being compiled, since the availability of more comprehensive data on the supply of fertilizer would facilitate forecasting demand over the next decade. The working group agreed to publish an internal newsletter, on a quarterly basis, to prevent duplication of efforts in the ongoing or planned programmes in the fertilizer field. It was also agreed to hold two meetings a year and to rotate the location of such meetings.

145. Another field in which UNIDO has been providing technical assistance is in the production of organic fertilizer (compost) from municipal wastes. This activity dates back to 1970 and 1971 when UNIDO carried out, through subcontracting, feasibility studies on the production of compost from the town wastes of Conakry (Guinea) and Aden (Democratic Yemen). In 1975, a comprehensive programme of assistance was provided to Morocco to rehabilitate and improve the efficiency of existing plants in Rabat, Meknes, Tetuán and Marrakech and to train Moroccan personnel in the operation, maintenance and repair of compost plants as well as in marketing and application of compost. In addition, UNIDO is helping to rationalize and improve the efficiency of refuse collection in Casablanca to ensure a regular supply of raw material for its new compost plant, one of the biggest in the world (700 tons of garbage per day), which started operation in May 1975.

146. In 1975, UNIDO, in co-operation with the joint UNIDO/Romania Centre, continued work on the elaboration of a tentative reference manual on the manufacture of catalysts for the fertilizer and petrochemical industries (cf. ID/B/150, chap. III, para. 127). The manual, which includes information supplied by 71 catalyst-producing companies from different countries throughout the world, is now ready for publication.

147. The establishment of two fertilizer development centres for Arab countries (one related to nitrogen fertilizers and the second to the phosphate fertilizer industry) has been proposed. Through such assistance, the natural resources in some Arab countries would be used for the more economical production and supply of sufficient quantities of fertilizers to developing and developed countries lacking adequate raw materials. An amount of \$1 million has provisionally been set aside for UNDP inputs over a five-year period for a fertilizer development programme in this region. It is envisaged that a UNIDO preparatory mission, in co-operation with IDCAS, will begin to formulate the final project document in early 1976.

148. During 1975, UNIDO provided technical assistance to Romania in the application of electronic computers in the fertilizer and petrochemical industries. The project covered general information about computerization and its specific relevance to a Romanian ammonia plant. Throughout two months of consultant services, Romanian experts were introduced to the concept and features of both software and hardware aspects of control computers, including model building and working procedures.

149. A regional consultation on licensing of technology, with special reference to the petrochemical and fertilizer industries, was organized by UNIDO in co-operation with IDCAS and the Libyan General Organization for Industrialization, for the

benefit of the Arab countries of the Middle East and North Africa; it was held in the Libyan Arab Republic from 1 to 6 December 1975. The consultation brought together Arab executives responsible for technology transfer and licensing agreements in the field of fertilizers and petrochemicals, with a view to providing them with a common forum in which to exchange personal experiences and be benefited from the experience of international consultants in the field. It is hoped that the discussions will lead to concrete proposals and recommendations for improving the system of technology transfer in industry in general, and in the fertilizer and petrochemical industries in particular.

Pesticides (30.5.02)

150. During 1975, UNIDO continued to give high priority to technical assistance projects aimed at full commercial exploitation of local pyrethrum industries in developing countries (cf. ID/B/150, chap. III, paras. 128-130). All preparations, including a profitability study and plant specifications, have been completed for phase II of the Rwanda project, involving a pyrethrum refinery. Phase II calls for the addition of a pilot extract refinery unit to the existing pyrethrum extraction plant, which can produce a high-grade extract carrying a premium price for the commercial market. Other countries, such as Bolivia and Papua New Guinea, that have a fledgling pyrethrum industry were given assistance by UNIDO in developing and improving operations.

151. Since pyrethrum is being grown in several developing countries, while other developing countries are pyrethrum extract formulators and consumers, UNIDO organized in 1975 a technical consultation on the production and use of pyrethrum extracts in Rwanda. During the course of the consultations, participants from eight developing countries had an opportunity of learning about the basic requirements and experience of Rwanda in setting up flower production and extraction industries as well as about the commercial aspects of the industry.

152. UNIDO assistance to developing countries in the setting up of pesticide formulation facilities gained further momentum by the unequivocal endorsement of such projects by the World Food Conference and the *ad hoc* Government Consultations on Pesticides in Agriculture and Public Health organized by FAO in co-operation with UNIDO and WHO. In addition, the Second General Conference of UNIDO assigned high priority to projects aimed at helping to improve food production in developing countries. During 1975, UNIDO carried out feasibility and pre-investment studies on setting up local demonstration or commercial pesticide formulation plants in eight developing countries. A preliminary assessment of these projects has been completed in all IDCAS countries and a similar regional study is planned for the West African subregion of the Sudano-Sahelian zone. In Burundi, a solid pesticide formulation plant is being erected on the basis of a UNIDO study. During 1975, UNIDO provided assistance for the start-up of this plant, planned for early 1976; initial investment will amount to approximately \$360,000. Present production plans call for an annual output of 2,255 tons of pesticides, of which 1,000 tons may be exported to the neighbouring countries of Rwanda and Zaire. Import savings will be achieved largely through the use of kaolin deposits found in the northern part of Burundi. The country imports more than 1,000 tons of

pesticides each year, mainly for its coffee growers. Since transport of the inert diluents, which make up over four fifths of the products, increases the cost considerably, the use of domestically produced kaolin will mean a substantial reduction in both over-all costs and use of foreign currency, besides providing additional employment opportunities.

153. The number of developing countries that are reaching the stage at which serious consideration can be given to the establishment of pilot or commercial plants for the production of technical pesticides is constantly increasing. To circumvent an important constraint in developing countries, viz. the limited size of local markets for individual products, UNIDO, in collaboration with the joint UNIDO/Romania Centre, prepared during 1975 a preliminary study illustrating the feasibility of a multipurpose organophosphorus insecticide production plant. This scheme could be readily modified to meet local conditions and specific requirements of a given country or region. During 1975, UNIDO provided assistance to three developing countries in the production of technical pesticides.

154. For three years (1969-1971) UNIDO, in co-operation with Syracuse University at Syracuse, New York, had organized a training course in pesticide production and formulation for experts from developing countries. Although these courses were very well received, they were not continued beyond 1971 owing to administrative and financial constraints. In 1974, the Government of the German Democratic Republic offered to host such a training course, initially for 15 participants, to be financed by voluntary contributions. During 1975, preparations were completed for holding the first course early in 1976; if successful, it is hoped that the course will be repeated for a number of years.

Petrochemicals (30.5.03)

155. UNIDO technical assistance in establishing, strengthening and expanding plastics technology centres and laboratories continued during 1975. The project on the establishment of applied polymer research laboratories in Burma, started in 1974 (cf. 1D/B/150, chap. III, para. 134), was considerably enlarged in 1975 to include additional pilot plant facilities for research and development work in plastics and man-made fibres technology, based on domestically available cellulose products. The UNDP contribution was correspondingly increased from \$700,000 to \$1.4 million. UNIDO assistance in establishing a plastics quality control and testing laboratory at the Plastics Company in Aleppo, Syrian Arab Republic, was completed in 1975; the laboratory is sufficiently equipped to serve the local plastics processing industry in quality control of raw materials and finished products. In 1975, UNIDO began implementation of a project on newer fibres and plastics composites in India to develop composite materials from synthetic resins and inorganic and organic fibres available from indigenous resources. The composite materials are designed for various industrial applications, such as in construction materials for the building, chemical, fishing and agriculture industries; six technical institutions in India are co-operating in this project. In 1975, UNIDO undertook preparatory work on assistance to the Central Institute for Plastics Engineering and Tools at Madras, India, in setting up quality control and testing laboratories as well as facilities for design of moulds and dies for extrusion and blow moulding processes. Preparatory assistance was also provided to Indonesia in setting up a plastics technology centre at the Indonesian

Petroleum Institute (Lemigas); this project involves a UNDP contribution of \$1.2 million, and is scheduled to start early in 1976. UNIDO also rendered preparatory assistance in 1975 to Colombia, Iran and Mexico in establishing plastics technology centres or plastics institutes.

156. Following the preparatory mission to assist the drought-stricken countries of Mali and Upper Volta in the Sudano-Sahelian region (cf. ID/B/150, chap. III, para. 135), UNIDO, in co-operation with the Government of Romania through the joint UNIDO/Romania Centre, fielded in December 1975 a mobile demonstration unit for the processing and use of plastics in agriculture in Mali and Upper Volta. The unit consisted of plastics processing equipment, mounted on trucks provided by the Government of Romania, and was accompanied by a team of 13 experts who demonstrated techniques of plastics processing and the use of pipes, films and sheets for water conservation and irrigation, with emphasis on desert agricultural techniques. Participants from the other five countries of the Sahelian region were present at some of the demonstrations.

157. It is envisaged that these demonstrations will be continued by the local people with the help of the equipment, which will be left by the experts at the end of the mission. Another important task carried out by the mission was the collection of data for a detailed feasibility study to be used by local government authorities for deciding on the possible establishment of plastics processing facilities in their countries. The mobile demonstration unit is an excellent example of a UNIDO project involving co-operation among developing countries and assistance to the Sahelian countries, as well as assistance to two of the least developed countries in Africa.

158. During the year under review, UNIDO continued to give assistance to petroleum refineries in developing countries in aspects ranging from management, operation and maintenance of refineries to personnel training, storage and distribution of petroleum products. In the Syrian Arab Republic, for example, UNIDO is supplying equipment and expertise for the establishment of a modern testing and quality control laboratory at the Homs refinery. At the same refinery, a UNIDO project to establish mechanical inspection and preventive maintenance services was completed in 1975. In Burma, at the Syriam Refinery, UNIDO is assisting through the provision of an expert and process simulation equipment in the in-plant training of refinery operators. Another ongoing UNIDO project at the same refinery is directed towards improving and expanding the laboratory for research, product development and quality control work. In Bangladesh, a UNIDO project was initiated in 1975 to improve the operation and maintenance of the Eastern Oil Refinery (Petrobangla) at Chittagong. Project components include an OPAS general manager with full responsibilities for operation and management of the refinery, training and maintenance experts, fellowships for training abroad, as well as process simulation equipment for in-plant training.

159. Petroleum engineers from developing countries are also provided training through the UNIDO individual fellowship programme. A notable example in 1975 was the group of eight refinery engineers from the Ceylon Petroleum Corporation in Sri Lanka who completed training programmes in various fields of petroleum refining, arranged by UNIDO to suit their individual needs.

160. In 1975, for the sixth successive year, the training programme on plastics technology was conducted by UNIDO in Vienna, in co-operation with the Austrian Government. Unlike previous years, this year's programme was separated into two groups: 16 participants attended the programme in plastics technology, and 7 participants took part in a newly established course in plastics mould design and mould making. In addition, a new applied research course in polymer science and plastics technology for more advanced polymer scientists was organized for three participants. As in previous years, plastics manufacturing concerns in the Federal Republic of Germany, the Netherlands, Romania and Yugoslavia co-operated with UNIDO in organizing plant visits in those countries. As a special feature of the visits, the UNIDO group attended the International Plastics Fair at Dusseldorf, where the latest developments in raw materials, plastics processing technology and equipment were shown.

161. For the second year in succession, a training programme in plastics technology for participants from Latin America was conducted at the Argentina Plastics Institute, INSTIPLAST, in co-operation with the Government of Argentina (cf. ID/B/150, chap. III, paras. 139-140). Immediately after the programme, arrangements were made for the 12 participants to visit the Latin American Plastics Fair in Montevideo. In order to effect an exchange of experience and information, arrangements were made for the senior staff of INSTIPLAST to visit the Vienna Plastics Laboratory, LKT, and other European plastics institutes.

162. To strengthen the technical facilities of INSTIPLAST, UNIDO assistance has been requested in setting up and expanding the pilot plant facilities for processing, testing and application of plastics, with a proposed UNDP contribution of \$1.2 million. A UNIDO preparatory mission for this purpose was completed in 1975.

163. At the symposium on the plastics fabrication industry in Latin America, held at Bogotá in December 1972, UNIDO was requested to carry out studies on the promotion and establishment of industries to produce building materials derived from petroleum (especially plastics) in combination with locally abundant natural materials. The request was reinforced by a resolution adopted at the 532nd meeting of the Policy and Programme Co-ordination Committee of ECOSOC in July 1974. In that resolution UNIDO was requested to give special attention to the studies on production and use of such building materials and to intensify the studies requested at the Bogotá symposium. In response, UNIDO organized preparatory missions to visit Bolivia, Ecuador, Paraguay and Uruguay. At the request of the Government of Uruguay, a pilot demonstration project was initiated to construct 20 housing units based on plastics in combination with glass and locally available minerals and wood-waste, using filament winding techniques. Among the special features of this system are relatively low cost, utilization of locally available materials, a relatively high labour factor, and low investment cost for equipment. A similar pilot demonstration project has been initiated in Cyprus.

164. The in-plant group training programme in synthetic fibre technology, sponsored by the Austrian Government, took place for the second successive year in Vienna, from 29 September to 30 October 1975. The 1975 programme, attended by 11 participants from developing countries, was slightly longer in duration than that of the previous year and included a four-day trip to Yugoslavia for plant visits and discussions with representatives of the Yugoslav synthetic fibre industry. The visit, an example of co-operation among developing countries, was financed by the Yugoslav Government out of its voluntary contributions to UNIDO.

165. Following the UNIDO Symposium on Plastics in Agriculture, held in Buenos Aires, Argentina, in September 1974 (cf. ID/B/150, chap. III, paras. 141-144), a preparatory mission visited Argentina in 1975 to assist in the establishment of a plastics-in-agriculture development centre. Under the programme of co-operation among developing countries, experts from Argentina visited Colombia and Uruguay to offer consulting services on the processing and use of plastics in agriculture.

166. In line with the recommendation of the expert group meeting, held on 16-20 September 1974, on the rubber industry and its impact on the environment (cf. ID/B/150, chap. III, para. 146), a case study on the topic was undertaken by UNIDO in 1975 in India and the United Kingdom. The study, which contains conclusions and recommendations on the various aspects of natural and synthetic rubber industries in relation to the ecological environment, was carried out under the joint UNIDO/UNEP programme. Distributed to all developing countries, the study will, it is hoped, assist them in planning and locating in a more rational way future facilities for processing both types of rubber.

167. In continuation of the work carried out in 1974 for the rehabilitation of the Cape Rubona Gas Pilot Plant (cf. ID/B/150, chap. III, para. 148), a contract for consultancy services was awarded by UNIDO to the Union Chimique Belge Company (Belgium). In accordance with the terms of this contract, a team of experts visited the site in the first half of 1975 and collected data and information in order to prepare the technical specifications and to redesign some of the equipment. The team also assisted in restoring the production capacity of the pilot plant. Recently, the contractor submitted to UNIDO full technical specifications for the equipment necessary to recondition the plant.

168. In response to a request from the Government of Rwanda, UNIDO has begun work on proposals for the second phase of the project, which is to involve technical supervision of the operation of the pilot plant, training of local technical personnel and supply of spare parts.

169. As a follow-up of the UNIDO expert group meeting held in June 1972, at Bucharest, Romania, on the development of catalyst production and use in developing countries, a UNIDO expert undertook a six-month mission in Iran to assist in catalyst production for the crude oil industries. At the end of his mission, the expert was able to make practical recommendations for the production and use of a series of catalysts needed by the nitrogen fertilizer, crude oil refining and petrochemical industries. Apart from detailed background information, relevant to catalyst users in all developing countries in identifying the types and properties of catalysts required, the report of the expert contained full specifications for a typical pilot plant for catalyst production and testing; such a pilot plant would be of great value to the Iranian Government in training local personnel and initiating catalyst production on a reasonable scale. It is hoped that this project will be followed up by further technical assistance in the same field in Iran. UNIDO has also been co-operating in the preparation of a catalyst manual, to be published under the auspices of the joint UNIDO/Romania Centre.

170. In 1975, UNIDO continued its assistance to the Indian Petrochemical Corporation Ltd. (IPCL); one UNIDO expert assisted in the training of IPCL staff, another provided advice on inspection and maintenance. The two original projects related to the IPCL have recently been revised and combined into one large-scale

project; the total UNDP input has increased correspondingly. The new project provides for expanded assistance to IPCL, including the provision of experts on petrochemical operations in olefins and associated units and in polymer plants, inspection and maintenance, training, plant safety, fire fighting, pollution control and flare operations. The training component of the project has also been increased to include a large number of fellowships for the IPCL staff; in addition, the equipment items needed for training purposes will be purchased.

171. During 1975, UNIDO began implementing the large-scale technical assistance project for the Indian Oil Corporation (IOC) (cf. ID/B/150, chap. III, para. 153). The aim of the project is to strengthen the public sector of the petroleum refining industry through provision of expertise and the technical training of IOC staff. A UNIDO expert in refinery maintenance is in the field, and several fellowships have been awarded; efforts are being made to recruit an expert in optimization of refinery operations and a pollution control expert.

172. In 1973, UNIDO fielded a team of four experts to establish the Industrial Development and Consulting Bureau in Kuwait; the purpose of the Bureau is to assist the Ministry of Commerce and Industry in promoting industrial development in the country. The original UNIDO team, which is still in the field, consists of a project manager, a chemical engineer, a mechanical engineer and an industrial economist. In addition, the project provides for training and short-term consultants to prepare pre-feasibility studies, and includes a subcontracting component as well. Two short-term consultants (spare parts production and wood processing) have completed their assignments, and it is anticipated that short-term consultants will be recruited to prepare prefeasibility studies in petro-protein production, fibre glass, synthetic adhesives and soaps. Bids have been evaluated and a contract awarded to subcontract the preparation of a pre-feasibility study on synthetic rubber; the consultant firm has already started its work in the field. The training component is under implementation.

173. As in previous years, assistance was also extended in 1975 under this programme component to the in-plant group training programme in the petrochemical industry, organized and held in co-operation with the joint UNIDO/Romania Centre.

LIGHT INDUSTRIES (30.6.00)

174. The UNIDO programme of activities related to light industries, described in paragraph 348 of the 1973 Annual Report (ID/B/140), has undergone little change, so far as the substance of the programme is concerned. The major difference relates to the amount of technical assistance delivered. In 1973, UNIDO technical assistance delivery under this programme component broke the \$2 million mark, in 1974 delivery under this component was \$3.3 million, and in 1975 delivery continued to increase. All indications would seem to point to a continuing growth of requests for technical assistance from developing countries in light industries.

175. The work undertaken by UNIDO in light industries is divided into four specific activities: textile industry (30.6.01); food industry (30.6.02); leather and leather products industry (30.6.03); and printing and graphics industry (30.6.04).

Textile industry (30.6.01)

176. In the 1974 report (ID/B/150, chap. III, paras. 158-160 and 163), UNIDO's technical assistance programme in the textile industry sector was analysed and put into perspective against global trends in this branch of industry. It was concluded that the emphasis within projects on quality control, productivity and product development and adaptation was correct and highly relevant to the needs of the developing countries. The same conclusion applies to the situation in 1975.

177. The number of approved and operational large-scale projects has increased to 10: Bangladesh, Egypt, India (2), Indonesia, Mongolia, Pakistan, Syrian Arab Republic, Thailand and Turkey; these projects have a total UNDP input worth \$7.5 million. Another seven large-scale projects (either completely new projects or modified extensions of existing projects), with UNDP inputs worth \$5 million, are included in country programmes, and the project documents have either been prepared and approved in principle or are at an advanced stage of preparation.

178. While the large-scale projects generally take the form of an extension service to the textile industry, applied research, testing and quality control or pilot and demonstration plants, the small-scale projects, usually SIS-financed and short-term, deal with a variety of issues such as appraisal of feasibility studies, advice on specific technical studies, advice on specific technical questions and production planning.

179. Two of UNIDO's first large-scale textile projects in Egypt and Indonesia were successfully completed during 1975. In Alexandria, Egypt, a well-equipped national quality control centre was put in operation, and in Indonesia a group of textile technologists was instrumental in increasing productivity and production in the textile industry, with special emphasis in the spinning sector on correcting the imbalance between yarn and fabric production. In both countries new large-scale projects with a different emphasis were subsequently prepared and are now operational.

180. In Mongolia, where an experimental plant is being built to process cashmere and camel hair, the first phase of the project is proceeding according to schedule; the de-hairing plant is expected to be commissioned in 1976 as planned. The initial trial runs were successful and the Japanese supplier of machinery and know-how is currently negotiating directly with the Mongolian Government the building of a full-scale plant, capable of processing the entire Mongolian crop of cashmere and camel hair, which hitherto has been exported in raw state. A pre-condition, put by the Mongolian Government, is the satisfactory performance of the UNIDO-executed pilot plant, based on the same technology. This is a classic example of UNIDO's potential role as a catalyst in promoting industrial development.

181. As can be seen from the above examples, UNIDO's technical assistance in the textile industry branch is heavily concentrated in the Asian region, with only two major projects in North Africa and the Middle East and none in Latin America. It is difficult to give a satisfactory explanation for this inequitable distribution and one is tempted to dismiss the case as a mere coincidence; the number of projects is too low for any statistical conclusions. With limited means for the promotion of projects, the role of UNIDO, generally speaking, starts at the project formulation stage, *after* sectoral priorities have been settled by the recipient Governments. Thus, one may

cautiously conclude that in the Asian countries the textile industry appears to have been accorded relatively higher priority for UNDP technical assistance than in the Latin American countries. In absolute terms, however, it is certain that Latin American countries also have a need for assistance in improving productivity and quality of production and in carrying out product development and adaptation work.

182. Co-operation with other international and intergovernmental organizations dealing with the textile industry continued in 1975; FAO, the International Institute for Cotton and the International Wool Secretariat are deserving of special note in this connexion. UNIDO participated in UNDP-sponsored meetings on an integrated cotton research programme and on the establishment of the Jute International. Both global programmes concentrate heavily on utilization research (as opposed to agricultural research, which is the concern of FAO), and UNIDO has been involved in the efforts to launch them from the beginning. Thus far, the sheer size and complexity of these programmes have retarded progress towards implementation but, with concrete proposals for action having been prepared in 1975, some activity can be expected during 1976. In the meantime, UNIDO has, pragmatically, concentrated on the implementation of its national research and development projects with the intention of linking them to the global programmes whenever they become operational.

183. The fifth in a series of small technical meetings, each focusing on a specific topic in an effort to appraise products and processes for applicability to conditions in developing countries, was organized by UNIDO in 1975, in co-operation with the International Institute for Cotton in Manchester. The main topic for discussion at the meeting was the chemical finishing of textiles; 40 specialists from both developing and industrialized countries attended, and the technical papers prepared for, and presented at, the meeting were given the widest possible distribution.

Food industry (30.6.02)

184. In 1975 there was a tendency in the developing countries' plans for economic and social development towards action to increase the productivity of agriculture through the establishment of integrated agro-industries. In preparing such plans, the ultimate targets of Governments were to increase the per capita income, to ameliorate the nutritional standards of their populations and to promote integrated rural development.

185. The assistance rendered by UNIDO to developing countries in the field of agro-industries took several forms during 1975: implementation of regional consultations to discuss subjects concerning agro-industrial development and means of co-operation at the regional level; elaboration of master plans for a country's agro-industrial development; elaboration of feasibility studies on the establishment of specific agro-industries; elaboration of plans for the establishment of technological centres for agro-industries; and advice to Governments on general policy matters concerning agro-industrial development.

186. As examples of regional consultations carried out by UNIDO, mention can be made of the consultation on the development of selected branches of the food processing industry in particular countries of the Middle East, held in March 1975 in

Lebanon and of the Latin American seminar on science and technology in the food processing sector, held in Brazil in August 1975. In both consultations, the actual situation of the agro-industry in that region was analysed, and guidelines were worked out on ways and means of further developing this sector and on basic policies for regional co-operation.

187. With regard to master plans for agro-industry at the country level, assistance is being given by UNIDO to El Salvador, Guatemala, Iraq, Laos, Libyan Arab Republic, Madagascar, Malta and Panama. Feasibility studies for the establishment of specific agro-industries were and are being elaborated for Costa Rica, Dominican Republic, Kenya, Mali, Senegal, Sri Lanka, Turkey, United Republic of Tanzania, Upper Volta and Yugoslavia. Projects were and are being elaborated for the establishment of technological centres for agro-industrial development in Brazil and Iraq.

188. During the year under review, UNIDO provided assistance to Afghanistan, Algeria, Brazil, Colombia, Ecuador, Malta and Nepal in the form of advice to Governments on general matters concerning agro-industrial development policy.

189. Most of UNIDO technical assistance projects for the development of agro-industry placed great emphasis on training programmes and included fellowship components for training abroad.

190. UNIDO is continuing its activities in promoting the concept of an integrated approach towards the food processing industry, a concept that was described in the 1974 Annual Report (ID/B/150, chap. III, paras. 165-167). This concept is quite relevant to the resolutions of the World Food Conference, given its influence on the increase of food production per unit of input; it is also relevant to the needs of most developing countries owing to its potential role in stimulating rural development.

191. During 1975, UNIDO participated in the first session of the World Food Council, in the inaugural meeting of the Consultative Group on Food Production and Investment in Developing Countries, and in the World Conference on the Role of Agriculture and the Rural Population in Development, which was organized by the International Catholic Rural Association.

192. Subsequent to the agreement signed by the Yugoslav authorities and UNIDO in 1974, the joint UNIDO/Yugoslavia Centre for International Co-operation in the Development of Agro-Industries in the Developing Countries came into being in 1975. A brochure describing the role of the joint Centre in implementing the Lima Declaration and Plan of Action is now available in Arabic, English, French and Spanish for the information of Governments.

193. Further development of the vegetable oil production and processing industry in developing countries played an important role in UNIDO operations in 1975. Special efforts were made to modernize and technically update existing industries in the Syrian Arab Republic, Uruguay and Zambia by introducing efficient solvent extraction technologies that make optimum use of groundnut, cottonseed and other oilseed raw materials. A detailed and comprehensive development plan was elaborated for the improvement and expansion of the oils and fats industry, including fatty acid and soap production, in Algeria. Among the member countries of

the Asian Coconut Community, the services of UNIDO coconut processing specialists contributed considerably to the required diversification of coconut processing industries, including coir and coconut shell processing and the production of coconut food varieties.

194. In addition to providing assistance to improve existing oils and fats and industries, UNIDO has been actively engaged in helping to establish new factories; the assistance covered the various stages of factory establishment, beginning with feasibility studies and extending to the installation and commercial operation of new production plants. With UNIDO assistance, for example, an industrial-scale cottonseed processing plant was set up in Bolivia, and a refining and hydrogenation plant for the production of vegetable ghee was established in Nepal.

195. A central quality control laboratory is being set up in Guinea, with help from UNIDO; the primary objective of the laboratory will be to bring the quality of vegetable oil products up to international standards. The assistance of UNIDO covers the planning, construction and operation stage of the laboratory.

196. Special efforts have been made by UNIDO to assist in the utilization and further development of Spirulina algae for the production of algae protein food products and of isolated pigments for use in the chemical and pharmaceutical industry in Mexico. A new extraction and algae decolourization technology has been developed and its technical and economic data specified. The operation of a pilot plant for the production of algae powder has been supervised and technically improved by UNIDO experts, and research and development work is progressing for the determination of factors influencing the growth of Spirulina algae. In order to pave the way for large-scale algae processing activities in Mexico and other developing countries, toxicology studies are being undertaken on algae based single (uni) cell proteins; the findings of the studies will have a great importance for international industrial algae processing operations.

197. Within the food industry sector, the activities related to the meat processing industry were highlighted in a symposium on the prospects for industrial meat processing in developing countries, which was held in Vienna on 13-17 October 1975. The symposium was attended by representatives from African developing countries and international organizations and from institutions, commercial firms etc. from developed countries. Various technical, technological and economic aspects of this sector were discussed and a number of future activities proposed.

198. In many developing countries, the sugar industry traditionally represents an important sector of the economy. The recent disturbances caused by reduced stocks, rapid price fluctuations on the world market and changing production economy have led to a fresh examination of production technology, to the better utilization of the existing or the establishment of new capacities, to fuel economy, better utilization of by-products etc. During 1975, UNIDO received a number of requests from developing countries for technical assistance in this field, all of which emphasized the new aspects of the sugar industry. Molasses has gained in importance as a raw material for animal feed-stuff production (fodder yeast) as well as for other industrial products. UNIDO technical assistance to various countries such as Afghanistan, Bulgaria, Honduras, Morocco, Somalia, Sudan, Syrian Arab Republic and Thailand is indicative of the interest in further development of this industrial branch.

Leather and leather products industry (30.6.03)

199. In many developing countries leather and leather products are high on the export-oriented trade list; in some countries they are the second or third largest export revenue earner. The wish of developing countries to increase these export earnings further and the growing demand for various leather products in domestic markets is leading to an expansion of the leather and leather products manufacturing industries in many developing countries.

200. The work of UNIDO in the leather branch has been focused on efforts to maximize the proper utilization of developing countries' valuable raw materials—hides and skins—by processing them into semi-processed and finished leathers and, where feasible, into finished leather products for domestic consumption and export.

201. The trend in the development of the leather branch in the least developed of the developing countries, as reflected in the projects to be included in the second country programming cycle, is towards integrated, mainly large-scale development projects. Conversely, among the more developed of the developing countries, the trend is towards short term missions requiring highly specialized expertise, for instance in leather finishing techniques and in shoe designing.

202. In 1975, six large-scale projects were under implementation by UNIDO in the leather branch—in Democratic Yemen, India, Mongolia (2), Pakistan and Uruguay. The applied research and experimental centre for the leather and leather products industry in Mongolia (cf. ID/B/150, chap. III, para. 174) was successfully completed during 1975 and had been transferred to the Government. Activities in the scrap leather project in Mongolia were continued with the services of one UNIDO consultant; most of this \$1.9 million project will, however, be subcontracted to a consulting firm for erecting the plant and making it operational. The quality control laboratory in Uruguay has come into full operation, assisted by two UNIDO long-term experts and two short-term consultants. The shoe manufacturing centre in Democratic Yemen has continued its training programme through a limited production scheme, which has been helped by a project manager and an additional expert. The leather goods development centre at Madras, India, has taken up full training activities, under the supervision of a chief technical adviser and three additional experts. The large-scale project on leather industry development in Pakistan, involving three UNIDO experts and one FAO expert, has made good progress. An even larger follow-up project is being prepared.

203. In addition to these large-scale projects, 24 small-scale projects lasting from one to twelve months were completed by UNIDO during 1975. These included sectoral and feasibility studies, and direct technical assistance to the leather, footwear and leather goods manufacturing industries in 22 developing countries.

204. In Fiji, the reactivation of the dormant large-scale project on leather industry development was considered during the short-term assignment of an expert who evaluated the feasibility of establishing a commercial tannery in the country.

205. UNIDO continued in 1975 to participate in the UNDP/FAO project of assistance to the leather research and training institute at Pendik, Turkey. Co-operation with FAO is also taking place in the UNDP/UNIDO project on leather

industry development in Pakistan (see para. 202 above) and in preparatory assistance to the second phase of the project for the hide, skin and leather development centre in Teheran.

206. As stated in ID/B/150, chap. III, para. 180, the six joint UNIDO/UNEP projects on environmental problems included a project dealing with environmental considerations in the leather producing industry. Specialized consultants have carried out five substudies concerning technical and economic aspects of the main study, as well as three area studies in Argentina, Ethiopia and India. The integrated study was finalized in 1975.

207. As stated in ID/B/150, chap. III, para. 181, an agreement was drawn up in 1973 between UNIDO and the Government of the Federal Republic of Germany to utilize part of its contribution under special-purpose trust funds to supply an experimental and demonstration unit for leather finishing to Uruguay. The equipment for this unit was ordered during 1975 and the pilot plant is expected to be fully operational by mid-1976.

Printing and graphics industry (30.6.04)

208. With the improvement of educational facilities and growth of communications in developing countries, there is a growing demand for more efficient printing industries. Present industrial development in this field is hampered by the non-availability of processing and equipment know-how, as well as by qualitative fluctuations in raw materials. Development is thus contingent upon increased co-operation among the developing and developed countries, as well as among the developing countries themselves, in the search for appropriate solutions.

209. In Democratic Yemen, UNIDO is assisting in a study of the conditions in the printing industry and of projected future requirements for expanding and modernizing printing; recommendations will be formulated for developing printing to meet these requirements. In India, UNIDO undertook the first phase of a project on the establishment of pilot printing facilities at Madras; a detailed analysis was made of the existing printing facilities, and a list of equipment was prepared. The equipment is to be installed with UNIDO assistance.

210. In order to familiarize the developing countries with the latest developments in printing methods, UNIDO, together with the Government of the German Democratic Republic, is organizing a consultation on the printing industry in developing countries. The consultation, to be held in Leipzig in 1976, will be devoted to the dissemination of information on technically more advanced and simplified printing systems.

211. During the eighth UNIDO/UNESCO inter-secretariat meeting, a suggestion was made that the problems of book promotion and the possible establishment of national or regional book promotion centres should be studied. UNIDO is considering ways of co-operating with UNESCO in this task.

212. As mentioned in previous Annual Reports, printing is an important branch of industry, in which many developing countries need assistance. However, developing countries are not yet making full use of the potential of UNIDO to assist them in this fundamental field.

GENERAL INDUSTRIAL TECHNIQUES (30.7.00)

213. Activities under this programme component have grown in the manner predicted in the 1974 report (ID/B/150, chap. III, paras. 187-189); both workload and real implementation rate increased substantially during 1975. Thus, while incoming projects can be covered adequately, increased implementation capability is needed to reduce a backlog which appears likely to grow.

214. The emphasis of the programme under this heading has not altered. Most of the work has been in the development of the packaging industry, which constituted approximately 70 per cent of the volume of technical assistance delivered by UNIDO in 1975 under this programme component. Requests for aid in mitigating pollution in specific industrial branches have continued to increase. On the other hand, and surprisingly in view of its importance to living standards and export potentials, industrial design projects have not shown the same rate of increase as the other two major activities. The remaining fields covered under the general industrial techniques programme, involving, for example, projects in the transfer of technology and in across-the-board techniques, have more than maintained their 1974 level despite several delays in signature of project documents.

215. The work undertaken by UNIDO in general industrial techniques is divided into three specific activities: environment (30.7.01); packaging (30.7.02); and industrial design (30.7.03).

Environment (30.7.01)

216. The central theme of the UNIDO environmental programme is to encourage environmental planning as an integral part of the process of industrial development so that adverse environmental effects can be minimized. The least costly methods of pollution control are sought, utilizing technology appropriate to the developing countries. The programme has two major components: the UNIDO/UNEP joint programme and UNIDO technical assistance.

217. Since 1974, there has been a trend in developing countries, a trend that picked up momentum in 1975, towards placing more emphasis on environmental considerations in the process of industrialization.

218. As a result, a larger number of requests were received by UNIDO in 1975 for environmental technical assistance; the requests encompassed problems in air and water pollution and over-all environmental planning.

219. There is a growing awareness that environmental considerations should be incorporated through environmental impact analysis at the earliest stages of project formulation. Environmental impact analysis is the process of evaluating those aspects of a project that cause changes in the environment; the major potential sources of environmental damage must be identified and the magnitude of the effects estimated. Delineating means of mitigating environmental damage is the next step. Allowing the environmental damage to occur, rather than mitigating or preventing such damage, involves trade-offs, and the identification and analysis of such trade-offs permits the decision-maker to choose among available alternatives.

220. For the projects that have been chosen for implementation, the first rule is to begin the environmental analysis at the earliest possible stage. The most direct and easiest approach to the environmental analysis of a project is the utilization of a set of checklist questions or statements which guide the analysis towards the key problem areas. A number of such checklists have been developed by UNIDO in various case studies for the analysis of environmental consequences.

221. During 1975, 10 new environmental projects were generated under the UNIDO technical assistance programme. Three of the projects, in Argentina, Iran and Poland, involved air pollution problems. The projects in Iran and Poland concerned pollution emitted by automobiles and included the monitoring of pollutant levels and control of pollution through devices. The Argentina project involved making an estimate of the pollution hazard represented by fluoride emissions from an aluminium plant.

222. Six projects dealt with assistance in solving water pollution problems: pollution of a bay by waste salts that might be generated from a proposed soda ash plant in Argentina; water pollution from the flax and linen industry in Hungary; design of water pollution control equipment in Lebanon; river pollution from industrial sources in Pakistan; water pollution from metal finishing wastes in Poland; and river pollution from a collection of industries in Yugoslavia.

223. UNIDO is assisting in the planning of a national environmental seminar in Iraq. A further project proposal concerns the convening of a regional conference on environmental pollution in the petroleum industry, in co-operation with the League of Arab States.

224. In the field of environmental planning, the transfer of technology and environmental assessment methodology are especially important. UNIDO therefore co-sponsored a training programme, from 2 March to 25 April 1975, at the University of North Carolina, United States of America; the programme was carried out jointly with UNEP and the United States Agency for International Development. The participants were all university graduates from developing countries with decision-making responsibilities involving environmental policies in their home countries. Instruction in the programme included policy and technical matters; techniques of monitoring and control of air and water pollution; and approaches to organizing environmental control at the local, state, and national government levels. A number of field trips were organized so that the participants could see first hand industrial and municipal pollution abatement and treatment processes. UNIDO expects to continue this kind of technology transfer through environmental training programmes in the future.

225. Unfortunately, the practice carried out in 1974 of including environmental components in the UNIDO in-plant group training programmes could not be repeated in 1975 owing to lack of funds. In the 1974 in-plant group training programmes, nearly 100 technologists were trained in the environmental aspects of five industrial branches; it is to be hoped that funds will be made available to repeat the valuable exercise in 1976.

Packaging (30.7.02)

226. No general plan for agricultural and industrial development is viable without consideration of the manner in which the product is to be packed, whether for preservation, storage, transport or marketing. It is estimated that 20 to 30 per cent of foodstuffs are lost through faulty packaging, and the high cost of damage to exported goods results in decreased amounts of foreign exchange earnings. Unsuitable design and unattractive presentation prevent or decrease penetration of otherwise potential markets. The developing countries have come to realize that the packaging industry is an essential complement to all industries having an end product, and the growing interest in packaging, which was evident in 1974, continued unabated in 1975, as shown by the increasing number of requests for assistance in this field.

227. During 1975, UNIDO implemented or was in the process of implementing 27 projects in the field of packaging; the value of the projects was in excess of \$1 million.

228. Since commencing its activities in packaging in 1970, UNIDO has given assistance to 70 developing countries. Under the impetus of the programme of action for the establishment of the new economic order, this number will undoubtedly grow in parallel with increased industrialization.

229. The two large-scale projects to establish sophisticated techno-economic centres for packaging research and development in Bulgaria and Poland were completed by UNIDO in 1975. Both centres have a training function, which is serving to expand the knowledge of graduates from developing countries under the United Nations fellowship training scheme.

230. In India, Mexico, Morocco and Republic of Korea, where similar centres are in various stages of development, work is being done through consultancy services and training of nationals.

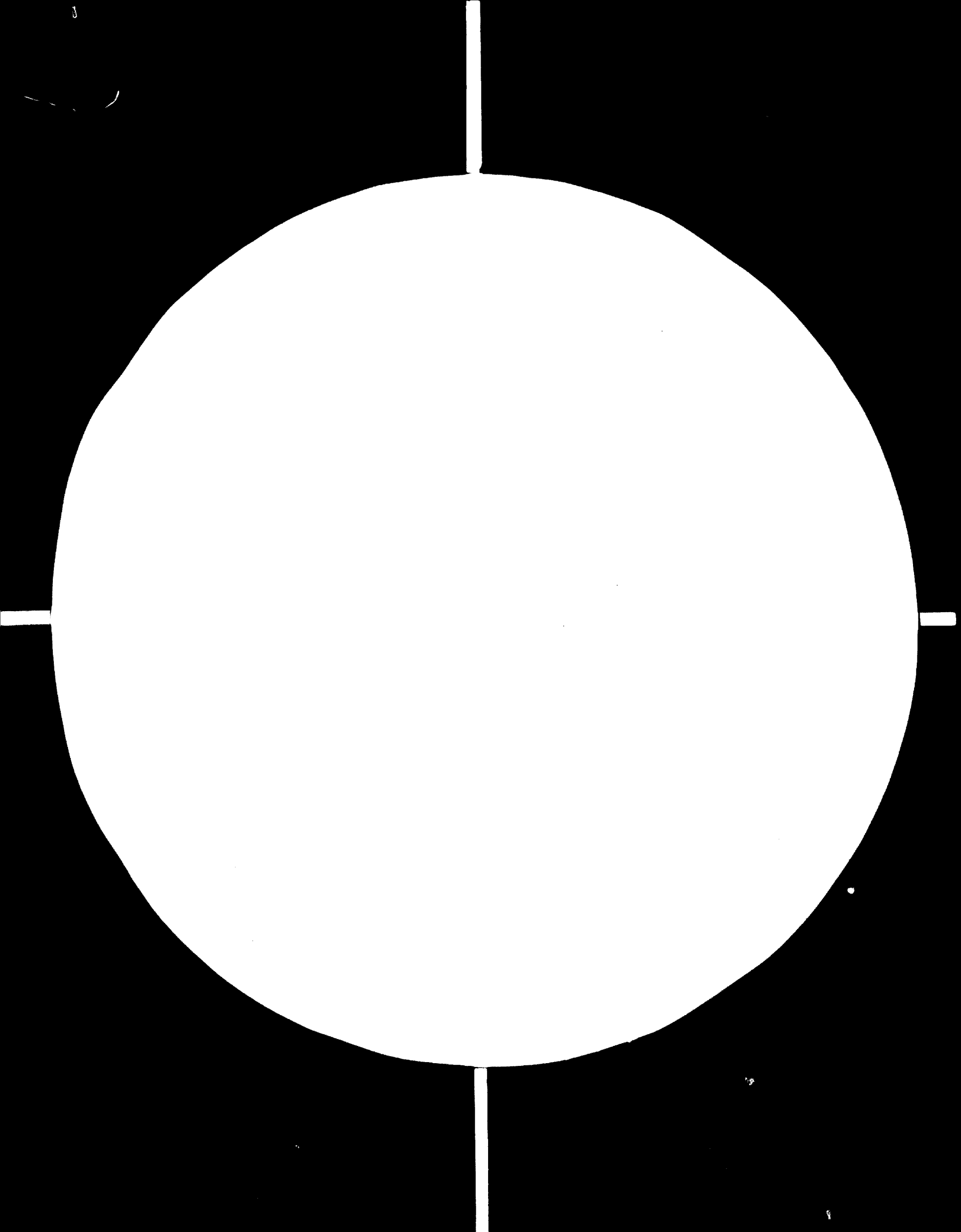
231. During 1975, UNIDO carried out preparatory surveys in six countries and provided technical assistance in various aspects of packaging in a further 12 countries.

232. As implied in the Lima Declaration and Plan of Action, the interests of individual countries can no longer be viewed in isolation; the future depends on co-operation at various levels among all countries. A new approach has been evolved for the organization of national, regional and interregional packaging centres, taking into account not only available raw materials and level of development reached by particular national and regional economies but also the specific conditions of

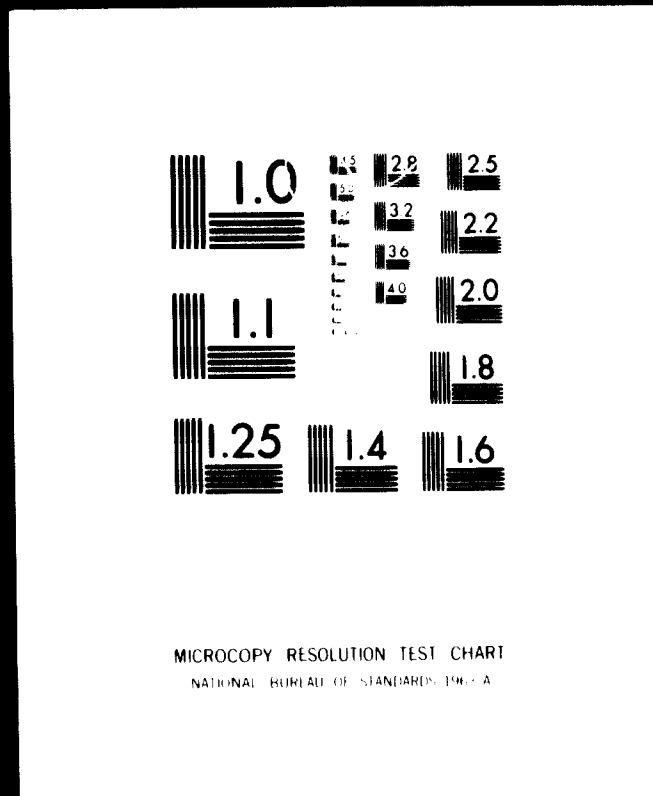
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countries and regions. The steps that were taken in 1974 to engender this kind of co-operation were continued in 1975 through sponsoring an international seminar on packaging organized by the Institute of Packaging in the Republic of Korea. The seminar was attended by representatives of 16 developing countries.

233. In conjunction with IDCAS, UNIDO held a meeting in 1975 to discuss and develop a strategy for regional development in the field of packaging. Thirty participants from the region attended, and five papers were presented by international experts. As a result, an Arab Packaging Federation is now being formed.

234. UNIDO co-operation with other United Nations agencies and non-governmental organizations continued throughout 1975; UNIDO staff attended meetings of the World Packaging Organization and the European Packaging Federation. Through this continuing dialogue with other organizations, UNIDO has succeeded in considerably enlarging its network of available experts from both developed and developing countries.

235. With the rapid world-wide escalation in prices and the shortage of raw materials, packaging has assumed added significance. In an attempt to remain competitive on the international market in the face of inflationary trends, countries are searching for ways to utilize local raw materials to the best advantage, protect products, and achieve efficient packaging at comparatively low cost. It is possible, therefore, to forecast that future UNIDO activities in the field of packaging will remain an important part of the Organization's work programme.

Industrial design (30.7.03)

236. Of the three specific activities under this programme component, industrial design has shown the least increase. This is due in part to not having enough staff to carry out the promotional activities necessary to alert developing countries to the advantages of including design in their planning processes.

237. As a continuation of the dialogue mentioned in ID/B/150, chap. III, para. 214, UNIDO staff attended in 1975 the biannual congress of the International Council of Societies of Industrial Design in Moscow. The major theme of the congress, attended by some 1,500 participants, was design and state policy. All speakers emphasized the manner in which proper design could contribute to the technological and social development of a country.

238. During the year under review, UNIDO completed work on the Hong Kong Design Centre (cf. ID/B/150, chap. III, para. 213). Work on the two projects in Argentina (cf. ID/B/150, chap. III, para. 215) proceeded, although there were delays owing to difficulties in obtaining suitable staff for the Non-Destructive Testing Centre.

239. The record of UNIDO in this field indicates that more effort must be put into increasing the developing countries' awareness of the importance of industrial design in achieving more balanced social and technological development.

INDUSTRIAL CONSTRUCTION (30.8.00)

240. As stated in the 1974 Report (cf. ID/B/150, chap. III, para. 217), this programme component was established to provide developing countries with well-structured and organized assistance in industrial construction.

241. The basic objective of UNIDO under this programme component is to develop and strengthen the capabilities of the developing countries in the field of industrial construction. To meet this objective, UNIDO provides assistance, upon request, in the improvement of construction processes; the establishment of factories for producing prefabricated building components; the development and adaptation of construction design and technology, including the establishment of quality standards and quality control procedures; and the implementation and construction of industrial projects and facilities, including transferring construction technology and upgrading the skills of local industrial construction firms and contractors.

242. The work undertaken by UNIDO in industrial construction is divided into three specific activities: development of the industrial construction sector and industrialization of construction processes (30.8.01); construction design and technology (30.8.02); and implementation and construction of industrial projects (30.8.03).

Development of the industrial construction sector and industrialization of construction processes (30.8.01)

243. In 1975, UNIDO provided assistance to Zaire directed towards developing the country's industrial construction sector so that it could cope with growing demand. The Organization has submitted a proposal to the Government for a long-term programme to promote the industrial construction sector.

244. In 1975, UNIDO began a technical assistance project for Mongolia, with a view to assisting in the formulation and elaboration of mid- and long-term programmes for the development of the construction industry. The project includes a feasibility study on establishing a prefabrication industry, to meet national demand.

245. During the year under review, UNIDO provided assistance to Botswana in formulating policies for the development of the industrial construction sector and in establishing an industry for the production of prefabricated building components. An analysis was made of the construction design predominant in the country with a view to introducing improvements; the changes will be considered in the planning and construction of the Broadhurst Industrial Complex.

246. In the last years, factory prefabrication of building components has become an integral part of the construction industry; not only does it provide a higher output rate, but it also makes better use of resources and produces an end product of higher quality. In response to developing countries' requests for information and assistance regarding the feasibility and adaptability of various factory prefabrication systems,

UNIDO sponsored a joint consultation on prefabrication for industrial construction. The consultation was organized in co-operation with the Government of Poland and was held in September/October 1975 in Warsaw and Kazimierz, Poland. In attendance were representatives from 13 developing countries, 8 international experts and 8 observers from both developing and developed countries, as well as representatives from the United Nations Centre for Housing, Building and Planning. Discussions focused on the development of prefabrication for industrial construction, design of prefabricated industrial buildings and appropriate building materials, design of prefabricated building elements and the organization of their production, assembly operations of prefabricated elements in factory buildings, and management processes. The consultation dealt primarily with low-cost prefabrication systems and their viability in developing countries. The participants also visited construction sites, research institutes and design bureaux in the host country.

Construction design and technology (30.8.02)

247. The year under review witnessed a growth in the number of requests from developing countries for assistance in this specific activity. The basic objective of UNIDO in this field is to provide developing countries with assistance in selecting and adapting construction technology and appropriate construction designs for industrial buildings, taking into account local conditions so as to ensure economy and efficiency in establishing and operating industrial facilities.

248. During 1975, UNIDO completed the first phase of a project to assist the State Economic Enterprises in Turkey, which deal directly with the design and implementation of industrial construction activities. It is hoped that the second phase can get under way in early 1976.

249. Assistance was also provided in 1975 to the Yugoslav BANAT Industrial Construction Combine, a producer of prefabricated building components. A study was made of the Combine's current operations, focusing on product design, product lines, quality, material handling, and present and future markets. The study should permit formulation of a long-term programme for developing and upgrading the Combine's construction designs, technological processes and operations. In an effort to meet the changing needs and size of the market, the Combine will also be establishing a modern factory for the production of building components; the factory is to become operational in late 1977.

250. At the request of the Government of Romania, a UNIDO mission visited the country in 1975 to identify, together with local experts, the problems involved in assembling precast concrete building components, and to make proposals concerning the technical assistance to be provided by UNIDO. One of the proposals called for the introduction of a new method of making butt splices in reinforcement bars; another involved the improvement of the assembly system for precast concrete components. Large-scale UNIDO assistance is being provided to implement the proposals.

251. Three fellowship programmes were organized by UNIDO in 1975 to develop and upgrade skills in construction design and construction techniques. Placement in construction institutions and agencies in industrialized countries proceeds according to the needs and skills of particular fellows.

Implementation and construction of industrial projects (30.8.03)

252. In 1975 UNDP/UNIDO assistance was given to the Industrial Project Construction Centre in Turkey; the Centre is attached to the Ministry of Industry and Technology, and provides assistance in the initiation, implementation and construction of industrial projects all over Turkey. The project manager of the Centre took up his assignment in 1975, and it is expected that an additional expert will be recruited in early 1976. Training activities are an important element in the Centre's work programme; in addition to the training of counterpart personnel, a large programme for group training abroad has been initiated.

253. A UNIDO mission visited Democratic Yemen in 1975 to identify pressing needs in the field of design, implementation and construction of industrial projects, particularly with regard to establishing a project design and construction unit within the Ministry of Industry. During 1975, such a unit was started with the assistance of UNIDO. The importance of this accomplishment is evident in the light of the large number of industrial projects included in the Government's current economic and social development plan and the relatively short time available to the Ministry of Industry for initiating and completing the projects. UNIDO also did preparatory work in 1975 on organizing a training seminar in Democratic Yemen for local personnel; the seminar is scheduled to be held in 1976.

254. During 1975, UNIDO carried out preparatory work for two potential large-scale technical assistance projects: a regional industrial construction development centre for Europe and the Middle East, and a regional industrial plant design, construction and environment centre for Africa.

Chapter IV

**INDUSTRIAL SERVICES
AND INSTITUTIONS PROGRAMME**

(31.0.00)

INTRODUCTION

1. In developing countries, the manufacturing industry has progressed rather rapidly during the last decade. Although still relatively young compared to the industrialized nations, many developing countries have become self-sufficient in the manufacture of some of the more sophisticated goods. The trend of industry in most developing countries is towards increased production, diversification of products, improved efficiency, decentralization, establishment of small- and medium-size industry in rural areas, and promotion of more highly specialized industrial manufacturing for export.

2. In many developing countries, the potential for import substitution industries is becoming increasingly limited; the narrowing of the trade gap is therefore dependent primarily on government plans for broadening the export base through a variety of tax programmes, subsidies for industry and incentives schemes. Consequently, increased attention is being given by the developing countries and UNIDO to reducing costs and improving efficiency in manufacturing, with particular emphasis on industries with export potential.

3. The express objective of many developing countries is to become as self-sufficient as possible in manufactured goods, thereby reducing costly imports, promoting greater utilization of domestic resources, and providing additional products for export to the international markets. The manufacturing industries in several developing countries already possess a large export capacity, and are also able to sustain a favourable rate of annual growth on the local scene.

4. It is of paramount importance to developing countries to examine all possible means of reducing production costs and increasing the level of technology and specialization in those manufacturing sectors that have the potential for becoming competitive on the international market. UNIDO, in co-operation with other United Nations bodies, is assisting developing countries in these efforts with technical assistance programmes in research, standardization, quality control, metrology, marketing, industrial fairs and industrial co-operatives, in addition to business, commercial and technical information facilities.

5. Industrialization in most developing countries has been limited to large cities and urban centres while rural centres and sectors have been relatively neglected. A rural development plan, incorporating industrial decentralization, can help to augment the income of the rural population and hence increase the living standard of the people inhabiting some of the depressed areas within a developing country.

6. A programme of rural development requires investment in agricultural equipment and machinery, and in irrigation and building construction; moreover, it gives rise to increased demand for fertilizers, chemicals and other industrial inputs that are essential for the development of the agricultural sector. In many cases, such inputs could be provided by the developing countries' existing industrial complex, with the support of additional small- and medium-size industries in the rural areas.

7. All aspects of industrialization related to improving the rural sector by establishing small- and medium-size industry are considered priority areas by many of the government officials in developing countries responsible for industrial development policy. UNIDO increased its field activities during 1975 under its small-scale industry programme component; the Organization also began evaluating all its previous work in this field, with a view to improving activities.

8. With the activation of programmes for export development and rural industrial activities, for new and expanding industrial investments through transfer of technology agreements, for new financial and business structures, for new bonded warehousing distribution systems, and for marketing activities, the importers, manufacturers and consumers in developing countries will require current and accurate information for their day-to-day operations and decision-making. Consequently, it is important to establish in each developing country, when feasible, industrial, business, technical and commercial information centres.

9. UNIDO recently established an industrial information service in Vienna and is now assisting several countries and regional economic groups to establish industrial information centres. Developing countries have used this established world-wide service to obtain information on new investments, industrial expansion and diversification, production problems, export requirements, trade regulations, commercial opportunities, modern management training techniques, new developments in industrial research, improved productivity methods and domestic and foreign marketing trends.

10. The increased activity in 1975 under the industrial information programme component was encouraging. A growing number of developing countries, particularly from the African region, are requesting assistance for the establishment of national information centres.

11. Developing countries are coming to realize that the establishment of industrial services and institutions, the creation of an industrial infrastructure and the development of human potential are indispensable to a balanced industrial development programme. Priority will have to be given in these countries to training local personnel and managers so as to meet the manpower requirements necessary for expanding and diversifying industries.

12. The work of UNIDO, under its industrial management programme component, has been geared towards implementing projects approved prior to 1975; only a limited number of new field projects have been initiated. The Organization has, however, been active in developing new management approaches, and in analysing previous activities in this field with the objective of developing a more satisfactory management programme.

13. A marked change took place in 1975 in the industrial training activities of UNIDO. For years, most of the activities of UNIDO in this field had been concentrated around the in-plant group training programmes held in Europe. In 1975, however, UNIDO shifted some of these programmes to factories in developing countries with, to date, satisfactory results. If the experiment continues to be positive, similar projects of a permanent nature could be included in the second programming cycle under IPF financing. Another step forward in 1975 was the substantial increase in the number of conventional training projects, particularly in Africa and Latin America, to assist factories and various branches of industry.

14. The industrial services and institutions programme is made up of five major programme components: industrial institutions; industrial information; industrial management and consulting services; small-scale industries; and industrial training.

15. In 1975, the total delivery of UNIDO technical assistance under the industrial services and institutions programme amounted to \$10 million, as compared to \$8 million in 1974—an increase of 25 per cent. During the year under review, this programme accounted for 30 per cent of the total technical assistance delivery of UNIDO.

INDUSTRIAL INSTITUTIONS (31.1.00)

16. Under its industrial institutions programme component, UNIDO continued to concentrate its activities on helping developing countries to build up and strengthen institutional infrastructure concerned with industry. The specific activities dealt with under this component cover: industrial research (31.1.01); standardization, quality control and metrology (31.1.02); industrial fairs and exhibitions (31.1.03); chambers of industry, industrial co-operatives and other institutions (31.1.04); and licensing and patents (31.1.05).

17. The growing awareness in developing countries of the important role of institutional infrastructure was amply demonstrated in 1975 by the inflow of requests to UNIDO for technical assistance in this area. The number of projects relating to standardization, quality control and metrology continued to increase, and technical assistance in industrial research regained its momentum in 1975 after a slight decrease in 1974 (cf. ID/B/150, chap. IV, paras. 10 and 27). As regards licensing and patents, the developing countries, aware of the impact of technology transfers on their economies, are establishing tighter controls and regulations; similarly, Governments are recognizing industrial fairs and exhibitions as effective instruments of communication in the technology transfer process.

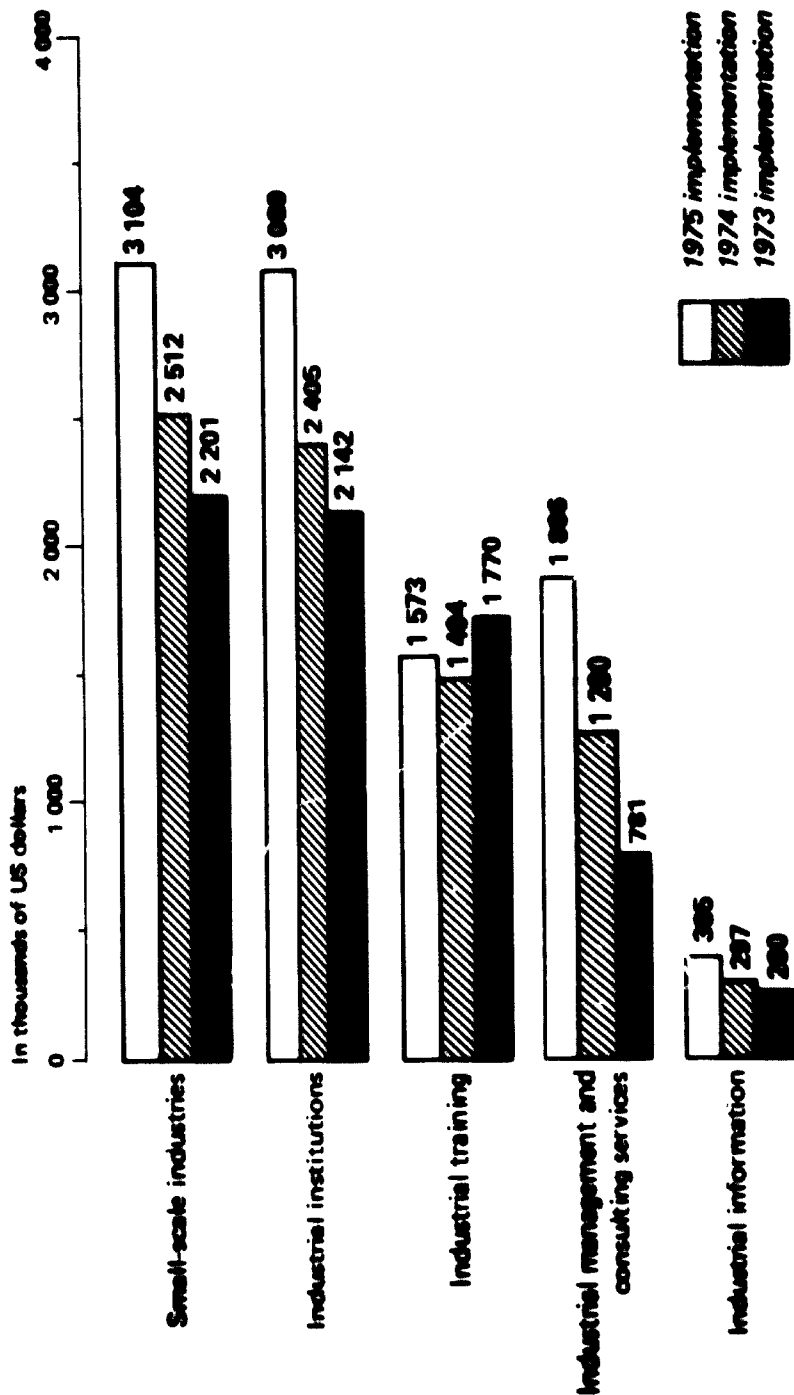


Figure 1. Expenditures in 1973 to 1975, under the industrial services and institutions programs, by program component

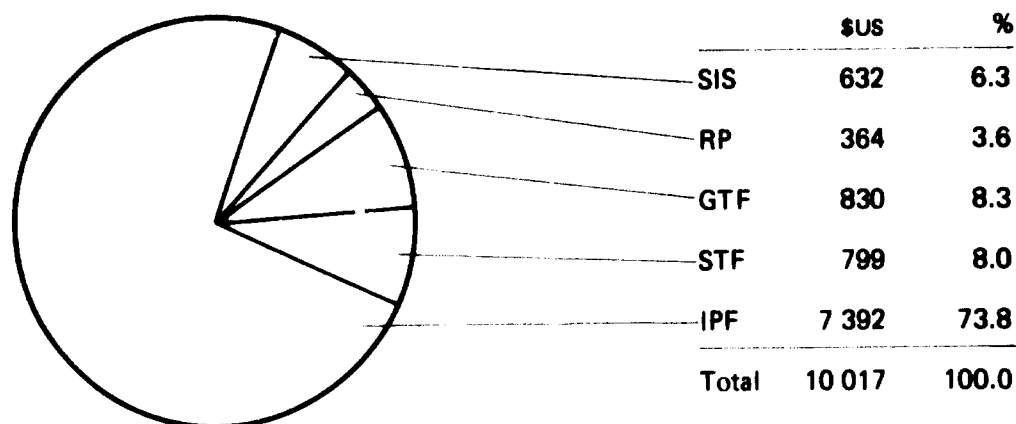


Figure 2. Actual expenditures of the industrial services and institutions programme in 1975, by sources of funds (in thousands of US dollars)

Industrial research (31.1.01)

18. During 1975, there were signs of a growing awareness among developing countries of the importance of, and need for, indigenous industrial research capabilities, capabilities that are indispensable if industrialization is to be accelerated. As a result, 1975 saw an increase in the number of requests received by UNIDO for technical assistance to industrial research institutions in developing countries; the requests concerned both the establishment of new institutes, particularly in the African region, and the strengthening of existing ones.

19. The key role of industrial research institutions in the process of technology transfer is manifold. Such institutions not only serve as a source of technical information; they also assist in evaluating and selecting alternative technologies and lead the way in adapting technologies to local conditions. These institutes must also be able to service the newly transferred technologies and to train industrial personnel so that the new technologies can be absorbed into the industrial process.

20. During 1975, UNIDO continued its technical assistance to a number of industrial research institutions (cf. ID/B/150, chap. IV, para. 12). The projects in Malaysia and the Sudan were completed during the year, and new projects in Burma, Indonesia and Pakistan are expected to become operational in 1976; projects for Lebanon, Mexico and the United Republic of Tanzania are in the pipeline.

21. In the assistance provided to developing countries by UNIDO in establishing and improving technological capabilities, the largest single component is expertise. However, it became apparent that, in many instances, the lack of effective management and direction was responsible for the disappointing performance of industrial research institutes in developing countries; consequently, UNIDO has increased its efforts to improve the managerial skills of executives and supervisors of such institutes.

22. Another major problem encountered by UNIDO in its projects concerned with industrial research institutes has been the difficulty of obtaining qualified national

counterparts in some of the technical disciplines. In most developing countries, this difficulty is not caused solely by the lack of qualified staff; it is rather the consequence of the government paying considerably lower salaries to its employees than private industry. The effect of such a policy is either that (a) no qualified staff is available for work in government research institutions or that (b) trained institute staff leave their jobs with the government to work for industry. A positive aspect of having research institute staff join industry can be seen in the increased efficiency that such trained staff brings to industry, and also in the strengthening of contacts between industry and research institutes. Nonetheless, the utilization of a research institute as a training facility for industry must be kept within reasonable bounds, lest the institutions themselves suffer a loss in effectiveness.

23. An interesting example of the technical assistance rendered by UNIDO in industrial research is the project in Paraguay concerned with the National Institute of Technology and Standards. By the end of 1975, the second phase was completed and evaluated by a joint UNIDO/UNDP mission. Despite the difficulties in obtaining qualified national counterparts, the project was rated quite successful by the evaluation mission.

24. First, the National Institute's very modern physical facilities are functioning well. Technical work is being carried out successfully by a number of departments, particularly the timber and wood, the leather, and the food technology departments. The analytical, testing and certifying services provided by the Institute are also increasing in all fields of technology covered by the Institute, and the standardization services are functioning well. Contacts with industry are on the increase and co-operation is improving. Recently, a small UNIDO project was approved through which the services of two experts will be provided to the Institute in 1976: one expert, in research institutional management, will try to strengthen organizational aspects; the other expert, in industrial engineering, will identify and strengthen the Institute's contacts with industry.

25. The project has another aspect worthy of note, particularly in connexion with the least developed countries. The Institute was rather small when it started, and even today is modest in size. This type of institute is well suited to the needs of the least developed countries because at the outset, only analytical and physical testing capabilities are important; thus, raw materials and essential consumer products, such as food, textiles, and beverages, can be tested and evaluated. This basic testing capability is required everywhere, as it helps Governments to improve the quality of life through control of essential products. The growth of such a small institute occurs naturally with time and the changing requirements of a country. Specialized laboratories can be added, one by one, as the institute gradually becomes involved with technical services to industry and training of industry personnel until, finally, it begins to perform genuine development and research functions. The maturation process is slow, but such an institute should be started as early as possible in order to establish the base, however modest, for technological self-reliance.

26. The project mentioned last year (cf. ID/B/150, chap. IV, para. 26) to provide concentrated training to executives and managers of Latin American industrial research institutions, was approved and implementation started during 1975. Work

will consist of short-term, intensive seminars which will be carried out several times over a period of two or three years. It is worth noting that the training will be carried out in Brazil, which is itself a developing country.

27. The institutional pairing of the Caribbean Industrial Research Institute with the Research Productivity Council of New Brunswick, Canada, has proceeded successfully (cf. ID/B/150, chap. IV, paras. 19 and 20); the project has been extended for another year. The concept of pairing is now being actively promoted and is being incorporated into regular technical assistance projects. Two projects under preparation in Indonesia involve a pairing exercise with an advanced institute in an industrialized country. The choice of the institute is made to a large degree by the developing country, since this serves to promote goodwill between the institutes involved; the project's effective and efficient implementation is thus assured and a contact established between the two institutes that lasts after the completion of project activities.

28. The stimulation of industrial research activities was the main concern of national consultations held in 1975 in Ghana and Nigeria, along the lines of previous consultations (cf. ID/B/150, chap. IV, paras. 22 and 23). Concentrating such consultations in Africa is logical, since this is the region most in need of additional industrial research capability. The results of the consultations were promising, helping the Governments to assess their respective situations and needs in relation to industrial research and also to incorporate their findings into their national plans.

29. One of the most difficult steps in the process of technology development is the commercialization of the results of research. From laboratory to pilot plant to full-scale production is a complicated process, during which many good developments fail. To identify the problems involved as well as the means to overcome them, a training workshop was organized by UNIDO in 1975 for a selected number of high-level executives and administrators of industrial research institutes. The workshop was held in the Republic of Korea, a developing country, and in Japan, a highly industrialized one, so that participants could make first-hand comparisons. The workshop was highly successful and yielded useful and practical information which will be published for the benefit of personnel of industrial research institutes in developing countries.

30. UNIDO plans to continue its technical assistance to developing countries in the field of industrial research institutions. The establishment of small, starter institutes in the least developed countries will be pursued and, in the more developed of the developing countries, the strengthening of existing institutions will be the main objective, with emphasis on improving the management aspects of institutes and their co-operation with industry. Another key objective will be to encourage better utilization of industrial research institutions for training industry personnel in order to increase the flow and quality of technology. On the whole, technical assistance will be oriented towards increasing the involvement of industrial research institutions in the over-all process of technology transfer. To achieve all of these goals, regional projects will have to play a more predominant role. Finally, the further fostering of co-operation among industrial research institutions in the developing and industrialized countries is necessary for a more facile exchange of technological know-how and information.

Standardization, quality control and metrology (31.1.02)

31. The importance of the role that standardization, quality control and metrology play in industrialization efforts can hardly be overstated. It has become obvious to the developing countries that the products manufactured in their factories must meet national and international standards, that quality control is a must throughout the entire production process and, finally, that measuring systems must be made available to verify that products meet the requisite standards and specifications. Countries such as Brazil, Iran, Mexico, Nigeria, Thailand, Turkey, United Republic of Tanzania and Zaire currently have large-scale projects in the field of standardization, quality control, metrology and related activities. Many other developing countries have requested short-term technical assistance from UNIDO in such aspects as standardization, legislation, quality control in selected sectors of industry, legislation and organization of offices for weights and measures, and setting up of testing laboratories.

32. An important and welcome trend is the increasing co-operation among developing countries in co-ordinating their standardization activities (cf. ID/B/150, chap. IV, para. 32). A number of regional and subregional standardization bodies are functioning well in this respect and their effectiveness is increasing noticeably. In many cases, the acceptance of regional standards goes hand in hand with the creation of common markets and customs unions; in these instances, common standards are necessary for attaining harmonization and integration of industrial production.

33. During the year under review, UNIDO provided technical assistance in standardization and related fields to the following countries: Algeria, Barbados, Bolivia, Brazil, Chile, Cyprus, Ecuador, Egypt, Ethiopia, Indonesia, Iran, Ivory Coast, Jordan, Kuwait, Mauritius, Mexico, Nigeria, Pakistan, Panama, Peru, Saudi Arabia, Senegal, Thailand, Trinidad and Tobago, Turkey, Upper Volta, United Republic of Cameroon and Zaire.

34. During 1975 a large-scale project in standardization, quality control and quality certification was approved for Brazil; this project is a follow-up of previous technical assistance projects in Brazil in the above fields (cf. ID/B/150, chap. IV, para. 30). Implementation of the metrology project in Brazil was hampered by a delay in filling expert posts. The delay was caused by a high rejection rate of candidates and difficulties in finding metrology institutions willing to release their staff for long periods of time. It might be more realistic in the future to design assistance projects on metrology around a series of short-term secondments of technical staff from metrological institutions; complementary to this, assistance could be provided through institutional pairing, whereby an advanced institute in a developed or developing country provides all the technical inputs. This concept will be pursued by UNIDO in the future.

35. Assistance to the Thai Industrial Standards Institute (cf. ID/B/150, chap. IV, para. 31) met with some difficulties in 1975, specifically lack of local staff, restricted accommodations and testing constraints. Nonetheless, the level of progress was maintained, due largely to the efforts of key staff in effectively processing the heavy work load. During 1975, 142 Thai standards were published and about 120 certification licences issued by the Institute. Information and public relations

activities through media such as seminars, television and radio broadcasts, the press, films and exhibitions have helped to make Thai industry and consumers aware of the importance of standardization and quality control.

36. Sequential to the quality control symposium held by UNIDO at Ankara in 1974 (cf. ID/B/150, chap. IV, para. 34), the Organization prepared a project document in 1975 for a large-scale technical assistance project for a national quality control system in Turkey; the project is to become operational during 1976.

37. In its efforts to assist the least developed countries, UNIDO is putting special emphasis on developing leg. metrology (weights and measures) offices and on introducing quality control techniques at the earliest stages of industrialization. Putting such measures into effect may help to avoid the disappointments and financial losses that occur when locally manufactured products are not competitive in quality with imported products or do not meet internationally accepted standards.

38. As mentioned earlier, regional projects in this field are growing in number and importance. At the beginning of September 1975, a technical subcommittee of the Arab Organization for Standardization and Metrology (ASMO) met at UNIDO Headquarters with UNIDO staff and a UNDP consultant in order to draft a project document for a large regional project. Assistance will be provided to ASMO in harmonizing the standardization of its 17 member countries and in promoting a dialogue between Arab national standardization bodies and industry; the project is scheduled to become operational in 1976.

39. The Director of the Ghana Standards Board, co-operating closely with ECA and UNIDO, initiated action in 1975 to create an African regional organization for standardization, quality control and metrology. As a result of this initiative, a meeting was held in Accra in September 1975 in which a large number of representatives from African countries participated. It is hoped that the proposed African Standardization Organization will be formally established in 1976.

40. At the subregional level, the Secretariat of the Mano River Union (Liberia and Sierra Leone) has requested UNIDO assistance in preparing plans for establishing and operating a Mano River Union organization for standardization, quality control and metrology.

41. UNIDO has remained in close contact with the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) and has co-operated with them in standardization matters pertaining to the developing countries. UNIDO is trying to encourage developing countries to participate actively in the work of ISO and IEC through full or correspondent membership and to promote the utilization of their standards by regional bodies. More extensive contacts were established between the International Organization of Legal Metrology (OIML) and UNIDO in 1975. As a result, OIML is assisting UNIDO in locating candidates for vacancies in the legal metrology field. UNIDO has also made contact with the European Organization for Quality Control (EOQC) in Rotterdam, Netherlands, and notices of vacancies for UNIDO expert posts in quality control are now brought to the attention of EOQC members through the organization's publications.

Industrial fairs and exhibitions

(31.1.03)

42. At present, fair activities are growing at a rapid rate throughout the world, and it is estimated that by the end of this decade expenditures related to fairs will reach \$8,000 million a year; these expenditures will cover sales space, conference facility rentals and hotel business. Fairs are by no means confined to industrialized countries, for fairs and exhibitions in the developing countries are also proliferating. Business is becoming increasingly international, and international fairs and exhibitions now form an integral part of international business. UNIDO is therefore seeking to use international fairs and exhibitions as a vehicle for promoting and accelerating industrial development in developing countries. Basically, an industrial fair is often a first step in the transfer of a particular technology.

43. To achieve its objectives in this field, UNIDO tries to foster and promote contacts between industrial and business leaders from both industrialized and developing countries through international fairs. At present, UNIDO is putting special emphasis on strengthening and improving the structure, organization and operation of fairs in developing countries so that they can serve as efficient institutions and promotional vehicles for industrial projects. Efforts have also been made to promote co-operation among developing countries on the one hand, and among developing and industrialized countries on the other, in co-ordinating, harmonizing and integrating activities related to industrial fairs and exhibitions.

44. During 1975, UNIDO continued to assist in establishing and improving fairs in Africa, Asia and Latin America. Assistance was provided in strengthening the organizational, operational and technical aspects of the Guatemala, Djakarta (Indonesia) and Casablanca (Morocco) fairs (cf. ID/B/150, chap. IV, para. 44). The Casablanca project, with an input of \$1.7 million, deserves more detailed comment. The objective of the UNIDO project was to assist the Moroccan Government in establishing a new international fair at Casablanca and to ensure that the funds allocated and reserved for that purpose (over \$50 million) were utilized as rationally and economically as possible. The project includes the preparation of a feasibility study and of the physical accommodations for the fair; assistance in organizing, managing and operating the fair and in training key staff; and short-term consultant services for promotional programmes. All this requires close co-ordination of the various activities and inputs; UNIDO therefore chose to implement the project by means of a pairing arrangement, entrusting a large international fair in an industrialized country with the responsibility of carrying out the entire task of establishing and operating the Casablanca Fair along the most modern lines.

45. UNIDO continued its fair promotional activities (cf. ID/B/150, chap. IV, paras. 38-40) in 1975, with promotional efforts at the Brno Spring Fair, the Plovdiv International Fair and the Djakarta Fair. These fairs were used by UNIDO as a venue to initiate contractual relationships, management contracts, consultations on product design, and to develop joint ventures and stimulate the transfer of technology.

46. In 1975, UNIDO widened the scope of this kind of promotional activity by organizing an industrial promotion assembly of Arab States, international consulting firms and business representatives of Europe; the occasion was the 13th Overseas

Import Fair, "Partners for Progress", in Berlin. Over 500 representatives from international consulting firms and from 16 Arab States participated; the Arab delegations were composed of government officials, representatives of private corporations, leaders of business communities in the manufacturing sector, representatives of co-operatives and industrial research and financial institutions etc. Owing to the limited time available, negotiations initiated for extensive co-operation between Arab States and European consulting firms could not be finalized. A resolution was subsequently adopted in which the establishment of an appropriate, permanent institutional arrangement was recommended so that the negotiations initiated during the Assembly could be followed up. A standing committee will be established to implement the resolution. Such a permanent institutional arrangement could provide the basis for continuous collaboration and co-operation between European and Arab countries on a national, regional and international level.

47. During the year under review, UNIDO efforts to promote co-operation between the international fairs of developing and industrialized countries resulted in the establishment of an Afro-Asian Association of International Fairs, with more than 30 countries of Africa and Asia as members (cf. ID/B/150, chap. IV, para. 42); over 10 European countries participated as observers at the founding congress, organized in Teheran, Iran. Similarly, Latin American fair authorities were brought together in 1975 at a conference in Bogotá to establish an institutional arrangement that would ensure the continued expansion of co-operation between Latin American and other countries in matters related to industrial fairs and exhibitions.

48. To strengthen the fair activities in developing countries, UNIDO will continue its efforts in this field with the organization of promotional programmes, consultations and training programmes, and the preparation of literature related to industrial fairs and exhibitions.

Chambers of industry, industrial co-operatives and other institutions (31.1.04)

49. Chambers of industry and commerce as well as industrial associations perform an important role in a country's industrial economy by providing various services to the members of the respective associations and by representing them and their interests to government authorities. Well-organized and smoothly functioning chambers and associations are a cornerstone of industrial economics, as they can provide services to industry that are not usually available from other institutions. Although chambers of commerce and industry are generally well organized and effective in providing services related to trade and commerce in the developing countries, industrial associations are often very weak and are unable to provide the support needed by their members. The importance of strengthening industrial associations is therefore clear and UNIDO is applying itself to this task.

50. During 1975, UNIDO assisted the Chamber of Commerce and Industry of Democratic Yemen in examining its role in the industrial development of the country and in strengthening its organizational structure. Through this project, the Chamber of Commerce and Industry was helped to establish and improve its service capacity for assisting industry. Other projects under implementation by UNIDO in 1975 to

improve the structure and services of chambers of commerce and industry and of industrial associations were in Ecuador, Honduras and Yemen.

51. Industrial co-operatives are playing an increasingly important role in the industrialization process of the developing countries. Such co-operatives provide an opportunity to a broader segment of the population to participate directly in industrial development; they also make possible the utilization of the traditional productive ability of particular population groups. Further, industrial co-operatives allow industry to be spread over wider geographical areas, thus promoting more balanced urban and rural industrial development. For countries with large populations, organizing industry into industrial co-operatives is one of the methods of retaining labour-intensive manufacturing operations while achieving economic viability through economies of scale in marketing, export, raw materials procurement etc.

52. In view of the importance of industrial co-operatives, UNIDO is attempting to foster the co-operative form of industrial production by creating or improving units, within Governments or co-operative organizations, that will promote and assist in establishing industrial co-operatives. UNIDO is also attempting to upgrade the expertise of the executives of industrial co-operatives and their associations.

53. An illustration of UNIDO technical assistance related to industrial co-operatives is the UNIDO project in Iran, where assistance is being given in the formulation of plans and measures for developing industrial co-operatives in the country. Identification of industrial branches and regions in which industrial co-operatives could be developed is part of the project, as is the preparation of a plan for establishing an institutional framework for promoting and assisting industrial co-operatives; implementation of the plan will be the next phase of the project. Other UNIDO assistance in 1975 included advisory missions to a number of countries in Africa, Asia and Latin America, to prepare projects on the formulation of national programmes for industrial co-operative development.

54. Past studies carried out by UNIDO show that one of the major stumbling blocks to the development of industrial co-operatives is the lack of experienced administrative, management and technical personnel in developing countries. To alleviate this situation, UNIDO organized the second in-plant training programme in industrial co-operatives, held in Poland in 1975, in co-operation with the Government of Poland and the Polish Central Union of Workers' Productive Co-operatives (cf. ID/B/150, chap. IV, para. 50). The aim of such programmes is to upgrade the practical knowledge of government officials and leaders from developing countries in the promotion, organization and operation of industrial co-operatives. The 1974 training programme was organized on a regional basis, for participants from Latin America; the 1975 programme was global in nature.

55. The developing countries' growing interest in the development of industrial co-operatives is expected to result in an increase in technical assistance requests in this field. In addition to providing assistance to Governments in establishing and strengthening their central organizations for the promotion and development of industrial co-operatives, UNIDO will emphasize assistance aimed at establishing and improving individual industrial co-operatives. The training activity for managers and executives of industrial co-operatives and their central organizations is expected to continue; if possible, it will be intensified.

Licensing and patents (31.1.05)

56. The transfer of technology is a complex, multi-stage process, and there are a number of aspects to be considered when attempting to implement it: information on technologies; alternative sources of technologies; development and adaptation of technologies; selection and acquisition of technologies; and absorption and improvement of technologies. UNIDO as a whole deals with the over-all process of technology transfer; under this specific activity, however, the Organization concentrates on the practical and applied problems of technology acquisition, including elements of information, selection and adaptation. This delimitation has been dictated by the overwhelming dependence of the developing countries on imported technologies. The impact of technology transfer is particularly great on the industrial development of developing countries, on their balance of trade and balance of payments, on their over-all employment situation, and on their sectoral industrial development.

57. The conditions governing the transfer of technology from industrialized to developing countries are not always equitable and just. As a result, a number of developing countries have adopted national measures in the form of legislative or administrative systems, to achieve more equitable terms for licensed technologies; in this way, excessive royalty payments can be reduced and dependence on foreign technology can be gradually decreased.

58. During 1975, UNIDO devoted close attention to means of establishing and strengthening national institutions dealing with technology transfer and licensing. The project in Mexico (cf. ID/B/150, chap. IV, para. 59) has been considerably expanded, and UNIDO is rendering highly specialized technical assistance in various fields of international licensing to the Ministry of Commerce and Industry of the Government of Mexico. The Mexican legislation and system for regulating the inflow of foreign technology has become known in a number of developing countries, and the technical assistance given by UNIDO to the Mexican Government in this field has received wide recognition. For example, the savings achieved through the new regulations in Mexico on existing agreements for technology transfer exceeded 20 times the annual costs of operating the respective government agency. During 1975, UNIDO received requests for similar types of technical assistance from Cuba, Egypt, Malaysia, the Philippines and Turkey. UNIDO has already implemented the preliminary stages of the projects in Egypt and Turkey.

59. One of the major handicaps of developing countries in this field is their lack of skill, knowledge and experience in negotiating, drafting and executing agreements for the transfer of technology. To overcome this handicap, UNIDO organized several meetings, workshops and consultations during 1975. For instance, a regional workshop on technology acquisition through licensing agreements by exchange of experience in Asia and the Far East was organized in Kuala Lumpur, Malaysia. A regional consultation on licensing of technology with special reference to the petrochemical and fertilizer industries was held in 1975 in the Libyan Arab Republic for Arab countries of the Middle East and North Africa. Both the workshop and the consultation were devoted to analysing the prevailing situation with regard to licensing in the respective countries; they were designed primarily to provide the participants with as much practical knowledge and experience as possible for handling licensing transactions. A major expansion of these activities is anticipated

for 1976 and beyond. A national consultation on licensing was also organized by UNIDO in Yugoslavia, at the request of the Yugoslav Chamber of Economy (cf. ID/B/150, chap. IV, para. 59).

60. During 1975, UNIDO experts assisted a number of countries in licensing and patent matters; one example of such assistance was the project for the Office africain et malgache des propriétés industrielles. At the end of 1975, a regional adviser on licensing was appointed to join the joint UNIDO/ESCAP Industries Division in Bangkok (cf. ID/B/150, chap. IV, para. 59).

61. In the Lima Declaration and Plan of Action (paras. 61 (j) and (m)), UNIDO was specifically requested to deal with the elaboration and implementation of an international code of conduct for the transfer of technology. During 1975, as in the past, UNIDO concentrated its activities in this field at the national level, i.e. on establishing and strengthening the national institutions concerned with regulating and controlling the inflow of technologies into developing countries. At the October meeting of heads of UNCTAD and UNIDO, a closer basis for collaboration between the two organizations in this field was established.

62. Attention should also be given by the least developed countries to establishing the nucleus of a technology transfer office, to keep records of technology transfer transactions and of their cost and conditions; the office could be located within the ministry of industry or in a central banking institution.

63. Since the area of international licensing and technology transfer is so broad, UNIDO must continue to expand its contacts and collaboration with other United Nations agencies and with intergovernmental and international non-governmental organizations. During the year under review, intensive contacts were maintained with WIPO, the United Nations Department of Economic and Social Affairs, ILO, UNCTAD, ESCAP, LES and IDCAS. UNIDO and WIPO participated in all mutual programmes related to technology agreements. Staff members of UNIDO have been invited as guest speakers or lecturers on courses, workshops or meetings organized by the United Nations Department of Economic and Social Affairs, LES and IDCAS.

64. Work related to establishing and strengthening national policies and institutions concerned with regulating various transfer of technology arrangements is expected to intensify. There is likely to be a growth in activities concerned with upgrading the skills of government executives in this field. The work of UNIDO in the transfer of technology will most likely be concentrated in Asia and Latin America, where industrialization is generally more advanced, and to a lesser degree in Africa.

INDUSTRIAL INFORMATION (31.2.00)

65. Previous Annual Reports have stressed the basic needs of developing countries in all aspects of industrial information—technical, economic, mercantile and organizational—and detailed descriptions of UNIDO assistance in meeting these needs have been provided. As developing countries begin recognizing the importance of



CORRIGENDUM
Ref.: ID/B/160
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ANNUAL REPORT OF THE EXECUTIVE DIRECTOR, 1975

Corrigendum

Chapter II. Field Activities

Paragraph 114, line 1

First sentence *should read* During 1975, the international economy continued to suffer the effects of general inflation and currency fluctuations.

Chapter VI. Headquarters and Field Machinery

Paragraph 44

Line 3: *for 2 per cent read 0.2 per cent*

Line 4: *for 5 per cent read 0.5 per cent*

Chapter VII. Sources of Finance

Paragraph 10, line 7

Last sentence *should read* The General Assembly approved a final amount of \$45,157,000, representing a real increase in programme growth of \$426,300, or 1.06 per cent. In its approval, the General Assembly took into account adjustments for fluctuations in exchange rates, a reduction of 2 per cent in the provision for inflation, and a minor modification in the single rate of post adjustment.

Appendix J. Geographical distribution of the Professional and higher category staff of UNIDO as at 31 December 1975

Page 242, right column

Under the entry Europe (Western), France *for 2 D-1 read 1 D-2, 1 D-1*

including information services among their institutional structures, requests from developing countries for assistance in this field from UNIDO and from sources in industrialized countries are becoming more numerous.

66. UNIDO is endeavouring to encourage the establishment or upgrading of structures oriented to the needs of users in developing countries; its activities therefore focus on extension services, training programmes for information officers and users, industrial literature scanning and selective dissemination services, and referral services to sources of information. In 1975, UNIDO continued to provide technical assistance along these lines; at the same time, the Organization continued to operate a headquarters-based industrial information clearing-house service, an industrial information publications programme, and industrial documentation and library services.

67. The Lima Declaration and Plan of Action, in paragraph 61(k), directed UNIDO to take "appropriate measures" to make available a greater flow to the developing countries of information permitting the proper selection of advanced technologies. This recommendation ties in with Recommendation II of the *Ad Hoc* Committee¹ and constitutes a follow-up to efforts initiated by UNIDO in 1972 in its pilot project on the appropriate choice of equipment (cf. ID/B/140, para. 468 and ID/B/150, chap. IV, para. 79). The Lima Declaration and Plan of Action went even further, however, and directed that measures be taken to "include consideration of the establishment of an industrial and technological information bank" (para. 61(k)). This recommendation is related to the expression of comparable intent contained in Economic and Social Council resolution 1902 (LVII), in which the Secretary-General of the United Nations was requested to undertake, in consultation with all United Nations agencies, a "feasibility study on the progressive establishment of an international exchange system for the transfer and assessment of technologies" (para. 1).

68. UNIDO participated in the preparation of this feasibility study, which was carried out under the aegis of the United Nations Office for Science and Technology. The experience of UNIDO in operating information clearing-house services for industry will undoubtedly be reflected in the study. The Secretary-General's report to the Committee for Science and Technology for Development, in response to Economic and Social Council resolution 1902 (LVII), will probably recommend a rapid build-up of the current industrial information programme of UNIDO in all its components and a corresponding extension of resources.

69. Developments in 1975 have highlighted the continuously expanding role of industrial information as a precondition for transferring technology to developing countries; they also bear witness to the importance developing countries attach to UNIDO efforts to organize and strengthen industrial information services within these countries.

70. The specific activities under this programme component are broken down into the following four headings: development of national industrial information facilities and media for industry (31.2.01); clearing-house services for industrial information (31.2.02); industrial information through publications (31.2.03); and industrial documentation and library (31.2.04).

¹ "Report and conclusions of the *Ad Hoc* Committee on Long-Range Strategy for UNIDO" (ID/B/142), paras. 30-35.

**Development of national industrial information facilities and media
for industry
(31.2.01)**

71. In carrying out its activities under this heading, UNIDO has taken into account the conclusion of the *Ad Hoc* Committee "that UNIDO should give first priority in its industrial information activities to finding more effective measures that assist developing countries in building up and strengthening their own services".² Wide distribution was given in 1975 to a UNIDO paper entitled "Guide to better understanding and indications of how to use assistance and services offered by UNIDO in introducing information as an instrument of industrialization". Although the series of regional seminars held during previous years for officials in developing countries had to be discontinued in 1975 owing to lack of financing, UNIDO co-sponsored a meeting of the industrial information committee of the International Federation of Documentation for Latin America, held from 10 to 14 February 1975 in Mexico. A meeting of heads and responsible officers of industrial information centres from various parts of the world was also held in 1975, under the aegis of the International Federation of Documentation; on this occasion, areas of co-operation between the International Federation of Documentation and UNIDO were discussed at UNIDO Headquarters.

72. On the subject of training, the *Ad Hoc* Committee had agreed that, "as a priority measure for implementation, UNIDO should reorganize and enlarge available training facilities".³ The annual training course for industrial information officers was organized by the All-Union Institute for Scientific and Technical Information (VINITI); it was held as a joint UNESCO/UNIDO venture in 1975, in Moscow, for participants from French-speaking countries (cf. ID/B/150, chap. IV, para. 72). Previous VINITI courses had been positively evaluated by both UNIDO and UNESCO, but with reservations as to the practical aspects of reaching decision-makers in decentralized industrial structures. To meet this objection, the 1975 course was followed by one week of practical training at Brussels, under a Belgian voluntary contribution, in co-operation with the Royal Library and CEDITEC, a user-oriented information service to small and medium industry. Since combining the VINITI course with training in Belgium seems to have disposed of earlier reservations, this arrangement will be pursued in future. In response to the *Ad Hoc* Committee's request that, in addition to present training facilities, "UNIDO should organize on a pilot basis, its own training courses in co-operation with existing information centres, both in industrialized and developing countries",⁴ UNIDO has arranged for a group of trainees from IDCAS to be trained at the Danish Technical Information Service, Copenhagen.

73. Contributing to the information available to industrial planners and decision-makers is a function for every institution that addresses itself to the service of industry. In UNIDO, projects with industrial information components greatly outnumber the projects devoted exclusively to industrial information. Developed countries are increasingly interested—in private and official quarters alike—in raising developing countries' receptivity to the industrial information that industrialized countries can offer; UNIDO cannot therefore claim any monopoly on assistance in

² *Ibid.*, para. 30.

³ *Ibid.*, para. 31.

⁴ *Ibid.*

this field. During 1975, UNIDO continued its co-operation with Technonet, an industrial information centre established in Singapore for South-East Asia by the International Development Research Centre (IDRC) of Canada (cf. ID/B/150, chap. IV, para. 66). IDRC is attempting to develop similar institutions in other parts of the world, drawing on the large and sophisticated information base in Ottawa. UNIDO has been requested by the World Federation of Engineering Organizations and its Committee of Engineering Information, based at the United States National Bureau of Standards, to support a conference, to be held in Tunis in 1976, on national planning for scientific and technical information systems and services in the Arab countries. In this connexion, the efforts of UNESCO/UNISIST to establish focal points for scientific and technical information purposes should be mentioned. UNIDO endeavours to keep track of, and co-operate with, initiatives in this field that are parallel to its own work.

74. In Latin America, two UNIDO industrial information projects, one in Costa Rica and the other in Cuba, are nearing completion with possibilities of extension and amplification in both cases. As a component of a larger project, assistance in industrial information was provided to Ecuador in 1975. The project described in the previous Report relating to Mexico (cf. ID/B/150, chap. IV, para. 67) has been approved in principle for a total amount of \$650,000, and the exploratory stage of a project in Bolivia has also been approved. Preparations were made by UNIDO in 1975 for the implementation of a \$234,000 project within the context of the Indian country programme; the aim of the project is to establish a documentation and information centre for the steel industry. In Africa, demand for assistance in this field increased sharply in 1975 with projects in Algeria, Chad, Kenya, Libyan Arab Republic, Morocco, Nigeria and Rwanda. Two projects of particular interest involve large-scale assistance to Zaire and to the OMVS (Organisation pour la mise en valeur du fleuve Sénégal). In the Middle East, UNIDO still focuses its attention primarily on developing the capability of IDCAS to disseminate industrial information, although there are a number of other UNIDO technical assistance projects in this field in specific countries of the region.

Clearing-house services for industrial information (31.2.02)

75. The function of UNIDO as a clearing-house for industrial information, as seen by the *Ad Hoc* Committee, "should be primarily that of an intermediary rather than to store and retrieve information itself... plugging into existing sources of information, ... [with] preference ... to those institutions which are prepared to offer satisfactory services free of charge or at low cost".⁵ This is a fairly accurate description of the efforts of the industrial inquiry service to develop its network of correspondents so that the service can respond to the constantly growing demand for all manner of technical, economic, mercantile and organizational information from developing countries. The industrial inquiry service attempts to draw on the most likely sources of information in each case, sources either known from experience or discovered as new requirements surface, and connected with UNIDO through its network of correspondents. Payments for the provision of substantial information remain moderate; they are financed from voluntary contributions. UNIDO tries to draw on its own sources before calling on outside assistance; copies of answers to

⁵*Ibid.*, para. 32.

inquiries are retained for storage and retrieval. On this point, departure from the view of the *Ad Hoc* Committee cannot be avoided, for strict adherence to this view would be uneconomical. UNIDO already disposes of the core of an industrial information bank; the contents of the subject files retained in the inquiry service are collated, indexed and abstracted for publication in the *Industrial Development Abstracts* series. The expansion of this service, from 4,000 inquiries in 1974 to 8,000 in 1975, is due largely to the publicity in the *UNIDO Newsletter*. The growth of this service does raise problems of an organizational and financial nature for UNIDO, however, since no specific budget provision provides for the vast amount of photocopying, microfiche and mailing expenses that are entailed in the further expansion of this service.

76. Another main function of UNIDO, according to the *Ad Hoc* Committee, should be "to provide developing countries with relevant information on existing appropriate technology so as to enable them to make their own choice".⁶ The pilot project on the appropriate choice of equipment (cf. ID/B/140, para. 468) was a forerunner to this recommendation. Other measures will have to be taken in line with the recommendations of the Lima Declaration and Plan of Action, particularly those in paragraph 61 (k). In 1975, UNIDO sought to strengthen its information service on industrial equipment and related technologies, utilizing voluntary contributions from India and Japan (cf. ID/B/150, chap. IV, para. 79). UNIDO is building up a referral service of industrial equipment producers in developed countries, and a series of industry profiles and manufacturing guides is being prepared. Information on technologies and equipment developed or adapted in developing countries themselves to suit their own conditions is being disseminated through a new column, called "Inter-link", in the *UNIDO Newsletter*, and through a series of mimeographed compilations under the following titles:

- Industrial equipment from developing countries;
- Technologies from developing countries;
- Recycling technologies;
- Comparable equipment and technologies.

These new initiatives have evoked widespread interest from developing and developed countries. By the end of September 1975, for example, the "Inter-link" column had generated 845 inquiries from 356 inquirers in 98 countries.

Industrial information through publications (31.2.03)

77. UNIDO continued to disseminate printed industrial information under this programme component in 1975 with the publication of volumes 21 to 24 in the series of *Industrial Development Abstracts* (including a special issue containing abstracts of 150 files from the industrial inquiry service) and volumes 14 to 19 in the series of *Guides to Information Sources*. Both series are United Nations sales publications. The *Guides to Information Sources* have met with success both in developing and industrialized countries and constitute basic reference material for industrial information centres (cf. ID/B/150, chap. IV, para. 80). The *Guides* published in 1975 were related to the following industries: animal feed, printing and graphics, non-alcoholic beverages, glass, ceramics and canning.

⁶*Ibid.*, para. 34.

78. The monthly *UNIDO Newsletter*, with an estimated pass-along readership of 60,000 in five languages, continued in 1975 to be UNIDO's most widely-read publication. Several of the columns in this publication, especially "Inter-link" and "Industrial Opportunities", have contributed to a cross-fertilization of industrial information and projects among the developing countries themselves. The *Newsletter* also generated some 200 letters each month from developing countries requesting specific files from the industrial inquiry service, an increase of 20 per cent over 1974.

79. In 1975, UNIDO continued its series of manufacturing guides with issues on the lime and clothing industries.

80. In its efforts to disseminate information about existing industrial films, UNIDO issued 12 numbers of the mimeographed "Ind-Film News Notes" in 1975. By the end of the year 239 films had been distributed to field experts and 176 requests were on the waiting list for films already in circulation. Since its inception, the service has completed 479 film loans.

Industrial documentation and library (31.2.04)

81. The *Ad Hoc* Committee advocated that, with regard to the information generated by the work of UNIDO, "an effective and rational system of storage and retrieval should be developed so as to ensure that the in-house capacity of UNIDO was properly utilized when disseminating industrial information to developing countries".⁷ Apart from the files of the industrial inquiry service, which contain primarily material generated elsewhere (some of which appeared as a new feature in a 1975 *Industrial Development Abstract*), documents and reports on the work of UNIDO itself provided the background material for five issues of *Industrial Development Abstracts*; altogether, these issues contained abstracts of 1,000 items. This effective and rational system, known under the initials INDIS, is computerized for automatic selective information retrieval and is related to an inter-agency system administered at ILO headquarters. This system is worked out with reference to descriptors contained in a *Thesaurus of Industrial Development Terms*, existing since 1972; updated English-French and French-English editions were commissioned in 1975 and are soon to be published. Requests for UNIDO documents, based on the use of the *Industrial Development Abstracts*, are numerous; the series has received favourable mention in several leading journals.

82. Drawing the attention of headquarters staff, field advisers, project managers and experts to reading material appropriate to their particular fields of interest is an essential documentation activity. UNIDO continued to disseminate selected readings in 1975, a service that consists of copying tables of contents or full-length articles from publications and documents of all origins that reach the Library; 8,600 items were circulated to headquarters staff and over 13,500 items to the field. The Library's services and collection were improved and extended in 1975 by updating and completing the contents of the country and subject files. The Library received and processed over 60,000 items, provided answers to some 2,500 queries at Headquarters, loaned about 3,300 items to headquarters staff, sent out about 18,000 UNIDO documents in response to outside requests and ordered over 4,000 books and periodicals for field projects. The Library premises were reorganized in 1975 to provide a more attractive reading room and more effective service to patrons.

⁷*Ibid.*, para. 33.

INDUSTRIAL MANAGEMENT AND CONSULTING SERVICES (31.3.00)

83. During 1975, UNIDO continued its efforts to assist the establishment of productive enterprises in developing countries through providing management and consulting services. Activities under this heading were extended, owing to supplementary requests for assistance caused by world-wide economic conditions, such as rising costs and declining markets, that placed additional burdens upon the management of enterprises.

84. The short- and long-term activities of UNIDO to improve management performance have the following objectives:

- To provide management of industrial enterprises with financial, production, marketing and policy assistance in developing countries;
- To develop national and regional management consulting organizations;
- To assist government agencies in improving the management of industries in the public sector;
- To assist developing countries in establishing conditions for the improvement of industrial legislation.

85. In accordance with the Lima Declaration and Plan of Action, it is envisaged that future activities under this heading will be increasingly concerned with the establishment of productive enterprises. Consequently, management assistance will concentrate heavily on the start-up of new enterprises in developing countries.

86. This programme component is broken down into four specific activities: management consultancy (31.3.01); management techniques (31.3.02); management at the sectoral level (31.3.03); and industrial administration and legislation (31.3.04).

Management consultancy (31.3.01)

87. The creation of management consultancy capacity in developing countries is considered an important element in the over-all strategy of industrial development in general, and in management development in particular. Management consultancy is frequently requested as a follow-up of technical assistance. Moreover, large-scale interdisciplinary projects often include a management consultancy component. Management consultancy projects themselves tend to expand into multidisciplinary approaches to industrial development.

88. In Ecuador, where one of UNIDO's largest projects of this type is being carried out in co-operation with the Ecuadorian Centro de Desarrollo, industrial consultancy services are being provided by teams consisting of technical experts and management consultants. These teams work together with the aim of developing selected firms into model operations for the sectors they represent, e.g. food, textiles, metal mechanics, wood and furniture, leather and construction industries. A number of UNIDO experts and management consultants are working in each sector, together with 32 Ecuadorian counterparts. The latest review of the project has attested to the effectiveness of the team approach and to its usefulness in industrial development efforts.

89. UNIDO has submitted to UNDP for approval a large-scale project on a consultancy programme for African industrial development. This project will combine management consultancy development with an effort to determine priorities for industrial development, particularly in the least developed countries of the region, with the aim of establishing industrial enterprises.

90. In 1975, UNIDO began a consultancy project in the Dominican Republic, a project that had grown out of a management clinic (cf. ID/B/150, chap. IV, para. 102). Low-cost clinics of this type consist of a number of consultancy visits by UNIDO experts to local firms, where the respective problems of the companies are discussed, general problem areas are identified, and solutions are offered on the basis of the consultants' experience. These clinics have proven extremely useful in demonstrating the advantages of management consultancy to local industry and in motivating industrial enterprises to improve their performance. The current follow-up project in the Dominican Republic is serving to strengthen the capacity of a local consultancy institute. A similar project is operative in Panama.

91. Other projects in the field of management consultancy include two large-scale projects in Uganda, a project in Liberia and a project in Yugoslavia that is just being completed. A similar project is in preparation for Pakistan.

Management techniques (31.3.02)

92. During 1975, UNIDO implemented a number of projects dealing with the transfer and adaptation of appropriate management concepts and techniques, in particular with information and control systems, ranging from conventional methods of cost accounting and financial management to more sophisticated techniques calling for the use of computers. The importance of this UNIDO activity was emphasized in the Lima Declaration and Plan of Action.

93. Projects related to the introduction and establishment of management information systems at the factory/industrial sector level were undertaken by UNIDO in 1975 in Hungary, Singapore, Turkey and Yugoslavia. The Hungarian project, described in the 1974 Annual Report (cf. ID/B/150, chap. IV, paras. 106-110), entered its final stage. Project activities centred on improving an enterprise's productive capacities through the design of an integrated manufacturing control system and the application of modern mathematical techniques to the processes involved. This computer-based system also served to enhance substantially the existing management capabilities.

94. Among UNIDO promotional efforts in this area in 1975 were a management clinic held in Panama and a joint consultation for the promotion of industrial management clinics for the least developed countries of Africa, held in Uganda.

95. Industrial manpower development techniques to set up and strengthen management development activities and internal management consulting capabilities were successfully applied in a UNIDO project in Hong Kong; the project was completed in 1975.

96. Value analysis and value engineering methods were applied in a project for the tractor industry of Turkey. During the year under review, UNIDO received a number of requests for fellowships to study management techniques; many of the requests have been met.

97. UNIDO has been pursuing the use of a systems approach to industrial management and organization in the developing countries. To this end, expertise has been sought from the International Institute for Applied Systems Analysis (IIASA), located near Vienna, for UNIDO operational activities (cf. ID/B/150, chap. IV, para. 105). For example, a joint UNIDO/IIASA mission has worked out a large-scale project for Iran. The optimal use of computers for the management of Yugoslav industries is another problem that will be tackled jointly by UNIDO and IIASA.

98. A brochure on the use of management information systems was published by UNIDO in 1975; the first stage of a study on the role of the management component in the transfer of technology was completed. The study will be discussed with UNIDO field advisers and with experts from both developing and developed countries, to devise conceptual as well as operational approaches to the problem.

Management at the sectoral level (31.3.03)

99. In the developing countries, the growth of many industrial companies and sectors is often hampered by the absence of marketing management. As a result of poor planning, industries and industrial sectors often have large excess capacity in manufacturing equipment. UNIDO, in its activities under this heading, therefore seeks to assist managers in developing countries: to improve their skills at assessing and studying markets; to establish guidelines for product quality requirements; to choose the proper distribution and supply channels to service customers regularly and efficiently; and to select proper pricing and promotion procedures. UNIDO also helps by studying domestic markets for specific products in developing countries; designing marketing strategies for Governments and enterprises; developing specific marketing consultancy capabilities; and providing marketing advice to large-scale general management projects.

100. During 1975, UNIDO sent two industrial marketing advisers to investigate the factors hampering industrial development in Pakistan; the advisers were assigned to the Pakistan Administrative Staff College. The Organization also initiated a market research study of the marble industry in Benin.

101. A number of technical assistance activities relating to marketing strategy were under implementation by UNIDO in 1975. An industrial marketing adviser was assigned to Bolivia to help in planning and implementing a policy for marketing asbestos, fibre products and non-metallic minerals. In Iceland, similar assistance was given in developing a marketing policy for materials from volcanic products. The National Company for Marketing and Maintenance of Engineering Equipment in Iraq received expert assistance from UNIDO on the policy of marketing automotive products. An industrial marketing adviser was sent to Senegal to assist local industry in improving industrial marketing methods and facilities. Two industrial marketing experts were assigned to Yugoslavia to introduce modern marketing and sales promotion methods.

102. Three UNIDO experts went to the National Centre for Consulting and Management Development, Iraq, to develop consultancy capabilities in marketing; another expert was assigned to the Cotton Textile Industry Centre in Pakistan. UNIDO also provided assistance to the National Productivity Board in Singapore and to the Uganda Development Corporation Consultancy Group, and assigned marketing experts to large management consultancy projects in Argentina and Ecuador.

103. In the first quarter of 1975, the report of the expert group meeting on marketing management and strategy for the developing world was completed and published (cf. ID/B/150, chap. IV, para. 115). In the last quarter of the year, UNIDO issued a monograph on technical aspects of marketing capital goods and industrial supplies, intended as a reference for industrial managers and government officers in developing countries.

Industrial administration and legislation (31.3.04)

104. UNIDO activities related to industrial administration and legislation were further developed during 1975, with regard to both research at Headquarters and technical assistance in the field.

105. In order to programme technical assistance more effectively and to identify the most pressing issues in this field, UNIDO is carrying out a survey, through the UNIDO field network, on administrative and legislative problems confronting industry in the developing countries. Simultaneously, research is being carried out at Headquarters.

106. Interest has been growing of late in strengthening the effective operation of government machinery and in creating an adequate legal framework for industrial development—important aspects in the implementation of development plans and policies. The number of technical assistance activities in these fields has increased substantially, although the average size of the projects—as in previous years—remains small. The number of requests for assistance in the management of state-owned companies and of the government bodies concerned with their administration is increasing. Projects of this kind tend to be fairly large, since they require a greater number of experts; UNIDO is preparing two seminars for 1976 on the subject. The Organization is also attempting to establish links and communications between institutes that deal with these matters in developing and in industrialized countries.

SMALL-SCALE INDUSTRIES (31.4.00)

107. The activities of UNIDO under this programme component continued to expand during 1975 and were concentrated on the same aspects as those mentioned in the last Annual Report (ID/B/150, chap. IV, para. 122). Given the increased implementation figure under this component in 1975 and the projects in the pipeline, it is apparent that small-scale industries continue to be of great importance to countries at all stages of development. A number of new projects were worked out during 1975, most of which were especially oriented towards establishing and

promoting small industries in rural or less developed areas. Requests for assistance in industrial estates and/or rural industrial development programmes were received from virtually all regions.

108. In the less and least developed countries, there has been growing interest in the establishment of industrial estates and related extension services as a means of introducing industrial entrepreneurship in rural areas. This also applies to less developed areas within the more developed of the developing countries.

109. As stated in the 1974 Report (cf. ID/B/150, chap. IV, para. 125), UNIDO provided assistance to the United Republic of Tanzania through the Small-scale Industry Development Organization (SIDO) in that country. The original project has now been expanded to cover establishment of up to 10 industrial estates and 12 model demonstration plants within the country.

110. In Argentina, a UNIDO project is being implemented that envisages the establishment of a series of industrial estates throughout the Santa Fé province.

111. In Liberia, UNIDO assisted the Government in planning and establishing a rural industrial estate in the remote northern province of the country (cf. ID/B/150, chap. IV, para. 131). The objective was to promote small-scale processing of locally available agricultural and related raw materials through a co-operative organization. In Fiji and Papua New Guinea assistance has been similarly designed to bring industry to rural areas.

112. In Nigeria, UNIDO is co-operating with the World Bank, in a large-scale project to establish industrial development centres and industrial estates in various provinces of the country.

113. In Bangladesh, preparatory assistance was provided to the Bangladesh Small Industries Corporation (BSIC) for working out a large-scale project to assist the small-scale industry sector. The aim of this project is to decentralize the activities of BSIC and to establish in a selected province a more efficient assistance organization; the project involves close co-operation with the Swedish International Development Authority (SIDA) and the World Bank.

114. As already stated in the 1974 Report (cf. ID/B/150, chap. IV, para. 139), an evaluation of the effectiveness of the industrial estates as an instrument for small industry development is being carried out in six centres, in co-operation with SIDA. The completion of the report and the analysis of the evaluation are expected for early 1976.

115. With few exceptions, almost all large-scale projects are examined and reviewed after a certain length of time to determine their achievements, status and future prospects. Such review missions were undertaken in 1975 by UNIDO with UNDP assistance in Chad, Gabon, Greece, Niger, Papua New Guinea, Peru, Rwanda, Togo, Turkey, Uganda, United Republic of Tanzania and Zaire.

116. In addition to evaluating the effectiveness of industrial estates, UNIDO carried out other supporting activities under this programme component during the year under review. The supporting activities focused largely on three meetings organized by UNIDO in 1975.

117. First, UNIDO held a group training programme on extension services for small-scale industries in East African countries, financed by SIDA. Representatives from 12 English-speaking developing countries were invited, most of them belonging to the least developed countries. The purpose of the programme was to give extension officers, particularly those responsible for the development of extension and advisory services from the participating countries, a better understanding of the problems involved and of the means of overcoming them.

118. In November 1975, UNIDO conducted a meeting in Vienna on self-help programmes for small-scale industries in developing countries (cf. ID/B/150, chap. IV, para. 143). Experts and officers from non-governmental organizations in both developed and developing countries attended the meeting, representing chambers of commerce and industry, federations or associations of industries and small-scale industries, industrial co-operatives, and institutional groupings of small-scale industries. At the meeting, guidelines were formulated for action to promote self-help; a report analysing the results of the meeting is to be published in 1976.

119. In December, UNIDO held a regional meeting in Lima on domestic subcontracting between large and small industries in selected Latin American countries (cf. ID/B/150, chap. IV, para. 142). The purpose of the meeting was to bring together representatives of Governments and industries for a five-day discussion and exchange of views on the formulation and adaptation of measures to increase the volume of subcontracting between large and small industries in Latin American countries.

120. In co-operation with the programme component of industrial training, a fellowship group training programme was carried out in 1975 at the International Centre for Advanced Technical and Vocational Training in Turin for 17 small-scale entrepreneurs and extension workers from French-speaking African countries.

INDUSTRIAL TRAINING (31.5.00)

121. In accordance with the objectives set for the biennium 1974-1975, the activities of UNIDO under this programme component have been concentrated

Assistance to Governments and industries of developing countries in establishing integrated industrial training schemes and in providing practical job experience based on identified demand, through use of suitable training facilities both at home and abroad;

Assistance to developing countries in the promotion and organization of training programmes for updating and upgrading the skills of professional staff already employed in industry;

Assistance to developing countries in the proper application of industrial training methods, techniques and programmes;

Provision of thorough information on UNIDO operations to government officials in charge of industry and industrial development.

In other words, the work of UNIDO in this field is devoted, as mentioned in the 1974 Annual Report (cf. ID/B/150, chap. IV, para. 146), to the development of human potential—a decisive factor in the process of industrial development.

122. Information on the UNIDO integrated industrial training offer programme (cf. ID/B/150, chap. IV, paras.147 and 148) was circulated for the first time in 1975 and proved to be a useful instrument for informing all those concerned with UNIDO training activities. The information provided readers with a comprehensive view of the industrial training opportunities offered by UNIDO. In addition to numerous nominations of candidates for individual fellowships, financed under the UNIDO regular programme of technical assistance (see section on fellowships below), requests for specific information on further details of the programme have been received from Governments, UNDP Resident Representatives and institutions of more than 50 developing countries.

123. A further breakthrough was made with regard to securing suitable host facilities in industrialized countries. For instance, an informal agreement was reached with the national supervising agency and the respective industrial associations in Italy, that high-quality, practice-oriented training facilities will be made available to UNIDO-sponsored fellows in the textile and mechanical industries.

124. In line with efforts to organize training for nationals of developing countries, UNIDO has included a proposal in its biennium programme budget 1976/1977 to identify, adapt to existing needs, and make available suitable training facilities in advanced developing countries; this proposal was elaborated in the light of the Lima Declaration and Plan of Action.

125. Co-operation with other agencies and organizations, particularly with UNESCO, ILO and the International Centre for Advanced Technical and Vocational Training in Turin, was extended during the year under review (cf. ID/B/150, chap. IV, para. 150). Three UNIDO-sponsored training programmes were carried out by the Turin Centre for fellows from French-speaking African countries, including some of the least developed countries.

126. The industrial training component is divided into three specific activities: training methods and techniques (31.5.01); in-plant group training (31.5.02), and seminars on UNIDO operations (31.5.03). The following text, however, gives a somewhat different breakdown of activities which, it is hoped, will provide a more comprehensive picture of the work actually being carried out by UNIDO in the field of industrial training.

In-plant group training

127. The number of in-plant group training programmes carried out in 1975 increased to 22 with a total of 387 participants.⁸ Two programmes covered new fields, namely maintenance of the woodworking industry, conducted in Finland, and maintenance of biomedical instruments, carried out in Hungary. Another programme, in the field of electrical industries, which had been discontinued in 1972, was reinstated in 1974 in Sweden; the reinstatement of the programme followed the positive findings of a survey carried out in 1973 on the impact this training programme had had on the work performance of former participants. Not only had the performance of the majority of participants improved, but many of them had been able to assume greater responsibilities as a result of the training.

⁸ Appendix E gives a complete listing of the in-plant group training programmes organized by UNIDO in 1975, including field of industry, host country and number of participants.

128. A factor hampering the expansion of the in-plant group training programmes is financing. The programmes are still financed from UNDP interregional funds, the UNIDO General Trust Fund, the UNIDO regular programme of technical assistance, or direct contributions from host countries, either through Special-purpose Trust Fund arrangements or as a contribution in kind. The latter contribution is not reflected in UNIDO accounts, but is estimated at \$500,000 for 1975. In most instances, a combination of more than one source of funds is required to finance a programme.

129. For seven UNDP co-financed programmes, the UNDP contribution covering international travel and, for some programmes, incidental expenses was allocated on a two-year basis (1975/1976); consequently, an attempt is being made to secure supplementary financing from other sources and provisions are being made to carry out these programmes in 1976 as well. Owing to certain circumstances, two of the seven programmes could not be carried out in 1975. UNIDO has begun negotiating with UNDP the possibility of financing in-plant group training programmes on a long-term basis during the programming cycle 1977-1981 (cf. ID/B/150, chap. IV, para. 153). The same approach is being attempted with regard to programmes financed from other sources.

130. The geographical distribution of the countries from which participants came changed slightly in 1975 as compared with 1974. Approximately 9 per cent of the participants came from Europe, 7 per cent from the Middle East, slightly less than 40 per cent from Asia and the Pacific, approximately 14 per cent from Latin America, and slightly over 30 per cent from Africa. The number of participants from Latin America declined in 1975 and that of Asia and the Pacific increased. It is likely that in 1976 the reverse will be observed, as two programmes are scheduled to be conducted in Spanish only.

131. UNIDO continued its efforts to include participants from least developed countries in the in-plant group training programme, despite the difficulty of reconciling the level of training with the level of industrialization in these countries (cf. ID/B/150, chap. IV, para. 158). As in previous years, only a few of the least developed countries participate regularly in the programme, and others only nominate candidates occasionally.

132. In 1975, UNIDO sponsored for the first time an in-plant group training programme that had originated in an industrialized country (Sweden) and was conducted in a developing country. This particular programme was on quality control, and part of it was conducted in Egypt for participants from selected countries in the region. The programme was carried out by the original Swedish staff, and was hosted by the Engineering and Industrial Design Development Centre in Cairo, a UNIDO-sponsored project. The execution of this programme was made possible through Special-purpose Trust Fund arrangements with the Government of Sweden; it is hoped that this pilot project will result not only in a repetition of the quality control programme in another region but also in other programmes being conducted in a similar manner.

133. In this connexion, negotiations have begun to have the UNIDO in-plant group training programme in management of maintenance and repair services (Italy) implemented as a training project hosted by a developing country.

134. End-programme evaluations of all programmes were carried out in 1975, as in the past. A UNDP project co-ordinator visited Colombia, Ecuador and Peru to evaluate the effectiveness and impact of eight UNIDO in-plant group training programmes, a continuation of the evaluation missions undertaken in previous years (cf. ID/B/150, chap. IV, para. 156). Both the end-programme evaluations and the project co-ordinator's evaluation missions have provided useful feed-back information to UNIDO and to training management in host countries; such feed-back is a valuable aid in improving repeated programmes and in designing new ones. Under Special-purpose Trust Fund arrangements, a follow-up seminar for former participants of the in-plant group training programme in maintenance management (Sweden) is scheduled for early 1976, to be hosted by a developing country.

135. UNIDO has been making strenuous efforts to keep abreast of the actual training needs of higher technical and managerial personnel of industry and related institutions in developing countries. This has been done through regular contacts with Resident Representatives, senior industrial development field advisers, experts etc. and also by making use of the responses to the UNIDO integrated industrial training offer programme. Although training needs are diversified, it appears that the need for training in managerial aspects, linked to technological aspects, is becoming predominant. For this reason, efforts are being made to include management aspects in sectoral programmes.

Individual fellowships

136. The fellowship activities of UNIDO, described in ID/B/150, chapter IV, paragraphs 162-165, continued during 1975 with an increase of approximately 10 per cent (620 versus 561) in fellowship awards. To a certain extent, the increase is due to both the UNIDO integrated industrial training offer programme and to a change in the processing of fellowships financed from the UNIDO regular programme of technical assistance. The crucial element in the new procedure is that fellowship posts are now established only on the basis of fellowship nomination forms submitted by Governments and evaluated by the fellowship selection panel. The 1975 deadline for such nominations was 31 May; by September of the same year, practically all regular programme fellowship posts had been established and the available funds committed. Additionally, a number of fellowships were awarded and study tours arranged under the least developed countries component of the regular programme of technical assistance.

137. On the other hand, the decrease in actual fellowship implementation continued in 1975, so that the gap between awards and implementation of fellowships is continuing to widen. The primary reason for the decrease in implementation is that, particularly since 1974, placement of international fellows for practical training in the industries of industrialized countries has become increasingly difficult. At the same time, the costs of implementing fellowships have increased, which means that the actual cost per fellowship has become greater. The higher costs are the result of a number of factors, including inflationary trends, currency fluctuations and considerably higher tuition fees not only in training institutions, but also more and more frequently in the industrial enterprises with which fellows are placed.

138. If the implementation of the UNIDO fellowship training programme is to be effectively and systematically monitored, UNIDO will have to have closer and more direct contacts with its fellows and their training institutions or firms. This could

be achieved by giving UNIDO more responsibility for placing fellows. To date, UNIDO is responsible only for placement in host countries outside Europe and North America; the possibility of including European host countries within the placement responsibilities of UNIDO is presently under consideration.

Field projects

139. The upward trend of UNIDO industrial training field projects, first noticed in 1974, continued during 1975. The philosophy that training carried out within the developing countries themselves can reach more people at lower cost, can be more readily adapted to the unique needs and circumstances of the country involved, and permits more immediate and effective on-the-job application, is proving increasingly valid. Well-thought-out industrial training field projects can make a significant contribution to the development of human potential in the developing countries; this is particularly true for the least developed countries, which do not yet dispose of cadres sufficiently advanced for participating in UNIDO in-plant group training programmes.

140. Field activities in industrial training were carried out or initiated during 1975 in Barbados, Brazil, Democratic Yemen, Indonesia, Morocco, Pakistan, Rwanda, Saudi Arabia, Turkey and Zaire. Projects in Iran and Zambia are about to enter their second phase of implementation, while projects for Afghanistan, Indonesia, Ivory Coast, Nigeria and the United Republic of Tanzania are in the pipeline.

141. The evolution of industrial training field projects shows that developing countries are placing emphasis on the following types of projects:

- Design and development of industrial training institutions at national or industrial levels for one or more industrial branch or function;
- Design and development of training departments for Governments, holdings and individual enterprises;
- Specialized training programmes for specific groups of industrial personnel, including the provision of lecturers, trainers, training equipment etc.;
- Industry/universities linkages.

Mention should also be made of the operational field activities dealing with training in behavioural motivation and entrepreneurial development.

Seminars on UNIDO operations

142. The seminars on UNIDO operations for high-level government officials have been carried out successfully for a number of years. As a result, government circles in the developing countries have accumulated a considerable amount of detailed knowledge on the operations and services of UNIDO. It is now felt that this series of seminars, having served its purpose, should be brought to an end in the near future. Accordingly, only one interregional seminar on UNIDO operations was carried out in 1975, in Vienna; 13 officials from as many countries participated. Two more seminars of this type are scheduled for 1976, an interregional seminar to be held in Vienna and a regional seminar for Asia to be held in New Delhi.

Headquarters activities

143. The fourth issue of the UNIDO "Guide to training opportunities for industrial development" was published and distributed in about 4,500 copies. The Guide provided information on more than 500 training courses suitable for and available to high-level industrial personnel from developing countries. More than 30 per cent of the courses described are offered by institutions in developing countries.

144. In 1975, a special evaluation was made of the final reports of UNIDO alumni who had completed their fellowship training in 1973 and 1974; emphasis was placed on the fellows' judgement of their respective training facilities. The evaluation yielded a guide for placement proposals that can be used by fellowship officers, substantive officers, placement offices and national supervising agencies, Resident Representatives, industrial development field advisers, project managers etc.

Chapter V

INDUSTRIAL POLICIES AND PROGRAMMING PROGRAMME

(32.0.00)

INTRODUCTION

1. During 1975, activities under the programme of industrial policies and programming were closely concerned with the preparation and implementation of the Second General Conference of UNIDO held at Lima, Peru, from 12 to 26 March 1975. The programme assumed the responsibility for preparing the substantive documentation not only for the Second General Conference but also for the five sessions of the Intergovernmental Preparatory Committee for the Conference, for maintaining contacts with Governments and intergovernmental organizations, and for organizing regional conferences jointly with the regional economic commissions. Twelve staff members from this programme participated in the servicing of the Second General Conference itself.

2. Following the adoption, at the Second General Conference, of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, the industrial policies and programming programme prepared, at the request of the Executive Director, for discussion within the UNIDO Secretariat, a preliminary comprehensive programme identifying the action to be taken by UNIDO in implementing the Lima Declaration and Plan of Action. The proposed programme contains a number of suggestions for the reorientation of UNIDO activities related to the implementation of the Lima Plan of Action; twenty-two areas were identified, following the six main parts of the Lima Plan of Action.

3. Already a certain redirection of the study aspects of this preliminary comprehensive programme has been achieved, in line with the objective established by the Lima Conference for a restructuring of world industry as an important factor in the implementation of the new international economic order, decided upon by the General Assembly at its sixth special session. In accordance with the Lima Plan of Action, the programme of industrial policies and programming has in 1975 directed its study programme towards examining the implications of the industrial targets contained in the Lima Declaration. At a global level, work has been undertaken on the target to increase the share of the developing countries to at least 25 per cent of total world industrial production by the year 2000. On a regional basis, a UNIDO paper entitled "Africa 2 per cent: Implications of the industrial development target for the year 2000" has been prepared for the Third Conference of African Ministers

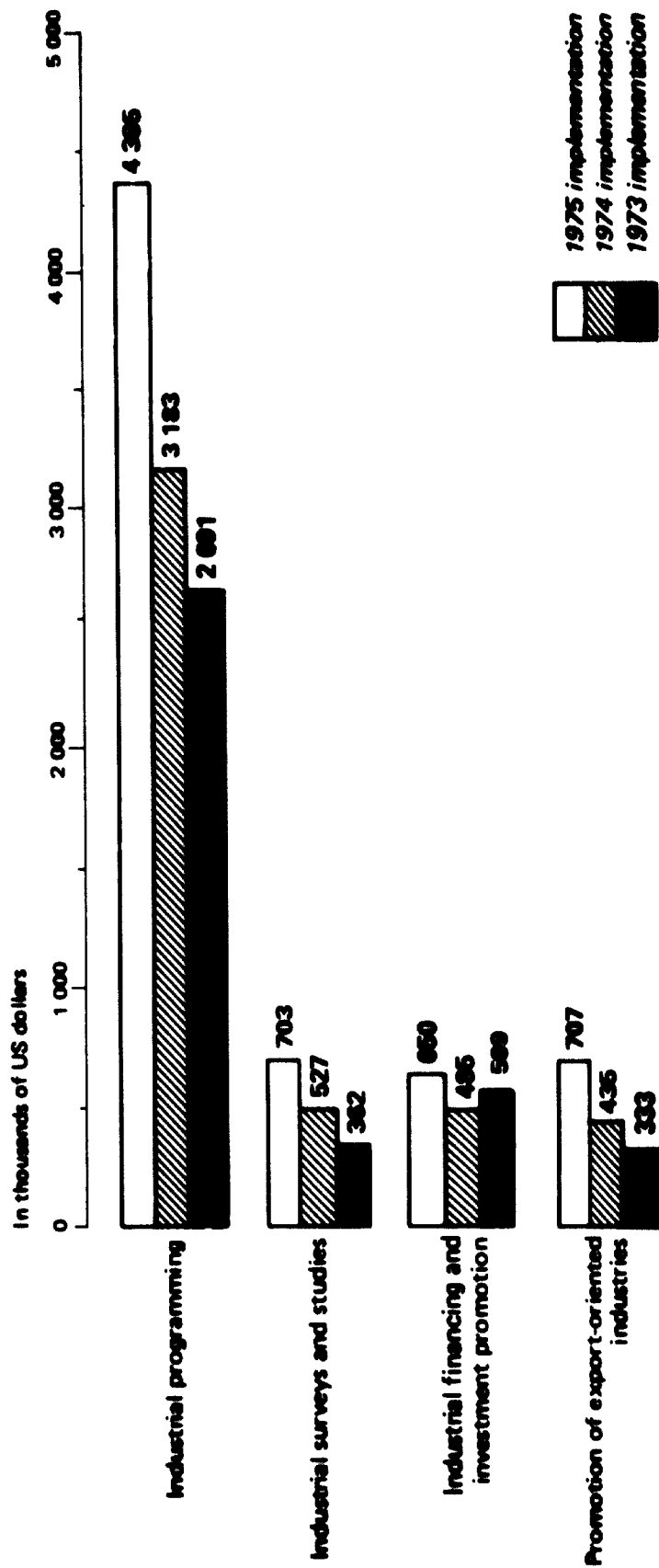


Figure 1. Expenditures in 1973 to 1975 under the industrial policy and programming programs, by program component

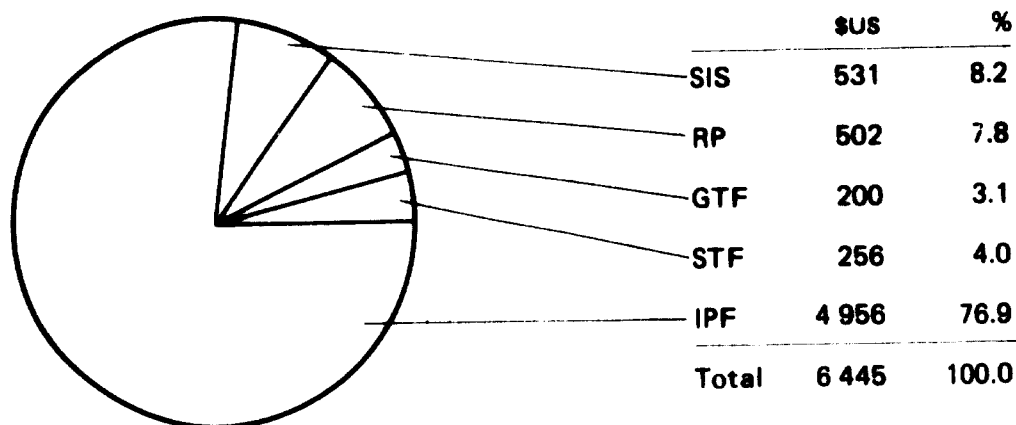


Figure 2. Actual expenditures under the industrial policies and programming programme in 1975, by source of funds (in thousands of US dollars)

of Industry held at Nairobi in December 1975. Similar studies are underway for the Fourth Arab Industrial Development Conference (Baghdad, October 1976); others are envisaged for the Asian and Latin American regions.

4. The programme of industrial policies and programming has also been active in the dissemination, in various meetings and conferences, of the results of the Lima Conference and in discussing with various international bodies their involvement in the implementation of the Lima Plan of Action. This has been done, in particular, on the occasion of meetings of the Committee for Development Planning and the Committee of Review and Appraisal, of the sixteenth session of ECLA, and of meetings organized by the Organization for Economic Co-operation and Development. Steps have been taken to strengthen UNIDO co-operation with other United Nations organizations, particularly ILO and UNCTAD. New approaches have been explored in order to accelerate the implementation of the Lima Plan of Action and to foster the exchange of experience among member States. By way of example, a Round-table Ministerial Meeting, organized by UNIDO in co-operation with the Government of Bulgaria, was held at Sofia in October and November 1975. This meeting provided a forum for an exchange of views at a senior level on industrial strategies and policies, with discussion centring on those industries given priority in the Lima Declaration, namely steel, chemicals, petrochemicals and agro-based industries. In November and December 1975, a similar meeting, though more concentrated in its subject matter, the Consultative Panel for International Industrial Co-operation in the Instrument Industries, was held at Budapest.

5. Despite the concentration on the preparation for, and follow-up of, the Second General Conference of UNIDO, technical co-operation activities were not neglected in the year under review. In 1975, the delivery of UNIDO technical co-operation activities under the programme of industrial policies and programming amounted to \$6.45 million as compared to \$4.63 million in 1974, an increase of \$1.82 million. The technical assistance delivery under this programme in 1975 represented 19.2 per cent of the total technical assistance delivered by UNIDO during the year. The increase in technical assistance delivery was divided approximately evenly amongst the four components of the programme, (a) industrial programming, (b) industrial financing and investment promotion, (c) industrial studies and surveys, and (d) promotion of export-oriented industries.

6. In approaching the second round of UNDP country programming, the programme of industrial policies and programming has endeavoured to offer developing countries a more integrated and comprehensive form of technical assistance activities. Through the formulation of large-scale projects on industrial development, co-ordinated assistance is being offered, encompassing industrial planning, export development and industrial financing. This approach has gained acceptance in a considerable number of developing countries, especially those in Latin America.

INDUSTRIAL PROGRAMMING (32.1.00)

7. The activities of UNIDO under this programme component are designed not only to assist the developing countries in the determination of their development strategies, in the formulation of their industrial plans and policies, but also to improve the technical, institutional and informational bases for project preparation and evaluation. The programme of work also includes studies related to regional co-operative schemes and studies related to various proposals on the future global industrial co-operation system.

8. The activities under the industrial programming component have been divided into the following four specific activities: strategies, plans and policies for industrialization (32.1.01); industrial project preparation and evaluation (32.1.02); regional industrial co-operation (32.1.03); and use of computers in industrial development (32.1.04).

Strategies, plans and policies for industrialization (32.1.01)

9. In 1975, UNIDO published Volume IV in its series of *Summaries of Industrial Development Plans*. This series provides information on the planning techniques used in the preparation of individual national plans as well as on the industrial targets and the policy measures adopted to achieve them in different countries. Volume IV contains the summaries of eight development plans issued during the period 1972 to 1975.

10. Subsequent to the Lima Conference, UNIDO devoted a great deal of time to elaborating the implications of the regional targets adopted at the Conference. As stated above (cf. para. 3), the Secretariat, during 1975, prepared a paper entitled "Africa two per cent: Implications of the industrial development target for the year 2000" for the Third Conference of African Ministers of Industry at Nairobi in December 1975. UNIDO is also preparing, in co-operation with IDCAS, a paper on long-term strategy of industrialization for Arab countries; the paper will be submitted to the Fourth Arab Industrial Development Conference, to be held at Baghdad in 1976. UNIDO plans to undertake similar studies for Asia and Latin America in 1976.

11. To a large extent, the soundness of any economic development plan is dependent upon the soundness of each investment project it contains. Since 1974, UNIDO has undertaken a series of studies analyzing the institutional decision-making processes related to the selection of priority industries in different countries (cf. ID/B/150, chap. V, para. 17). Critical studies analyzing the current practices and proposals for improvement of the existing system have been completed for Brazil, India, Mexico, Republic of Korea and Turkey. On the basis of these case studies, UNIDO intends to prepare a general study on the methodology of selecting industrial priorities. Closely related to this topic is the study being undertaken by UNIDO on Peru; in this study, all the priority selection criteria advanced by economists are screened to ascertain which one is best suited to the present institutional planning set-up in Peru.

12. In 1975, UNIDO and the Government of Mauritius conducted an extensive survey of 28 labour-intensive industries in five selected developing countries that had succeeded in attracting sizable foreign investments for such industries. UNIDO has also approached UNEP about the possibility of a joint study on the environmental considerations for certain industries and a possible international relocation of these industries.

13. The basic theoretical framework of the work of UNIDO on multi-level planning models was completed in 1974 (cf. ID/B/150, chap. V, para. 16); in 1975, work was started on the empirical study phase. The theoretical framework, which allows the employment of one giant economy-wide model and/or a system of many planning models pieced together, has been fitted against the actual economic decision-making processes and information flow systems in five selected countries. UNIDO is currently working on an information linkage system that is intended to be of use not only to the model builders themselves but also to the decision-makers who play an integral part in the UNIDO planning model.

14. During 1975, UNIDO synchronized its work on the above-mentioned draft guidelines on multi-level planning with its work on the guidelines on industrialization policies; in the latter, an attempt is made to provide broad guidelines on policy formulation and evaluation of industrial development policy. A preliminary working draft of a manual for the preparation of pre-investment studies was completed in October 1975; the draft was discussed and finalized at an expert group meeting held at Vienna from 8 to 12 December 1975. With the publication in 1976 of the manual and the *Guidelines for Project Evaluation*, published in 1972 (cf. para. 22 below), UNIDO will have completed, for the time being, its guideline series on planning and programming.

15. At the Lima Conference as well as on other occasions, exchanges of experience, joint discussions and consultations among countries with different socio-economic systems have been recommended. With these recommendations in mind, UNIDO and the Government of Bulgaria sponsored jointly a Round-table Ministerial Meeting at Sofia, from 27 October to 1 November 1975, for ministers of industry from 13 developing countries in the ECA, ECWA and ESCAP regions. The main objective of the meeting was to examine the experience gained by Bulgaria in the application of its industrial strategies and policies on a comparative basis with the experience of the developing countries represented at the meeting. The meeting was beneficial in filling the gap between international meetings of an exclusively technical nature and those organized to arrive at major policy decisions. A brief summary of the proceedings of the Round-table Meeting will be published by UNIDO in a special booklet.

16. The participating ministers regarded the Sofia meeting as a new type of UNIDO activity to follow up the Lima Declaration and Plan of Action, and strongly advised UNIDO to organize further meetings of this type for policy makers from developing countries. Some of the ministers declared the willingness of their respective Governments to host such meetings, even as early as 1976.

17. During 1975, the types of technical assistance requested under this heading focused not only on large-scale projects, such as industrial studies and development centres, but more recently also on sectoral planning. Requests were received from the Governments of Pakistan and Turkey to assist in the development of the national industrial capital goods sector. From 17 to 19 September 1975, an expert group meeting took place at Vienna with the participation of high-level Mexican officials, to review the results of the UNIDO industrial capital goods project in Mexico, a project that has now reached the investment decision phase. The formulation of a long-term industrial strategy for the United Republic of Tanzania was also completed during the year under review. There appears to be a trend in the incoming requests from developing countries towards a gradual shift in emphasis from studies of a more general nature, e.g. on industrial policies and programming, in favour of assistance in the promotion of specific industrial branches identified earlier. Consequently, UNIDO envisages a wider participation of its programming services in fields such as engineering, food-processing, and petrochemicals.

18. In Guatemala, the technical assistance project on industrial development programming mentioned in the Annual Reports for 1973 and 1974 (cf. ID/B/140, paras. 579-581 and ID/B/150, chap. V, paras. 20-21) is being successfully implemented. A group of economists, with the assistance of engineers hired on a short-term basis, has not only prepared a development strategy for industry but also selected priority industries in line with the preparation of a new economic development plan of Guatemala. The experts are now tackling problems of income redistribution, industrial financing and of implementing regional decentralization, all of which were given priority in the new development plan. In early 1976, the experts will initiate work on the question of excess capacity in industry and on in-depth studies of selected branches of industry, such as agro-industries, textiles and metalworking industries.

19. In co-operation with UNDP, UNIDO finalized the joint assessment of technical assistance projects in the fields of industrial strategies, programming and policy (cf. ID/B/150, chap. V, para. 15). The report has been circulated by UNDP to Resident Representatives and by UNIDO to the Industrial Development Field Advisers and project managers.

Industrial project preparation and evaluation (32.1.02)

20. The purpose of this specific activity is to provide assistance in the preparation of investment project proposals in a bankable format, suitable to the demands of international lending institutions, and in developing institutional and information bases required to evaluate investment projects within the framework of national industrial priorities and policies.

21. In 1975, UNIDO completed a working draft of a manual for industrial project preparation in which the step-by-step requirements are described at each stage of project development, starting from the initial market demand study, manpower, raw material, fixed and working capital requirements computations to the final profitability calculation stage.

22. The *Guidelines for Project Evaluation* were first published by UNIDO in 1972. As a result of the favourable response to this publication, UNIDO decided to issue an abridged, popular version of the *Guidelines*. The new version, which was prepared as a working draft in 1975, will be addressed primarily to the practitioner in the field and will omit the bulk of the theoretical arguments contained in the unabridged version. In the original *Guidelines*, UNIDO advocated the proposition that each country should have its own custom-tailored guidelines, incorporating the unique conditions prevailing in each country. In keeping with this proposition, UNIDO, in co-operation with IDCAS, continued the preparatory work in 1975 on an operational draft manual for industrial project evaluation in Arab countries (cf. ID/B/140, para. 587, ID/B/150, chap. V, para. 23). The draft was finalized at an expert group meeting held at Vienna from 15 to 19 September 1975. The manual will provide a simple step-by-step methodology for appraisal of the national profitability of investment projects; the methodology is based on the prevailing conditions in the Arab countries in terms of information, skill, experience, time pressure, etc. Although it has been designed for Arab countries, the manual will be applicable to any developing country after minor adjustments. It will be published in English by UNIDO and in Arabic by IDCAS. In the future, UNIDO intends to continue preparing and publishing such regional guidelines.

23. Continuing its series of workshops on project preparation and evaluation, UNIDO held five such regional training workshops during 1975. The workshops, held respectively in Argentina, Bulgaria, Madagascar, Poland and Somalia, were attended by senior government officials responsible for project selection and evaluation in different countries. The workshops held in Bulgaria and Poland provided the participants with the opportunity of learning the experience of centrally-planned economies in determining the national profitability of individual investment projects.

24. Owing to a lack of resources, the efforts of UNIDO to provide the industrial programming data needed by industrial planners in the developing countries has not gone beyond publishing, in 1973, the first volume of the *Extracts of Industrial Feasibility Studies* (cf. ID/B/140, para. 585); the second volume is under preparation. It was originally hoped that the industrial programming data hitherto organized at the "unit plant" level and published in the *Profiles of Manufacturing Establishments* would be replaced by much more detailed data organized at the "unit process" level, thus allowing industrial planners to choose different processes of production rather than having to limit themselves to choices between different plant designs. To date, this has not been possible, but UNIDO will give priority consideration to this project in 1976.

25. UNIDO was able, however, to complete in 1975 studies on capital and operating cost structures in Cameroon, France, Gabon, Ivory Coast and Togo; a comparison of the data collected in the five countries will be initiated shortly. An expansion of this programme to cover countries in Latin America and Asia was not possible in 1975 owing to the lack of the necessary resources.

26. During 1975, UNIDO issued model questionnaires to collect industrial performance evaluation profiles for the cement, glass and vegetable oil industries with a view to analyzing the economic and technical performance of such industries. This activity, which was carried out in Arab countries, had in the past been sponsored jointly by IDCAS and UNIDO and had been partly financed from the UNIDO General Trust Fund. Owing to the shortage of financing, however, the active participation of UNIDO in this activity had to be temporarily postponed in 1975; nevertheless, IDCAS is making good progress in developing such profiles for 10 to 15 other industrial branches. Although these profiles reflect the experience of selected industries in Arab countries, they can also serve as a valuable reference for the industries in other developing countries.

27. UNIDO also published in 1975 the *Guidelines for Contracting for Industrial Projects in Developing Countries*, which were prepared in co-operation with IBRD (cf. ID/B/150, chap. V, para. 26).

Regional industrial co-operation (32.1.03)

28. The original 1975 programme of work for this specific activity included: (a) evaluation of multinational investment projects; (b) co-ordination of industrial development plans among countries engaged in regional co-operation; (c) specific forms of industrial co-operation; and (d) other specific research topics on regional industrial co-operation. UNIDO, however, had to divert most of its energy from these aspects of research to the preparatory work for the Lima Conference and to an effort to interpret the implications of a new international economic order called for by the General Assembly at its sixth special session.

29. Subsequent to the Lima Conference, UNIDO continued to work on the elaboration of the economic implications of the regional growth targets adopted at the Conference in terms of the magnitudes of investment involved, the international capital flow, the future pattern of the combined markets required, and the potential impact of global redeployment of industries.

30. In 1975, UNIDO completed a study on regional co-operation; the first draft of a manuscript on regional co-operation—identification, selection, location and evaluation of projects—is available. In the study, the economic criteria of selecting industries within a regional co-operation scheme are described; such a scheme should maximize the over-all economic welfare of the entire region without imposing economic sacrifices on any single participating country.

31. During the course of 1975, UNIDO began preparatory work on the drafting, in co-operation with IDCAS, of an operational manual for the evaluation of multinational investment projects of regional interest for the Arab countries (cf. ID/B/150, chap. V, para. 31). The manual will provide a simple step-by-step methodology for the evaluation of multinational industrial projects from the collective point of view of all countries concerned as well as from the point of view of individual participating countries.

32. UNIDO also initiated in 1975 a large technical assistance project involving Liberia and Sierre Leone; the project consists of a study exploring the economic viability of establishing joint industrial ventures between these two countries.

Use of computers in industrial development (32.1.04)

33. UNIDO did not carry out a regular programme under this heading in 1975, although information is still being collected on computer usage in industry and in the Governments of different countries. Most of the UNIDO activities connected with computer use in 1975 were technical assistance projects associated with special problems in specific countries that had requested technical assistance.

INDUSTRIAL FINANCING AND INVESTMENT PROMOTION (32.2.00)

34. During the year under review, UNIDO continued to provide assistance to developing countries in the establishment of industrial development financing and investment promotion institutions and in the improvement of their operational efficiency. Emphasis was given to the provision of follow-up assistance on pre-investment studies, particularly on those studies that had been submitted at UNIDO investment promotion meetings held in 1974.

35. There is increasing evidence that the promotion of specific industrial projects is leading to requests for technical assistance to put such projects into a more bankable form, and that, vice versa, field activities are resulting in requests for investment promotion meetings. It has also become evident that the sectoral approach towards the organization of these meetings has resulted in a more effective and comprehensive UNIDO investment promotion programme.

36. In 1975, the delivery of technical assistance under the industrial financing and investment promotion programme component increased considerably. The increase naturally reflects in part on the raising of the standard 12 man/months cost for experts from \$30,000 to \$36,000, i.e. an increase of 20 per cent, but apart from this factor, there was still a substantial increase over the amount of technical assistance delivered in 1974. Significant growth was achieved in all of the various components of technical assistance, namely, project personnel, fellowships and training, equipment and miscellaneous; the growth was particularly marked in the fellowship component. The most significant increases in technical assistance delivery under the programme component in 1975 took place in Africa and the Americas.

37. The work carried out under this programme component is divided into four specific activities: national policies and institutions for financing industrial development (32.2.01); industrial financing (32.2.02); investment promotion machinery in developing countries (32.2.03); and promotion of specific industrial projects (32.2.04).

National policies and institutions for financing industrial development (32.2.01)

38. The work carried out by UNIDO under this heading consists primarily of encouraging an exchange of resources and experiences among industrial development financing companies (IDFCs) from both developing and developed countries. At annual meetings, the representatives of development banking institutions from all over the world are given the opportunity to hold confidential business talks and to discuss in plenary session problems of mutual interest, such as the promotional activities of IDFCs, the mobilization of domestic capital resources for industrial financing, the role of development banks in financing transfer of technology, and industrial joint ventures among development banks in developing countries. Generally speaking, UNIDO provides the forum for the exchange of such ideas and experiences and acts as an intermediary in establishing contacts between financiers to accelerate the direct financing of industrial projects.

39. In 1975, UNIDO held the sixth of the series of meetings on co-operation among industrial development financing institutions at Caracas, Venezuela. The Caracas meeting was organized jointly by UNIDO and the Latin American Association of Development Finance Institutions (ALIDE), and was sponsored by the Corporación Venezolana de Fomento. The meeting was attended by 210 participants, of whom 140 were from developing countries, 43 from industrialized countries and 27 from regional financing and international institutions; the participants represented a total of 62 countries. During the meeting, UNIDO arranged 900 private business consultations between participants; additional appointments were made on an *ad-hoc* basis.

40. The Caracas meeting was of particular importance to UNIDO in helping to determine the orientation of the bankers programme. UNIDO received guidance from an advisory committee of 20 development bankers, representing the World Bank and the regional development banks in developing and industrialized countries. Discussions revolved around the following issues: (a) a programme of action to facilitate the channelling of available financial resources through industrial development financing institutions in developing countries; (b) progress, achievements and actual cases relating to the scheme for the exchange of information on industrial projects in developing countries among industrial development financing institutions; and (c) the advantages of regional associations of development financing institutions.

41. At the Caracas meeting, it was decided that a world-wide association of national finance development institutions should be established with the aim of integrating three regional associations, i.e. the Latin American association, the African association which was founded in 1975 with the help of UNIDO, and an Asian association to be established in 1976 with the assistance of UNIDO. A drafting committee was elected by the participants to study related matters, and UNIDO will commission a consultant to draft a provisional constitution for the proposed world association. This work will be finalized by an expert group meeting, to be held in March 1976 at UNIDO headquarters.

42. The next meeting, which will be the seventh of the series, has been scheduled, in accordance with the principle of rotation, to take place in an Asian country in 1976. It is anticipated that this meeting will deal, *inter alia*, with the formal establishment of the proposed world association.

43. With regard to the scheme for the exchange of information on industrial projects among industrial development financing institutions described in last year's Annual Report (ID/B/150, chap. V, paras. 43-45), it is noteworthy that the scheme is being operated by UNIDO under the guidance of a management committee consisting of 18 executives of IDFCs from developing and industrialized countries. As of September 1975, UNIDO had issued 10 lists, with information on 2,880 industrial projects financed by approximately 80 members. The scheme can now be considered to be self-financing; its expenses are being covered by contributions of 51 of its 115 members. The total subscriptions amount to \$52,000, of which \$32,000 has been paid in by members to the project information fund established at the Société Tunisienne de Banque. The Ministry of Finance of Tunisia has declared its willingness to transfer the funds, upon the request of the Executive Committee, to finance further the operation of the scheme. The scheme has enjoyed the continued recognition and support of the international community of IDFCs, which is increasingly utilizing the benefits derived from the flow of information on banking techniques and know-how among interested members.

44. Efforts have continued towards linking the above activities more closely to the technical assistance operations of UNIDO, especially those designed to strengthen the industrial development financing institutions. Financing institutions to which major technical assistance has been provided by UNIDO in 1975 are the following: (a) the Gambia Commercial and Development Bank (cf. ID/B/140, para. 623); (b) the National Industrial Development Corporation of Swaziland; (c) the Industrial Finance Corporation of Thailand; (d) the Tanzania Investment Bank; and (e) the Liberian Bank for Industrial Development and Investment.

Industrial financing (32.2.02)

45. Developing countries that have embarked on a programme of accelerating their rate of industrial development are becoming increasingly cognisant of the benefits they can derive from international business contacts; such benefits include not only the transfer of capital and technology but also the training of personnel in technical as well as managerial fields and the opening of new markets. This transfer of capital and know-how, in the form of industrial joint ventures, has also created, however, a growing awareness of the complexity of entering into such agreements and of the related need for strengthening the capability to negotiate with foreign investors. Thus, there is an urgent and specific need to provide assistance to the developing countries so that they can secure the most favourable and acceptable terms in such negotiations and in the ensuing agreements. This is a matter to which the United Nations attaches increasing importance. The Lima Declaration on Industrial Development and Co-operation, in paragraph 48, emphasizes "that developing countries should use effective means of strengthening their bargaining power individually and collectively to obtain favourable terms for the acquisition of technology, expertise, licences . . .".

46. Since its inception, UNIDO has given assistance in the form of research, publications and by providing technical assistance, to developing countries in negotiating foreign investments and international business agreements. In many cases, assistance was given directly to project proponents from developing countries in the formulation and dissemination of project data to interested investors in industrialized

countries. Particular attention has been given to locating potential joint venture partners. This activity is considered an integral part of the investment promotion programme component described below under 32.2.04.

47. During 1975, UNIDO made the preparatory arrangements for a training programme to provide officials from East African countries with a systematic approach to the various aspects of establishing industrial projects requiring a foreign contribution, whether it be finance, technology transfers or market arrangements. This training programme, in the form of a regional workshop on industrial joint ventures and international licensing could not be held, as planned, in October 1975 (cf. ID/B/150, chap. V, para. 49), but has been re-scheduled for the early part of 1976.

48. In 1975, UNIDO was called upon to contribute to the United Nations Training Workshop on the Negotiation and Regulation of Foreign Investments held at Bucharest, Romania. UNIDO sent two staff members to the Workshop who lectured on industrial joint ventures and international licensing.

49. Work continued in 1975 on a guidebook on financial analysis and planning for industrial projects (cf. ID/B/150, chap. V, para. 47), for the use of industrial planners and officials of financing institutions in the financial appraisal of their industrial projects. The draft of this manual, which was prepared with the assistance of a consultant, will be finalized in 1976.

Investment promotion machinery in developing countries (32.2.03)

50. UNIDO has devoted special attention to the establishment and improvement of promotional machinery to mobilize and channel investments into industry in developing countries. Efforts have also been made to promote the training of staff for this promotional machinery in the developing countries. In keeping with this policy, UNIDO supplied technical assistance in this field to a number of developing countries. By way of example, assistance was rendered in 1975 to: the Centre for Industrial Studies and Promotion, Ivory Coast; the National Industrial Development Corporation of Swaziland; the Ministry for Development and Co-operation, Niger; the National Investment Institute, Bolivia; the National Development Corporation, Costa Rica; the Investment Promotion Office, Jordan; the Caribbean Investment Corporation; the National Industrial Development Authority (NIDA), Papua New Guinea; and the Department of Portfolio, Zaire.

51. Owing to the lack of financial resources, very little activity occurred in 1975 in the training of staff required for the manning of promotional machinery, although there appeared to be considerable interest in this activity among developing countries. UNDP, which provided the funding for this activity, changed its policy in 1972 and declined to continue the financing of such interregional activities. The training course on project evaluation and investment promotion, held in Egypt in 1974 (cf. ID/B/150, chap. V, para. 51), was possible only because funds were made available from voluntary contributions.

52. In keeping with resolution 218(X), adopted by the ECA in 1971, and with the recommendation contained in the Declaration of Industrialization in Africa, adopted in 1973 at the Second Conference of African Ministers of Industry, UNIDO appointed in 1975 a regional investment promotion adviser, who is attached to the ECA/UNIDO Joint Industry Division. The tasks of the regional adviser include assistance to the African countries in the identification and evaluation of new investment opportunities, and the recommendation of appropriate promotional action to be taken. Recipient countries of such assistance by the regional adviser in 1975 were Burundi, Egypt, Kenya, Rwanda, Tunisia and the United Republic of Tanzania.

53. For the benefit of developing countries unable to establish and operate their own promotional agencies overseas, UNIDO is negotiating to establish such a facility at Brussels; negotiations with the Government of Belgium on the legal and financial aspects are now in the final stages. When in operation, the facility will provide developing countries promotional services with the European Economic Community. This project is in line with the recommendations of the Lima Declaration and Plan of Action involving transfer of technology and financial resources from developed to the developing countries.

Promotion of specific industrial projects (32.2.04)

54. During 1975, the activities of UNIDO under this heading were focused on following up the specialized promotional meetings held in the previous year. (cf. ID/B/150, chap. V, paras. 53-57). Follow-up action was taken on more than 200 specific investment projects presented at the Amsterdam and Bucharest meetings. Direct contacts were maintained with all participants of these meetings in order to evaluate the results and also to determine the need for further UNIDO assistance in contacting additional potential investors. The above-mentioned projects were re-submitted for promotion to the Fifth European Management Symposium, held at Davos, Switzerland, in 1975, which was attended by top executives from approximately 450 companies and banks, and many Davos participants called upon UNIDO to assist them in contacting project proponents in developing countries. In reviewing this activity, UNIDO was informed that negotiations were being actively pursued on more than 40 projects, in the food processing and chemical industries, that had been submitted at the Amsterdam and Bucharest meetings.

55. As an *ad-hoc* promotional activity under the portfolio programme of industrial projects (cf. ID/B/150, chap. V, para. 58), assistance was given by UNIDO to an Indonesian firm in locating potential investors for a new coir processing plant (coconut fibres). Following an economic, financial and technical evaluation which confirmed the feasibility of the plant, a promotional campaign was made involving a detailed selection of firms and investors with related interests. Contact with some 11 firms resulted in a joint venture arrangement between a firm in the Federal Republic of Germany and the project proponents in Indonesia. The cost of the project, which deals with mats and mattresses for export, is estimated at approximately \$1,100,000.

56. UNIDO also participated during 1975 in direct negotiations to obtain preliminary financing commitments being sought by the Governments of some developing countries for two major investment projects involving approximately \$300 million.

57. An exploratory mission to Bolivia to determine long- and short-term programmes of assistance for the promotion of industrial investments was undertaken in 1975 by UNIDO. During the mission, specific industrial projects were selected for promotion at a national investment promotion meeting. In this connexion, short-term consultants were commissioned to submit recommendations on a viable investment law intended to encourage investment in industrial projects in Bolivia.

58. The preparation of mailing lists of potential investors was initiated in 1975 by UNIDO to facilitate the dissemination of investment opportunities in developing countries.

59. In 1975, UNIDO began preparatory work for various investment promotion meetings at the request of respective Governments, e.g. in Indonesia for the Asian region; national meetings for Bangladesh, Bolivia and the Ivory Coast; a multi-sectoral meeting for the Maghreb Community; and sectoral world-wide meetings envisaged in Canada (wood processing) and Yugoslavia (agro-based industries and agricultural machinery).

60. UNDP investment follow-up guidelines have been made an integral part of the portfolio programme of industrial projects (cf. ID/B/140, para. 616). Continuous and systematic identification of industrial projects within UNIDO has resulted in very specific terms of reference for project studies with investment potential in the least developed countries, and this should facilitate the presentation of studies in a more bankable form. Project studies for Botswana, Burundi, Ethiopia, Lesotho, Mali and Rwanda have been completed using these procedures.

PROMOTION OF EXPORT-ORIENTED INDUSTRIES (32.3.00)

61. The year 1975 witnessed a further strain on foreign exchange reserves in a large number of developing countries. This strain resulted from the decreased export opportunities stemming from the world-wide economic recession and from an increase in the price of imported goods. These developments have placed an even greater emphasis on the acquisition of foreign exchange through the export of manufactured goods and a greater recognition of the necessity of adding value to primary products in the developing countries.

62. Underlying the Lima Declaration and Plan of Action on Industrial Development and Co-operation is a strong emphasis on the development of export-oriented industries in developing countries. The Plan of Action indicates that the accelerated industrialization achieved in developing countries through international industrial co-operation will be accompanied by an increase in manufactured exports from these countries. At a national level, the Plan of Action in paragraph 58(h) calls for encouraging the export from the developing countries, and particularly from the least developed and land-locked, of manufactured and semi-manufactured products with the highest possible local content and value added potential.

63. As mentioned in the Annual Reports of the Executive Director in 1973 and 1974, UNIDO has, for some time, been closely concerned with the promotion of manufactured and semi-manufactured exports through international industrial co-operation. Thus the basic approach adopted in 1973 has been maintained, namely the development of machinery in developing countries to promote these activities with limited direct promotional assistance on the part of UNIDO; however, the UNIDO programmes concerned with product adaptation and development and international subcontracting have been considerably strengthened in 1975.

64. The four specific activities under this programme component are: identification, selection and development of manufacturing industries with export potential (32.3.01); product adaptation and development for export industries (32.3.02); promotion of international subcontracting arrangements (32.3.03); industrial free zones and other incentives for export-oriented industries (32.3.04).

**Identification, selection and development of manufacturing
industries with export potential
(32.3.01)**

65. Under this heading, UNIDO continued to provide, upon request, advice to developing countries on industrial export policy measures. In 1975, greater emphasis was placed on developing trade among developing countries, with particular focus on promoting international industrial co-operation; during the year, a major pilot project was initiated in the Asian region to promote exports of selected products both among the participating countries as well as to external markets. This project, financed by a voluntary contribution of the Japanese Government to the UNIDO General Trust Fund (ID/B/150, chap. V, para. 65), consists largely of a series of practical promotional activities including seminars and study tours which will allow participating countries not only to exchange views on the experience accumulated by the individual countries on export development problems in these sectors, but also to initiate joint export action.

66. As forecast in the 1974 Annual Report (ID/B/150, chap. V, para. 64), a consultation panel was organized in November 1975 in connexion with the joint UNIDO/Hungarian programme for international co-operation in the instruments, electronic and telecommunication industries for the benefit of developing countries. The consultation panel concentrated on the instruments industries, as this was one of several sectors which have demonstrated clear export potential from developing countries. The consultation panel was attended by 35 participants from Hungary and developing countries, who are engaged in the production of instruments. Through discussions at the consultation panel, it was possible to identify clearly the technological, managerial, financial and institutional problems confronting potential exports of instruments in developing countries. On the basis of this identification process, UNIDO and the Hungarian Government will prepare a joint programme of action for technical assistance in this branch of industry to developing countries.

67. A project with a similar concept has been initiated and is under preparation. The meeting is scheduled to be held in India in 1976, and the main industrial branch will be the electronic and electrical industries

68. During 1975, UNIDO continued to offer support to the project entitled "Training and advisory services on the generalized system of preference (GSP)" (INT/27/72). The assistance continued to take the form of participation in country missions and in seminars organized to allow developing countries to derive maximum benefit from the GSP. In view of the fact that the GSP offers limited benefits to the least developed countries and land-locked countries, and in accordance with the findings of the mid-term review of the project INT/27/72, UNIDO continued preparations during 1975 for an orientation programme in industrial programming and planning for these countries (ID/B/150, chap. V, para. 66); the programme, which was originally planned for implementation in 1975, is now scheduled to begin in May 1976.

69. The training programme in export production techniques (ID/B/150, chap. V, para. 68) was organized by UNIDO in Belgium in the fall of 1975 for eight weeks, in co-operation with the University of Louvain. Preparations were also undertaken for the second training programme in Japan, in co-operation with the Japanese Ministry of International Trade and Industry and the Association of Overseas Technical Scholarship; the programme is to take place in the first quarter of 1976. It is anticipated that the training programmes in Belgium and Japan will be organized on an annual basis. The training programme in Belgium, for 20 participants from French speaking countries, represented the new concept in UNIDO's training activities; parallel with the training programme, training courses were organized in export marketing and promotion sponsored by the UNCTAD/GATT International Trade Centre (ITC). By organizing these two parallel courses, UNIDO and UNCTAD/GATT ITC endeavoured to offer participants an over-all concept of successful export development, incorporating both supply and demand aspects.

70. During 1975, a further move was made to ensure effective co-operation between UNIDO, UNCTAD and UNCTAD/GATT ITC in their joint efforts to assist developing countries in increasing manufactured exports (ID/B/150, chap. VIII, paras. 22-26). A draft of a joint agreement between UNIDO and UNCTAD/GATT ITC has been prepared, clearly stating the division of responsibilities and the scope for co-operation to avoid any possible duplication or overlapping of efforts in the export development and trade promotion field. In October 1975, a high-level meeting of UNIDO and UNCTAD officials took place at Vienna to ensure close co-operation in such fields as implementation of the Lima Declaration and Plan of Action, including the transfer of technology and the further processing of raw materials from developing countries.

Product adaptation and development for export industries (32.3.02)

71. In 1975, UNIDO continued the series of product adaptation consultation meetings with a fourth such meeting, held at Berlin, from 22 to 30 September 1975, in co-operation with the Ausstellungs-Messe-Kongress GmbH Berlin. The meeting concentrated on four product groups: building material, shoes, bicycles and tools. Seventy-seven manufacturers and government officials from developing countries participated as well as a large number of businessmen from the Federal Republic of Germany. Although valuable results, in terms of product adaptation advice, had been forthcoming from the earlier meetings of this series, there had been a tendency in previous consultation meetings for participants from developing countries to regard

the meeting as a fair or exhibition rather than as an opportunity for seeking advice on product adaptation. To ensure that such practical and effective advice was provided, a new element was added at the Berlin meeting; sample products displayed were first tested by a local testing institution and the results presented for discussion during the course of the meeting. This procedure enabled the participants from developing countries to benefit not only from the advice of the visiting businessmen, but also from an objective evaluation of their products in relation to the market in the Federal Republic of Germany.

72. In addition to the aforementioned interregional project, a bilateral product adaptation programme was implemented by UNIDO in 1975. From 9 to 13 June 1975, 11 Pakistani manufacturers sought advice in Stockholm on the product adaptation measures necessary if their products were to be successful on the Swedish market. In organizing this programme, UNIDO co-operated with the Federation of Swedish Wholesalers and Importers. The articles exhibited included textile and leather garments sport goods and surgical instruments. Again, the procedure of having the products tested by Swedish testing institutions was introduced. A second bilateral programme, involving Lebanese manufacturers and the Research Instituut voor Bedrijfswetenschappen (Research Institute for Management Science) of the Netherlands was planned to be held at Delft, Netherlands, from 27 October to 7 November 1975. Intensive preparatory work was carried out by UNIDO on this programme during 1975 but, owing to political events, it had to be postponed.

73. The recognition of the need for a stronger form of integrated co-operation between UNIDO and UNCTAD/GATT ITC gave rise not only to the draft joint agreement, mentioned above in paragraph 70, but also to the preparation of joint prospects. The criteria for such joint approaches were reached along the following lines: UNIDO would focus on the supply aspects of the export development efforts in developing countries, whereas UNCTAD/GATT ITC would emphasize the demand side, which covers the marketing and trade promotion aspects of the problems (ID/B/150, chap. V, para. 71). An example of the fruits of such co-operation is a technical assistance request from Pakistan, where separate projects were originally formulated for implementation by both organizations. With the support of UNDP, it is now foreseen that these individual inputs will be combined into one over-all umbrella project in order to ensure an integrated approach to the problems at hand. Unfortunately, a similar joint approach to an ESCAP regional project, which, it had been hoped, would be put into operation in 1975, was rejected by UNDP. It is hoped that together with UNCTAD/GATT/ITC, UNIDO will be able to find an acceptable form of technical assistance to meet the wishes of the ESCAP countries.

74. A number of technical assistance projects described in the 1974 Annual Report (ID/B/150, chap. V, para. 70) became operational in 1975, namely, in Costa Rica, India, Indonesia and Sri Lanka. All of these projects are aimed at assisting the Governments in overcoming the identified shortcomings in developing their products into an internationally acceptable level for export.

Promotion of international subcontracting arrangements (32.3.03)

75. During 1975, UNIDO increased its efforts to assist developing countries in launching surveys of their potential for contract manufacturing in the local industrial sectors and in establishing the necessary machinery to promote arrangements and

contracts with foreign firms for international subcontracting (ID/B/150, chap. V, para. 76). The first phases of such UNIDO technical assistance projects were completed in Kenya and in Pakistan. In the Kenya project the UNIDO experts, in addition to identifying international subcontracting potential, also investigated on a preliminary basis the potential interest in Western Europe for co-operation agreements with Kenya. The follow-up activities will be carried on by the Industrial Survey and Promotion Centre at Nairobi. In the Pakistan project, further technical assistance is expected under the 1976 country programme with the aim of establishing a full-scale operational exchange at Karachi. Similar projects are under preparation for implementation in Costa Rica, Morocco and Sri Lanka.

76. In view of the positive results UNIDO has achieved in promoting the participation of manufacturers from developing countries in specialized subcontracting fairs, UNIDO organized in May 1975, in co-operation with the International Exhibition of Suppliers for the Vehicle Industry, the participation of several companies from India, Mexico, Morocco and Turkey at the SITEV 75 in Geneva. The SITEV 75 was a specialized exhibition of suppliers for the vehicle industry and, in particular, for subcontractors manufacturing products and parts for all kinds of vehicles. This type of direct promotional activity, based on a practical and businesslike approach for manufacturers from developing countries, may develop into a useful form of stimulating subcontracting production activities. Preparatory work is therefore being carried out by UNIDO, in co-operation with the Centre for the Promotion of Imports from Developing Countries (CBI), Netherlands, for participation in the VAT 76 at Utrecht (ID/B/150, chap. V, paras. 74-75). This will be the third consecutive time that UNIDO has participated in this specialized fair.

77. During 1975, UNIDO continued its efforts to facilitate the flow of subcontracting offers and subcontracting opportunities between companies in the developed and the developing countries. The roster of firms in developing countries has been steadily increasing and now numbers nearly 700. Although it was recommended that the regional project for the ESCAP region be continued (cf. ID/B/150, chap. V, para. 73), it had to be terminated in March 1975, owing to lack of financing.

Industrial free zones and other incentives for export-oriented industries (32.3.04)

78. In accordance with the recommendations of the regional expert working group meeting held in 1974 (ID/B/150, chap. V, paras. 82-83), an expert group meeting on the establishment of an association for export processing authorities was convened at Vienna in December 1975. The purpose of this meeting, which was attended by some 10 high-level international experts familiar with the concept and procedures of free zones, was to determine the scope and functions of the proposed association. Among the envisaged functions of the proposed association are: to publicize incentive legislation offered by individual industrial free zone areas so as to facilitate a co-ordinated approach in an international negotiating forum; and to allow for an exchange of views on the latest developments in industrial free zone planning establishment, management and operation for the benefit and interest of those developing countries using the industrial free zone concept as one of the means to promote the development of export-oriented industrial activities in the country. It is anticipated that the association will be officially formed in 1976.

79. The growing interest among developing countries in this field has led to a recognition of the need to improve skills in developing countries in planning as well as in arranging and operating industrial free zones. This consideration has led UNIDO to expand its training programme in this area. During 1975, two training programmes were organized on industrial free zone planning and administration, in co-operation with the Shannon Free Airport Development Co. Ltd., Ireland. The 20 participants in the training programmes were from 13 developing countries that were establishing free zones industries. In the future, such programmes will be held twice every year; UNIDO has already received over 30 applications for the two training courses planned for May and October 1976. In addition, a specialized course in promotional activities needed for the development of industrial free zone areas was organized by UNIDO in December 1975. It is envisaged that the demand for such specialized courses will expand as more developing countries plan to establish free zones.

80. In 1975, a major technical assistance effort was mounted to meet the requests referred to in the 1974 Annual Report (ID/B/150, chap. V, para. 77). Further requests for pre-feasibility studies for industrial free zones were received from Ghana, Honduras and Morocco. The technical assistance activities were increased not only in terms of the number of countries to which assistance was offered, but also in terms of the scope of the assistance. By way of example, UNIDO continued to provide the Government of Egypt, as indicated in document ID/B/150, chap. V, paras. 78-80, with advice on the planning of a number of proposed free zones; during 1975, however, the assistance was extended into the management and operational fields. It is anticipated that assistance of this type as well as promotional activities in the investment promotion field will increase in subsequent years.

81. The growing interest of developing countries in industrial free zone development was apparent in the organization by the Asian Productivity Organization of a meeting on this topic for the ESCAP region in October 1975, in co-operation with the Masan Export Processing Zone in the Republic of Korea. UNIDO co-operated by preparing a study for presentation at the meeting.

INDUSTRIAL SURVEYS AND STUDIES (32.4.00)

82. Under this programme component, UNIDO continued in 1975 to concentrate on the preparation of studies and surveys and on the collection of statistical material needed for the various purposes of the Organization. At the same time, the volume of technical assistance delivered under this component increased considerably in 1975.

83. During the first quarter of 1975, a number of issue papers were prepared for the Second General Conference, in addition to the special issue of the *Industrial Development Survey*, which had been published at the end of 1974 (ID/B/150, chap. V, para. 86). In 1975, work was also carried out in connexion with the preparation of Volume VI of the *Industrial Development Survey*, which is expected to be finalized and published in 1976.

84. During 1974, the National Institute of Planning, Cairo, undertook to prepare, jointly with UNIDO, a study entitled "Egyptian industrialization review: some salient aspects" (ID/B/150, chap. V, para. 93). In 1975, the Institute completed the

four volume study, which was reviewed and commented upon by UNIDO. As soon as the response of the National Planning Institute on UNIDO's comments is received, the study will be finalized and published, hopefully in 1976; in the meantime, substantive editing is being carried out in UNIDO.

85. In 1975 the proceedings of the expert group meeting on projections of industrial development, held at Vienna in 1973 (cf. ID/B/150, chap. V, para. 92) were completed; their publication is expected in 1976.

86. In the year under review, close co-operation in this field was maintained with ECA, ECWA, IDCAS, FAO and UNCTAD. In particular, an important meeting was held between UNCTAD and UNIDO to discuss and identify areas of future co-operation in the field of research. A staff member of UNIDO also participated in an UNCTAD meeting of experts on price indexation.

87. During 1975, UNIDO continued to co-operate with ILO in connexion with the ILO World Employment Programme: UNIDO took part in the inter-agency meeting to discuss the draft report of ILO's comprehensive employment strategy mission to the Sudan, for which UNIDO provided an expert; moreover, UNIDO participated in the inter-agency working group on preparations for the World Employment Conference. During 1975, UNIDO continued to work jointly with ILO on industrial employment promotion in the context of the Regional Employment Programme for Latin America and the Caribbean (PREALC) and of the Asian Regional Project for Employment Promotion (ARPEP).

88. In 1975, UNIDO prepared a paper on the link between industry and trade in the new international economic order for the Conference of African Ministers of Trade. UNIDO also contributed to two papers prepared by ECA on the new international economic order and industrial policy issues; the papers were presented to the Third Conference of African Ministers of Industry held at Nairobi in December 1975.

89. Throughout the year under review, UNIDO continued to collect industrial statistics and other information concerning the developing countries and to incorporate such data into the country files. The collection of industrial statistics, based on national censuses, was also started through contacts with individual countries; about 15 individual censuses have so far been obtained. Work will continue on the collection of additional censuses so as to work out eventually a compatible form for the compilation and utilization of industrial statistics. In the meantime, close contacts are being kept with the United Nations Statistical Office in New York, and discussions were held with the Office for the improvement of the flow of statistical information to UNIDO. Contacts with other organizations, e.g. the World Bank, have also been initiated in the hope of receiving additional computerized tapes from their data bank. Programmes have been developed and provisions made for an annual up-dating of these statistics.

90. Under this programme component, UNIDO continued to provide technical assistance to the Industrial Survey and Promotion Centre in Kenya, to the Industrial Development Unit attached to the Ministry of Industry in Somalia, to the East African Development Bank, to the East African Statistical Department at Nairobi, and to the Industrial Unit of the East African Common Market and Economic Affairs Secretariat at Arusha (East African Community).

91. The Industrial Survey and Promotion Centre in Kenya has been an active UNIDO project since 1970 (ID/B/140, para. 675; ID/B/150, chap. V, para. 98) and is now entering a new phase of operations. One of the principal changes expected in the project is the elevation of a national of Kenya to the management position of the Centre, though UNIDO and UNDP administrative matters would continue to be the responsibility of the international component of the expertise. The project has produced a steady amount of work in a number of areas, particularly textiles and industrial information, and has been of great assistance to the Ministry of Commerce and Industry in Kenya. Short-term experts made noticeable contributions in the fields of tariff protection, taxation and in the metal processing and engineering industries. It is believed that the Centre is well regarded by the Government since there are indications that the operations of the Centre will be expanded in the future.

92. In Somalia, a project concerned with strengthening the Ministry of Industry came into existence in 1974, as a result of a recommendation made by a UNIDO team that surveyed the industrial sector in 1973 (ID/B/150, chap. V, paras. 102-103). Although the project had some initial recruitment problems, it is now almost fully staffed. A new project manager has assumed his duties, and the only expert yet to arrive, out of a total of five, is the industrial management adviser. A number of short-term experts in such areas as pesticides, sugar processing, shoe manufacturing and slaughter house by-products were recruited for differing periods of time. In addition, a number of fellowships for overseas study were approved.

93. The country survey mission to the United Arab Emirates (ID/B/150, chap. V, para. 104), which was completed at the beginning of 1975, recommended the creation of an industrial development unit to be attached to the Ministry of Finance and Industry. A proposal for the creation of this unit was formulated and is awaiting the final approval of UNDP.

94. Two field survey missions, to Cyprus and Mauritania, were completed in 1975, and a similar mission is at present in the field in Paraguay. An industrial survey of Uganda is in an advanced stage of implementation.

95. Preparatory work has also been carried out for launching industrial survey missions in eastern Morocco, Cape Verde Islands, Guinea-Bissau and Upper Volta. Similar projects for the Kagera River Basin and for Niger/Nigeria have been prepared for the approval of UNDP. In addition, project data sheets have been prepared and action initiated for obtaining government endorsement for industrial survey missions in Chad, Niger and Upper Volta and in the Iringa region of the United Republic of Tanzania.

96. A project designed to assist the least developed and land-locked countries in Africa through the provision of an industrial development team (ID/B/150, chap. V, para. 95) has been revised and included as part of a new project entitled consultancy programme for African industrial development; the revised project is now under active consideration by UNDP.

Chapter VI

HEADQUARTERS AND FIELD MACHINERY

CENTRAL MANAGEMENT

1. The Executive Director of UNIDO has over-all responsibility for the administrative and research activities as well as for the operational activities of the Organization as a whole. In addition to his normal duties, new demands were made upon him and the UNIDO Secretariat following the Second General Conference of UNIDO and the ensuing ninth session of the Industrial Development Board. In the paragraphs below a brief description is given of the machinery that has been established to assist the Executive Director in discharging his responsibilities, and of the work carried out through that machinery during the year 1975.

Follow-up of Second General Conference¹

2. The Second General Conference of UNIDO entrusted the Executive Director of UNIDO with a number of far-reaching and important mandates. In section V (Institutional Arrangements) of the Lima Declaration and Plan of Action, the Second General Conference recommended, *inter alia*, that the scope and functions of UNIDO be extended and its organizational machinery strengthened. The Conference also recommended that the new approach, to be adopted by UNIDO, be reflected in the organizational structure of the Secretariat. Subsequently, the Industrial Development Board, in its resolution 45 (IX) on the follow-up of the decisions and recommendations of the Second General Conference of UNIDO, requested the Executive Director "to take immediately all measures to adapt the work programme of the United Nations Industrial Development Organization to the priorities established by the Second General Conference and to make appropriate internal structural changes in order to take fully into account the tasks assigned to the organization". In response to that request, the Executive Director immediately proceeded to solicit from more than 50 senior staff members their views on how UNIDO could best be reorganized so as to become an effective instrument in implementing the new tasks set for the Organization by the Second General Conference. Thereafter, the proposed plan of the restructuring was discussed with United Nations Headquarters in New York. Thereafter, the Secretary-General issued a bulletin on the organization of UNIDO (ST/SGB/Organization/Amendment 3) in which the functions and new organizational structure of UNIDO were outlined.

¹Data relating to the substantive aspects of the follow-up of decisions and recommendations of the Second General Conference are to be found in document ID/B/C.3/41, submitted to the Permanent Committee at its sixth session, as well as in documents on the same subject that are being submitted to the Permanent Committee at its seventh session and to the Board at its tenth session.

3. The reorganization of UNIDO was discussed at length during the sixth session of the Permanent Committee, at which time the Executive Director explained the rationale underlying his decisions in the matter (cf. ID/B/159, paras. 97-111 and annex). In response to a request made by several delegations at that session of the Permanent Committee, an organizational chart reflecting the new structure of the Organization is to be found in appendix I of the present report.

4. The structural reorganization was a carefully co-ordinated exercise, the initial phase of which was put into effect during the last days of 1975. By the end of January 1976, the restructuring exercise was virtually completed, with a minimum disruption of on-going activities. As already explained by the Executive Director to the Permanent Committee at its sixth session, certain steps might well have to be taken within the Secretariat, in terms of structural readjustment, in the light of the experience gained during the first year of operation under the new structure.

5. A second major task emanating from the Lima Declaration and Plan of Action was that outlined in paragraph 69, in which the Second General Conference recommended to the General Assembly that UNIDO be converted into a specialized agency. To that end, the paragraph reads, the Secretary-General of the United Nations, in consultation with the Executive Director of UNIDO, should submit to the seventh special session of the General Assembly, through ECOSOC, draft statutes of a specialized agency for industrial development. In view of the limited time available to the Organization prior to the fifty-ninth session of ECOSOC in July 1975, two task forces were set up, one in New York and the other in Vienna, to draft a preliminary version of the constitution. Whereas the task force in New York was concerned primarily with the legal, budgetary and financial aspects of the constitution, the task force in Vienna set about the elaboration of those articles pertaining to the substantive aspects of the future organization, i.e. the objectives and functions of UNIDO. In so doing, the members of the Vienna task force were conscious of the new responsibilities stemming from the Lima Declaration and Plan of Action, in particular, the expansion of the study and research functions of the future agency and the establishment of a system of continuing consultations at global, regional and sectoral levels. At the same time, particular heed had to be paid to avoiding any overlapping of the mandates of other agencies, and to the clear delineation of the Organization's activities in the light of the endeavours to establish a new international economic order.

6. The Vienna-based task force also submitted proposals relating to the interim arrangements for the greater autonomy of UNIDO pending its conversion into a specialized agency, and submitted proposals for a questionnaire to be circulated to interested staff members, upon the basis of which an organizational scheme for the new agency could be developed.

7. After the initial stages of discussion and drafting, the task forces submitted a composite document for consideration by the Secretary-General and the Executive Director of UNIDO, which was subsequently distributed to the members of the Industrial Development Board at its ninth session. Following minor editorial changes, the draft constitution was studied by the Economic Committee at the fifty-ninth session of ECOSOC and subsequently transmitted to the seventh special session of the General Assembly (A/10202). At that session, the General Assembly endorsed the recommendation of the Second General Conference to convert UNIDO into a specialized agency, and it was decided that an Intergovernmental Committee of the

Whole should be established to study the draft constitution during a series of meetings in 1976, whereafter a conference of plenipotentiaries would be convened by the Secretary-General to consider its adoption in the last quarter of that year.

8. Further to recommending the conversion of UNIDO into a specialized agency as a means of strengthening the central co-ordinating role of UNIDO in the field of industrial development, the Lima Declaration and Plan of Action contains the recommendation that an industrial development fund be established through voluntary contributions to UNIDO. In paragraph 72 of the Lima Declaration and Plan of Action, it is pointed out that the establishment of such a fund would not only increase the resources of UNIDO, but would also enhance its autonomy and ability to meet, promptly and flexibly, the needs of developing countries. It was thus recommended that the terms of reference and the rules for the functioning and administration of the fund should be established by the Industrial Development Board. In the preparation of these terms of reference, full account was to be taken of the report of the Secretary-General as contained in document A/9792. At its ninth session, the Industrial Development Board subsequently decided that the Permanent Committee would consider the terms of reference for such a fund at its sixth session. The document submitted by the Secretariat of UNIDO in pursuance of the above recommendations was the outcome of discussions between senior staff members concerned with policy co-ordination and financial administration. The document (ID/B/C.3/39 and Corr.1) was duly submitted to the Permanent Committee at its sixth session, in the course of which suggestions were made in respect of its modification and expansion; a second draft of the terms of reference is to be submitted to the Industrial Development Board at its tenth session.

9. The fourth major task resulting from decisions taken at the Second General Conference in Lima was that of adapting the work programme of UNIDO to the priorities established at that Conference, more specifically to the modification of the medium-term plan and programme budget so as to ensure provision of adequate resources to the Organization (see below for further details).

Policy formulation and co-ordination

10. The translation of the policies provided by the various intergovernmental policy-making organs of UNIDO into substantive programmes and activities is effected through a series of specific channels that have become traditional features of UNIDO's policy formulation and guidance. The most important of these is the regular holding of meetings at which the Executive Director and senior echelon members of the Organization discuss the implications of mandates stemming from resolutions adopted by the General Assembly and similar bodies, and the best means of effectively implementing them. Over and above these regular meetings, specific task forces were set up or continued throughout 1975 to ensure the speedy implementation of important directives, and it was decided to assign the supervision of policy co-ordination to a Director within the Office of the Executive Director in order to establish a clearly identifiable focal point for policy co-ordination issues.

11. As mentioned in last year's Report, a programming task force, the membership of which was drawn from a cross-section of UNIDO senior staff, was established and made responsible for the co-ordination, review and examination in detail of the documentation to be submitted in relation to the biennial programme budget

1976/77 and the medium-term plan 1976/79. This task force, supported by the services of the Planning, Programming and Evaluation Section, undertook the major task of revising the 1976/77 programme budget in the light of the mandate stemming from operative paragraph 3 (a) of IDB resolution 45 (IX). In that paragraph, the Executive Director was requested "to take immediately all measures to adapt the work programme of the United Nations Industrial Development Organization to the priorities established by the Second General Conference". Additional estimates with regard to the proposed programme budget were then submitted to the Secretary-General in June 1975 in the form of an addendum, which was subsequently amalgamated with the original budget proposal (document A/10006). The composite document was duly approved at the thirtieth session of the General Assembly in December 1975 (document A/C.5/1715/Rev.1). The submission of the addendum was preceded by a prolonged series of in-house discussions, in the course of which an endeavour was made to reflect the priorities established in the Lima Declaration and Plan of Action, in a manner best suited to the resources of the Organization.

12. Subsequent to the General Assembly's approval of the revised programme budget, the programming task force set about allocating the tasks to the various programme components within the Organization, which had undergone structural changes, as recommended by the Second General Conference and endorsed by the Industrial Development Board at its ninth session.

13. Further to the specific assignment entrusted to it, the programming task force also maintained a continuous check on the Organization's ongoing activities through the well-established vehicle of regular review meetings, the major modification being that in the light of experience it had proved more practicable to rephrase the meetings on a six-month basis. As a result two such meetings were held, one in February 1975 and the second in August 1975, which not only permitted the senior staff of the Secretariat to take a long and clear view of the implementation performance of the Organization, but also to analyse that performance in the light of past activities. At the same time, these meetings permitted an initial appraisal of future programmes and a tentative forecast of their implementation.

14. Increased efficiency within the Secretariat and particularly the effective realignment of the manning table in an endeavour to establish a balanced relationship between Professional and General Service staff was the concern of a task force of Directors established in January 1975. Their findings, which were the outcome of careful analysis and in-depth discussions at senior level, were also a significant input into the structural reorganization of UNIDO, which became an all-important task following the recommendations contained in paragraph 45 of the Lima Declaration and Plan of Action and paragraph 3 (a) of the IDB resolution 45 (IX).

15. Other committees continued their well-established tasks throughout 1975. The UNIDO Publications Committee, for example, ensured the implementation of the UNIDO publications programme within the approved budgetary allocations. As reported to the sixth session of the Permanent Committee in December 1975, steps had been taken to identify means whereby UNIDO publications might reach interested parties over and above the existing channels of distribution. A second committee that has become a regular feature of UNIDO's programming formulation and co-ordination activities is the Committee on Voluntary Contributions (CVC); details of the programme are to be found in chapter VII under the heading of the UNIDO General Trust Fund.

16. As in previous years, the management tool incorporated in the Cost Measurement System was invaluable in enabling the senior members of the Organization to quantify more accurately such data as the cost of back-stopping projects and hence the economic merits of large-scale projects as opposed to small-scale projects. This type of analysis was useful not only to the task force of Directors, which sought to identify means of reducing actual overhead or support costs for projects, but also to the programming task force which sought to evaluate the absorptive capacity of the Organization, and thereby to identify that proportion of the Organization's total resources that could be devoted to technical co-operation. This latter exercise is a prerequisite to efficient programme budgeting, and steps are being taken to ensure the further refinement of such processes and their meaningful application to management within UNIDO.

PROGRAMME DELIVERY MACHINERY

17. As stated in previous Reports, the primary functions of UNIDO technical assistance activities in the field are expertise, equipment and training. UNIDO itself is in effect an instrument through which the requested technical assistance in the field of industry is delivered to the developing countries. The entire staff of UNIDO, including field staff and the New York Liaison Office, is engaged in this delivery. In the following paragraphs, a brief account is given of the work carried out in 1975 in the programme delivery machinery.

Experts

18. The upward trend in the gross input (requests) continued in 1975, although the rate of increase was substantially lower than that of the preceding year; 770 experts were appointed in 1975, as compared to 641 in 1974, an increase of 20 per cent.

19. As stated in the 1974 Report (ID/B/150, chap. VI, para. 38), an average gross monthly input of 110 job descriptions would be necessary to generate a sustained output of 880 appointments per year, assuming that the rate of cancellation would remain constant and taking into consideration the average time interval between request (input) and the appointment of the expert (output). On the premise that the present upward trend in inputs will continue, it can be envisaged that this objective will be met at the end of the first quarter of 1976.

20. Given the number of posts (1,050) under various phases of recruitment as of 31 December 1975, it would appear that the present stock of requests will be sufficient to generate an output of between 350 and 400 appointments in the first half of 1976. Implementation in the second half of 1976 will be determined largely by the magnitude of the input in the first half of the year.

21. As in previous years, UNIDO continued its efforts to increase the number of qualified experts from the developing countries, and thereby broaden the base of recruitment. In this connexion, reference is made to the communication sent on 8 November 1974 to all Governments represented in the Group of 77 requesting their assistance in suggesting a greater number of potential candidates for inclusion in

the UNIDO computerized roster of experts. UNIDO also offered to provide guidance, upon request, to those Governments about the fields of activity and types of specialists in demand as well as any additional relevant information they might require.

Purchasing and Contracting Services

22. The work inflow for 1975 more than doubled in value, compared to the figures of 1974, totalling \$17 million, of which approximately \$8.7 million was equipment and \$8.4 million contracts. An additional equipment item of \$3.8 million for a sponge iron plant in India is awaiting final UNDP approval. These figures appear to follow the trend noted by UNDP to the effect that equipment and subcontracting are overtaking individual experts as principal factors in project implementation.

23. Against this work inflow, orders placed for equipment and contracts issued for consultant services in 1975 shared equally in the total of \$12 million. The actual number of purchase orders issued (equipment and contracts) increased to a total of 1,300, 25 per cent over 1974. The time lag between the ordering of goods and services and the payment for them is responsible for the fact that the increased output as well as the increased inflow of work in 1975 are not reflected until later in the financial accounts. Nevertheless, the 1975 figure of recorded implementation was 60 per cent more than the total for 1974 and represented 25 per cent of the total UNIDO implementation for 1975.

24. Equipment specifications have increased in technical variety coincident with the increasing complexity of new project equipment and the further sophistication of traditional equipment requirements. Centralized procurement of commonly used items (vehicles and office equipment, for which UNDP standardized lists have been issued) is scheduled to commence in 1976, and this will relieve UNIDO of the necessity of purchasing these comparatively simple items, thus providing the Organization with the capacity to deal with the increase in both the technological variety and sophistication of the equipment for UNIDO projects.

25. The rapidly rising inflation rate of 1974 appeared to have flattened out in 1975 and this, together with the world-wide recession in business activity, improved the response of equipment manufacturers to UNIDO invitations; longer price validities and better delivery periods are also becoming available again.

26. In 1975, several contracts of approximately \$1 million each were written by UNIDO; the general size of contracts appears to be rising, not only because of inflationary factors but also since more components of projects are being incorporated into single contracts. Indeed, three large contracts, totalling \$4 million, accounted for more than 50 per cent of the total contract output in 1975.

27. The man-month cost for consultant services, unlike equipment prices, showed no signs of levelling off during the year under review; with the continuing increase in personnel costs, it became almost impossible to negotiate long-term fixed price contracts on the world market. This fact has recently been recognized by the Administrator of UNDP, and suitable escalation clauses are to be considered for such contracts.

28. An interesting development in contracts work was the fact that the World Bank requested UNIDO to arrange the bids for and then finalize the contract between a Government and a consulting firm for the World Bank to a value of approximately \$7.5 million. Arrangements for this work are currently under discussion with the World Bank.

29. New procedural arrangements, combined with a necessary reorganization of the duties of staff during 1975, enabled UNIDO to achieve the increased work output with a smaller number of staff than in 1974.

Field staff

30. During 1975, the Industrial Development Field Advisers continued their essential task of carrying out informal analyses of technical assistance requirements for each developing country within their coverage, based on Governments' development objectives and plans. In many cases, the analyses enabled the Advisers to identify projects of central importance in meeting these objectives.

31. In addition to keeping track of the UNIDO programme as a whole in the respective countries of their coverage, the Field Advisers monitored the implementation of individual current projects. They also assisted government authorities in formulating and preparing projects.

32. In the course of 1975, 23 Field Advisers were on board, of which 9 were in Africa, 6 in the Americas, 6 in Asia and the Pacific, and 2 in Western Asia.

33. In 1975, the Administrator of UNDP and the Executive Director of UNIDO agreed to entrust a consultant with examining the Field Advisers' programme. As a result, a temporary freeze in the recruitment of Field Advisers was enacted. UNDP did, however, agree to finance Field Advisers for Bangladesh, Guyana and Turkey pending the outcome of the review.

34. Upon receipt of the consultant's report, UNIDO will follow up on the intention of the Administrator of UNDP (expressed during the eighth session of the Industrial Development Board) to request approval from the Governing Council for a limited expansion of the Field Advisers' programme and will pursue the possibility of obtaining the services of additional Field Advisers financed from sources other than UNDP, including the regular budget (cf. ID/B/150, chap. VI, para. 56).

35. Support continued to grow throughout 1975 for the Junior Professional Officers (JPO) programme and by the end of the year, donor Governments had agreed to finance 54 posts: 20 from Belgium, 25 from the Netherlands (including 5 JPOs from developing countries), 3 from Japan, 5 from Sweden and 1 from Switzerland. The number of JPOs in the field during 1975 was 21.

New York Liaison Office

36. The number of intergovernmental, inter-agency and expert meetings at United Nations Headquarters has continued to increase substantially. In addition to the General Assembly and its functional committees, the UNIDO Pledging Conference

and such major organs as the Economic and Social Council and the UNDP Governing Council, servicing and representation on behalf of UNIDO was provided at more than 30 other meetings during 1975. A significant portion of the work carried out by the Liaison Office during the year related to the preparatory work and the follow-up of the Second General Conference and of the seventh special session of the General Assembly.

37. The expanded tempo of activities has also increased the requirements for intergovernmental and intersecretariat consultations connected with the day-to-day liaison functions carried out at United Nations Headquarters. Co-ordination with the United Nations Secretariat, the Office of the Secretary-General, and the co-operation with the UNDP on matters related to the operational programmes of UNIDO have continued to receive high priority.

38. Substantive secretariat back-stopping was provided for items of direct interest to UNIDO on the agendas of the General Assembly and its subsidiary organs. During the seventh special session of the General Assembly, close contacts were maintained with the intergovernmental group that prepared the draft for section IV of resolution 3362 (S-VII) dealing with industrial development.

39. In the area of operational activities, substantive and operational back-stopping was provided for the UNIDO/UNDP project in the Republic of Korea concerned with product adaptation for exports; the project is expected to be completed in the first half of 1976. Co-ordinating activities were carried out in respect of the UNIDO project in India on the development of new artificial fibres; continuous and close contacts have been maintained with the suppliers of technology for this project. During the year, consultations were carried out with the UNDP on some 60 UNIDO projects in 44 different countries. More than 50 candidates for expert posts in the field were interviewed and an equal number of UNDP experts and field personnel were briefed on UNIDO activities on the occasion of their official visits to UNDP headquarters.

40. The New York Liaison Office continued to be the main source and depository of UNIDO publications at United Nations Headquarters. Information and documentation are provided to the members of the permanent missions accredited at United Nations Headquarters. UNIDO publications, technical studies and general information on its operations are provided in the North American area to international organizations, manufacturing industry, universities, research institutions and individual specialists interested in the field. Information about UNIDO's activities and programmes has also been made available in public meetings through group briefings, lectures, special presentations, seminars and meetings.

41. In the area of inter-agency co-ordination, liaison was maintained on a continuing basis with the Office of the Under-Secretary-General for Inter-agency Affairs. UNIDO was represented at the inter-agency meetings, held periodically at United Nations Headquarters, as well as at meetings of the substantive subcommittees of the Administrative Committee on Co-ordination (ACC). UNIDO also participated in activities carried out at United Nations Headquarters relating to the co-ordination of programmes of work within the United Nations system as a whole, as for example, the Inter-agency Task Force established by the ACC for the implementation of General Assembly resolution 3362 (S-VII).

42. Co-ordination with different units at United Nations Headquarters included housing and physical planning, science and technology, economic development planning, trade and investments, development of natural resources, social affairs and problems of the human environment. Special attention was given to all matters requiring appropriate reference to UNIDO's activities within the broad policy responsibilities of the Secretary-General's Office.

Headquarters staff

43. Out of 1,026 staff members serving at UNIDO headquarters on 31 December 1975, approximately 31 per cent were in the Professional and higher categories, most of them occupying posts subject to geographical distribution.

44. The following table provides a breakdown of the number of staff members in each category, with comparative figures for 1973 and 1974. The figures reflect a slight decrease of approximately 2 per cent in staff strength at the end of 1975 compared to 1974 and a slight increase of 5 per cent compared to 1973.

Comparative staffing situation, 1973 to 1975

	1973 31 December	1974 31 December	1975 31 December
P-5 and above	78	80	84
P-1 through P-4	256	254	235
Field Service Officers	8	7	7
General Service staff	555	566	579
Manual Workers	124	121	121
	<u>1 021</u>	<u>1 028</u>	<u>1 026</u>

Note. The above figures include the eight Interregional Advisers, four Special Technical Advisers and one Project Co-ordinator attached to UNIDO Headquarters; they do not include short-term staff or the Industrial Development Field Advisers.

45. On 31 December 1975, there were 331 staff members in the Professional² and higher categories in the UNIDO Secretariat. Of these, 291 were charged against regular budget posts, 25 against overhead posts and 15 against other extra-budgetary posts. In addition, there were four staff members holding short-term appointments.³ Of these, one was in the process of being converted into a long-term appointment;⁴ the rest were non-renewable. During the year, a total of 32 new long-term appointments at the Professional and higher categories were made, while 32 staff members were separated from service.

46. Of the 331 posts occupied by long-term staff members at the Professional and higher categories, 261 were subject to geographical distribution. A break-down of these posts, by region and nationality, appears in appendix J. (As pointed out in

² Including seven Field Service Officers.

³ Less than one year.

⁴ One year or longer.

previous reports, the Professional and higher-level staff members assigned to UNIDO are appointed by the Secretary-General of the United Nations and not by UNIDO itself. The Secretary-General, in turn, is subject to over-all guidelines on geographical distribution affecting the United Nations Secretariat as a whole that are established by the General Assembly.)

47. In 1975, as in previous years, UNIDO supplemented its internal expertise through the *ad hoc* use of outside experts and consultants, with whom a total of 190 special service agreements were concluded during the year at a total cost of \$412,250. The over-all allocation for special service agreements was \$497,000, of which about \$320,000 was from the regular budget. The special service agreements were, for the most part, for technical consultations at UNIDO headquarters, the preparation of technical papers and reports envisaged in the work programme and participation of consultants in UNIDO expert group meetings and seminars.

48. Progress was made during 1975 in career development of staff. The last of a three-part seminar on management techniques was held in Vienna early in the year, and 6 senior staff attended two advanced management seminars sponsored by the United Nations and UNESCO (11 more senior officials participated in another session of this seminar held in Vienna in 1975 under UNIDO sponsorship). Co-operation with the IAEA increased considerably and both Vienna seminars were attended by a number of their officials.

49. UNIDO representatives participated in the United Nations and the Consultative Committee on Administrative Questions' training meetings held in 1975; both meetings provided an opportunity to plan concrete joint ventures in staff training in 1976.

50. Considerable attention was given to training devoted to improving skills. A trial of a home-study substitute for English stenography classes is under way and will be evaluated early in 1976. Commercially prepared video-cassette training courses in electronic data processing were investigated and tested and it is expected that use will be made of them in the future. The United Nations will furnish some of their training video-cassettes for possible use by UNIDO. Production of two video-cassette-centred training programmes has been started, one concerning the briefing of experts and the other the induction of new Secretariat staff.

51. During 1975, UNIDO continued its language training programme with the objective of improving the linguistic balance in the Secretariat and of enabling the staff to deal with the increasing number of projects requiring a knowledge of a second or third United Nations language. The off-duty language training programme continued at approximately the same level as in 1974; courses were given in English, French, Russian, Spanish and German. Approximately 350 students, mostly UNIDO staff members, were enrolled in each of the semesters; a few adult dependents of UNIDO staff, members of missions and IAEA staff members were also included on a space-available basis. Although United Nations Headquarters did not approve study leave for intensive language training during 1975, a number of staff utilized annual leave or leave without pay to take courses in Austria, France, Spain and the Union of the Soviet Socialist Republics.

Reimbursement of value-added tax

52. In the early part of 1975, outstanding problems in regard to the detailed manner in which UNIDO would claim reimbursement for value-added tax were settled in an exchange of letters between the Executive Director and the Minister of Foreign Affairs of Austria. Claims are now regularly submitted on a half-yearly basis, and payment has been received from the Austrian authorities for claims arising during the period prior to 31 December 1974.

Physical facilities

53. In March 1975, the host country made available at Wasagasse No. 22 a modern office building for joint use by UNIDO and the IAEA. At the end of 1975, the temporary headquarters of UNIDO comprised 11 separate buildings in Vienna, with a total gross area of 31,689 m².

54. In the course of 1975, great progress was made with the construction of the permanent headquarters buildings. In the office towers, several of the concrete, glass and steel façades are visible in their final form, the central conference building is rapidly taking shape and the staircase towers and central cores of the common services buildings are already standing. The construction schedule is being maintained, and late 1978 is still the expected date of occupancy by the organizations.

55. The restructuring of UNIDO will lead to considerable modification of the occupancy plans. Account will also have to be taken of the establishment of Vienna as a third United Nations conference centre and of the possible move of further units of the United Nations Secretariat to Vienna.

56. Certain services have been shared with the IAEA from an early stage after the installation of UNIDO in Vienna, e.g. the Joint Medical Services, the Computer Service and most of the processes of documents reproduction. Once the general architectural features of the future United Nations complex in the Donaupark had been decided and the detailed work of headquarters planning had started, both the IAEA and UNIDO began to consider in greater depth the question of which services would be operated in common when they moved to the Donaupark. In due course, a joint working group was set up which reported in 1975 to the heads of administration of the two organizations.

57. The working group had been requested to define the services or activities within certain specified areas to be included in a common service and to explore possible patterns or methods of allocation of capital and operating costs between the two organizations. The group was informed that the management of each area could in principle be entrusted to either organization but that the group might suggest alternative forms of management that it considered desirable and feasible. The group studied in depth the administrative and legal implications of the establishment of common services in the following areas, selected out of a larger number of potential areas for common service operation which had been previously identified: procurement services; commissary; catering services; document reproduction and distribution services; computer services; library services; buildings management and engineering services; and security services.

58. The group began to collect information and study the problems involved early in 1974 on the assumption that the IAEA and UNIDO would be the only organizations occupying the new headquarters at the time scheduled for the move to the Donaupark. The adoption by the General Assembly in December 1974 of resolution 3350 (XXIX), on the inclusion of Vienna in the United Nations pattern of conferences, significantly altered the prospects. By the terms of this resolution, the Secretary-General was requested to enter into negotiations with the Government of Austria and the IAEA on the most rational and economic use of the premises available in the Donaupark and the best possible use of the office space provided there by the Government. The Secretary-General was requested to report on these negotiations and to make recommendations on the joint utilization of the International Conference Building in the Donaupark project to the General Assembly at its thirtieth session.⁵ In accordance with the findings of the Secretary-General's report, it is possible that one or more additional units of the United Nations might be located in the permanent headquarters when the Donaupark project is ready for occupation. It is also possible that, by that date, UNIDO might have been transformed into a specialized agency. Such changes would have an important bearing on the administrative and legal aspects of establishing and operating common services.

59. The administrations of UNIDO and the IAEA will review the information presented and the recommendations made in the joint working group's report, in the light of the discussion at the thirtieth session of the General Assembly on the report presented to it by the Secretary-General in response to resolution 3350 (XXIX).

Documentation

60. In adherence to the decision of the General Assembly, and in compliance with the recommendation of the Secretary-General on the control and limitation of documentation, UNIDO achieved a savings in 1975 in excess of the 10 per cent requested in the total number of pages submitted for reproduction as compared to the 1974 level. The over-all savings achieved compared to the 1970 level is in excess of 47 per cent. This result was obtained although requests for document services increased substantially during 1975. The total output of documentation, forms and stationery produced internally, externally or through the joint reproduction arrangements with the IAEA, amounted to 47.5 million page units, which included work performed for UNDP, the United Nations Scientific Committee on the Effects of Atomic Radiation, and the United Nations Conference on the Representation of States in their Relations with International Organizations.

61. A list of UNIDO printed publications in 1975 is contained in table 1 of appendix C; table 2 of the same appendix provides cumulative figures for UNIDO printed publications covering the years 1971 to 1975.

⁵The Secretary-General's report appeared as document A/10348 issued on 17 November 1975.

Chapter VII

SOURCES OF FINANCE

1. The six sources from which UNIDO derives its finance are: the United Nations Regular Budget (RB); the United Nations Regular Programme of Technical Assistance (RP); the United Nations Development Programme (UNDP); the Special Industrial Services (SIS) programme; the UNIDO General Trust Fund (GTF); and Special-purpose Trust Funds (STF), formerly known as Funds-in-Trust (FIT). The characteristics of these sources of funds and their particular programmes, especially in relation to the activities of UNIDO, have been described extensively in the 1973 Annual Report (cf. ID/B/140, paras. 775-841). In the following paragraphs, a report is given on the development and utilization of the financial resources during the year 1975. In addition, a brief summary is provided of the situation with regard to overhead funds.

UNIDO REGULAR BUDGET

2. It will be recalled that the General Assembly, in its resolution 3043 (XXVII) of 19 December 1972, decided to introduce, effective 1 January 1974, a new system of medium-term (four-year) planning and a biennial cycle of programme budgeting for the United Nations. Thus, UNIDO prepared a medium-term plan in 1972 for the years 1974/77 and a programme budget for the years 1974/75. Subsequently, in resolution 3195 (XXVIII) of 18 December 1973, the General Assembly approved, under section 15-UNIDO, an initial appropriation of \$30,798,000 for the biennium 1974/75.

3. For reasons explained in the 1974 Report (ID/B/150, chap. VII, para. 2), additional funds were later requested to cover an impending deficit. After review by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee, the General Assembly, in resolution 3359 (XXIX) of 30 December 1974, approved supplementary credits of \$5,994,000, bringing the total appropriation for UNIDO to \$36,792,000 for the biennium 1974/75. According to the final statement of accounts for 1974, the first year of the biennium, \$17,025,617 was spent, leaving \$19,766,383 available for 1975.

4. From August 1974 onwards, however, the dollar/schilling rate of exchange was again subject to considerable fluctuations; the United Nations operational rate reached an all-time low of AS 16.45 to the dollar in March/April 1975, and after a

brief recovery between July and October, declined again slightly to AS 18.15 in November 1975. The dollar depreciation has affected the cost of Professional salaries, to the extent of two classes of post adjustment above the class assumed when the 1975 supplementary appropriation was requested; the cost of salaries at the local level, which are fixed in Austrian schillings; and other costs. The increased cost to UNIDO of the dollar depreciation amounts to \$832,000.

5. The increase in costs attributable to inflation, in excess of the rate assumed, is relatively slight, amounting to only \$78,000.

6. The resulting total of \$910,000 has been reduced through internal economy measures to \$511,000, representing less than 1.5 per cent of the revised appropriation for the biennium.

7. In his performance report for the biennium 1974/75 (A/10035), the Secretary-General requested the necessary supplementary appropriation. In accordance with the usual procedure, there was a detailed review by the ACABQ, whose recommendations were considered by the Fifth Committee and subsequently approved by the General Assembly in resolution 3531 A (XXX) of 17 December 1975.

8. In the 1974 Report (ID/B/150, chap. VII, paras. 5-9), the Executive Director dealt with the preparation, in accordance with the guidelines of the Secretary-General, of the UNIDO biennial programme budget for 1976/77 and the medium-term plan for 1976/79. The draft budget prepared by UNIDO and subsequently modified by the Secretary-General and issued as document A/10006 called for an estimated expenditure for the biennium 1976/77 of \$44,979,000, representing an increase of \$8,187,000 or 22.3 per cent over the 1974/75 revised appropriation. Of this increase, only \$1 million, or 2.7 per cent, was attributable to programme growth.

9. The Secretary-General's initial programme budget proposals (A/10006) were finalized before the Second General Conference of UNIDO, which was held at Lima, Peru, in March 1975; consequently, these proposals could not take into account the decisions of the Conference. The Industrial Development Board at its ninth session (21 April-2 May 1975) considered the relevant part of the Secretary-General's proposals and recommended "that the medium-term plan and programme budget for UNIDO be suitably modified to reflect fully the priorities established and additional tasks assigned to UNIDO by the Second General Conference and ensure the provision of adequate resources to the Organization to enable it to implement the relevant provisions of the Lima Declaration and Plan of Action".¹

10. Accordingly, UNIDO modified its initial submission to reflect the Lima Declaration and Plan of Action, and submitted the draft of a revised programme budget for 1976/77 to the Secretary-General in October 1975. After review by the Secretary-General, the revised proposals for the 1976/77 programme budget were submitted to the Fifth Committee through the ACABQ. At its 1771st meeting, the Fifth Committee accepted the recommendation of the ACABQ for an appropriation of \$45,167,000 for the biennium 1976/77. The General Assembly approved a final amount of \$45,157,000, taking into account adjustments for fluctuations in exchange rates, a reduction of 2 per cent in the provision for inflation, and a minor modification in the single rate of post adjustment.

¹ IDB resolution 45 (IX), paragraph 4.

11. In approving the recommendation of the ACABQ, the Fifth Committee requested the Secretary-General to submit to the General Assembly at its thirty-first session revised estimates for UNIDO, taking into consideration all elements of the Lima Declaration and Plan of Action and indicating clearly the resulting programme requirements and related resources.

12. The General Assembly, at its thirtieth session, adopted a draft resolution² based on the recommendations contained in the report of the Working Group on United Nations Programme Budget Machinery (A/10117). Formerly, the medium-term plan and the biennial budget were both reviewed and approved during the same session at two-year intervals. It has now been decided that in future the programme budget and the medium-term plan of the United Nations should be considered in alternate years and, in order to establish alternation, the next (third) medium-term plan will be prepared a year earlier than would otherwise have been the case. Thus, the next plan will cover the period 1978/81 with the addition of the year 1977, i.e. the second year of the biennium about to commence, which will serve as the base-line.

OVERHEAD FUNDS

13. The situation with regard to the overhead account, described in the 1974 Annual Report (chap. VII, paras. 10-14), was alleviated in early 1975. A deficit of \$625,000 at 31 December 1974 was converted by retroactive decisions of the UNDP Governing Council into a surplus of \$120,529. At its nineteenth session, in January 1975, the Council decided that the increase in the overhead reimbursement rate from 13 per cent to 14 per cent of project costs should apply from 1 January 1974, rather than 1 January 1975 as had been anticipated. Further, the Council agreed to allow computation of overhead earnings at 13 per cent on actual rather than standard costs retroactively for 1972 and 1973, and to regard as 1974 obligations the full costs of fellowships starting in 1974 but terminating in 1975. These decisions were reflected in the audited accounts of UNIDO for 1974, and the Industrial Development Board was informed of this sequence of events at its ninth session.

14. Such a development although welcome, was by definition non-recurrent. The delivery of technical assistance programmes by UNIDO in 1975 reached a level of \$33.5 million, representing an increase of \$9.4 million, or 39 per cent, over 1974. As a result of this substantial improvement, coupled with extremely strict controls on overhead expenditures in 1975 and a substantial use of regular budget resources to offset the proven inadequacy of the 14 per cent formula, there was a surplus in the overhead account at the end of December 1975. However encouraging this fact may be, it was based on a number of fortuitous circumstances and should not lead to a feeling of complacency, for it is clear that the gap between the overhead reimbursement rate and the actual costs of programme support activities in UNIDO remains unbridged. As the volume of deliveries expands in the future, so will the overhead deficit, and this will in turn require an increasing diversion of regular budget resources to make good the deficit.

² General Assembly resolution 3392 (XXX).

SPECIAL INDUSTRIAL SERVICES PROGRAMME³

15. The SIS programme continues to be financed from the UNDP Programme Reserve. In June 1972, the Governing Council decided to set aside \$3.5 million for SIS projects, out of which \$1 million would be utilized for the benefit of the least developed countries.

16. In view of the shortfall in implementation of the SIS programme in 1973 and 1974, the 1974 Amendment to the Guidelines for SIS specified that the Administrator of UNDP would seek to obtain the approval of the Governing Council to carry over from one year to the next the unspent balance of annual authorized funds from the Programme Reserve for SIS, in order to ensure their full utilization. The situation as to the unspent balance as of 31 December 1975 was the following:

	1973	1974	1975
<i>Least developed countries</i>			
Yearly allocation	1.0	1.0	1.0
Yearly implementation	<u>0.5</u>	<u>0.3</u>	<u>0.6</u>
Unutilized allocation	0.5	0.7	0.4
<i>Other developing countries</i>			
Yearly allocation	2.5	2.5	2.5
Yearly implementation	<u>1.9</u>	<u>1.9</u>	<u>2.8</u>
Unutilized allocation	0.6	0.6	(0.3)

17. The Governing Council, at its eighteenth session, decided that any unspent balance of provisions made for special measures in favour of the least developed countries would be carried over into the second IPF cycle; moreover, any unspent balance in the Programme Reserve in general would be carried over from 1973 to 1974. No specific reference was made to the SIS programme in any of the above decisions, but presumably the first decision will allow the carry-over from one year to another of the unused balance of those SIS funds earmarked for the least developed countries. It was also decided that the question of the carry-over of the Programme Reserve would be examined at a future session of the Governing Council. In view of the momentum gained in the SIS programme, the question of resources is becoming increasingly pertinent.

18. The Industrial Development Board, in its resolution 40 (VIII), invited the Administrator of UNDP and the Executive Director of UNIDO to examine the establishment, for the SIS programme, of a separate account made up of an annual contribution from UNDP of not less than \$3.5 million and voluntary contributions from interested countries; this account would be operated by the Executive Director of UNIDO. Consultations on this matter between the Administrator of UNDP and the Executive Director of UNIDO are proceeding.

19. Meanwhile, the UNDP Governing Council, at its twentieth session in June 1975, invited the Administrator to submit to its twenty-first session proposals on financing SIS projects beyond 1976.

³ For detailed financial data on the SIS programme, see tables 2 (D.I-D.III) and 3 (D) in the statistical annex. Additional information on the SIS programme is to be found in chapter II, paragraphs 41-46.

UNIDO REGULAR PROGRAMME OF TECHNICAL ASSISTANCE

20. The 1975 UNIDO regular programme of technical assistance approved by the Industrial Development Board at its eighth session included country, regional and interregional projects amounting to a total of \$2 million, of which \$0.23 million was in non-convertible currencies. The entire amount of \$2 million appropriated by the General Assembly was fully utilized by the end of 1975. A comparison of the 1975 regular programme, as approved by the Board and as delivered by UNIDO during the year, is given in appendix H.

21. The largest item of expenditure under the regular programme in 1975 was the financing of the 13 regional advisers attached to the regional economic commissions (4 to ECLA, 4 to ECA, 4 to ESCAP, and 1 to ECWA) and of the 6 interregional advisers attached to various programme components of UNIDO. Owing to inflation, and in line with the experience of all United Nations agencies, the actual cost of the 19 advisers exceeded by far the amount originally approved by the Board on the basis of the standard costs for experts.

22. As in the past, the expertise provided by the regional advisers in 1975 was concentrated largely in industrial strategies, planning and policies, transfer of technology, small-scale industry, agro-industry and investment promotion. The interregional advisers continued to provide specialized services in operational activities related to the chemical, metallurgical, engineering, fertilizers and food industries; they also concentrated on activities related to the least developed countries and spent a fair part of their time on missions and special assignments in these countries.

23. The second largest item of expenditure in the 1975 regular programme was devoted to training personnel in the industrial sector. In view of the increased costs of training, only 92 fellowships were awarded in 1975 to nationals from various developing countries. The smaller number of fellowships was compensated, however, by a larger duration of training, which averaged three months per fellowship. More than 100 fellows participated in eight interregional and regional group training programmes and seminars, fully or partly financed from the regular programme. An in-plant group training programme for engineers and technicians in the iron and steel industry, held in 1975 in the Union of Soviet Socialist Republics, was attended by 39 participants and financed from the non-convertible currency allocation of the regular programme.

24. It may be recalled that in 1975 the allocation under the regular programme of technical assistance was increased by \$500,000, with the provision that the additional amount was to be devoted to the special needs of the least developed countries. A number of activities were carried out under that earmarking during 1975. A particularly important project, undertaken jointly by UNIDO and the Romanian Government, was the fielding of a mobile unit in Mali and Upper Volta to demonstrate the processing and use of plastics in agriculture (for details of this project see chap. II, paras. 97-99). Several neighbouring drought-affected countries in the Sahel have expressed official interest in the project, and arrangements have been made for the representatives of these countries to visit the demonstration unit in Mali and Upper Volta. UNIDO also assisted the Centre for Solar Equipment Production in Senegal in promoting the production, on an industrial scale, of equipment using

non-conventional sources of energy, e.g. solar pumps and wind-driven pumps. This project should benefit all countries of the Sahelian region, most of which are classified as least developed countries. During 1975, UNIDO initiated preparatory work on several projects dealing with the manufacture of agricultural tools in selected least developed countries; these projects may in the future help those countries to overcome some of their food production difficulties. In this connexion, a UNIDO expert went to Haiti to elaborate a detailed project proposal, including financial inputs and a workplan, for a pilot demonstration plant for agricultural implements.

25. Industrial co-operation among developing countries was another activity financed under the 1975 regular programme. Several projects aimed at promoting and improving the exchange of experience between developing countries were implemented during the year, among which was the second interregional seminar for co-operation in packaging, held in Seoul, the Republic of Korea; the seminar was a follow-up of a similar meeting held in India in 1974.

26. Advisory missions and meetings on specific projects and programmes to be developed or implemented with UNIDO assistance were undertaken in 1975 within the framework of consultations with Governments financed under the regular programme. A high-level expert visited 11 countries in Asia, Africa and Latin America to hold consultations with Governments on the development of the phosphate and phosphate-based fertilizer industry and on possibilities of UNIDO assistance in this field. As a result of the Lima Declaration and Plan of Action, which emphasized the need for strengthening co-operation between developing and developed countries, UNIDO organized, in co-operation with the Bulgarian Government, an important round-table meeting held in Sofia in 1975. The meeting was attended by representatives at ministerial level of 13 Governments from developing countries; it provided an occasion for an exchange of experiences, discussions and consultations on such topics as the development of the chemical industry and the role of science and technology in industrial development.

SPECIAL-PURPOSE TRUST FUNDS

27. The importance of the Special-purpose Trust Funds was stressed in the 1974 Annual Report (chap. VII, para. 29), and the Trust Funds continue to be a valuable source of finance for the technical assistance activities of the Organization. During 1975, there was a rise in the contributions for special purposes (see statistical annex, tables 2E and 3E).

INDICATIVE PLANNING FIGURE

28. During the year under review, expenditures under the IPF of UNDP accounted for 73.1 per cent of the total technical assistance delivery of UNIDO or, expressed in dollars, it accounted for \$24.5 million of the total \$33.5 million of UNIDO technical assistance in 1975. The value of UNIDO technical assistance delivery under IPF in 1975 showed an increase of 40 per cent as compared to the 1974 figure. A detailed report of the developments with regard to the IPF in 1975 is to be found in chapter II, the section on "Country Programmes".

UNIDO GENERAL TRUST FUND

29. As indicated in previous Annual Reports, the UNIDO General Trust Fund derives its resources from voluntary contributions made to UNIDO by States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency. Contributions to the UNIDO General Trust Fund have increased from an annual figure of some \$1.7 million, announced at the first Pledging Conference in 1968, to the figure of \$3.1 million announced at the eighth Pledging Conference in 1975.⁴ The steady increase over the years in the contributions pledged under the General Trust Fund reflects the donors' confidence in the type of activities financed under this fund which, though small in comparison with the funds available for operational activities financed by UNDP, features a high degree of flexibility and is innovative in its application.

30. The programming principles and procedures for the utilization of the UNIDO General Trust Fund have been described in previous reports to the Industrial Development Board (ID/B/43, annex VII; ID/B/66, annex; and ID/B/93).

31. The activities financed under the General Trust Fund are classified in seven broad categories, and the cumulative expenditure in these categories is listed in table 2 of appendix G. As can be seen from that table, the major area of activity in 1975 was the collection and dissemination of industrial information and promotional activities, a comprehensive group of activities that embraces not only industrial information activities such as those described in chapter VIII under "Special Programmes of Co-operation with Industrialized Countries" but also the promotion of consultations among developing countries in specific branches of industry at the national, regional and interregional levels. Examples of the latter activity are also to be found in chapter II, in the section on special programmes, other illustrative examples being the joint consultation on the promotion of industrial research and services in Africa, held in Lagos, Nigeria in 1975, and the regional consultation between the administrators of international fairs in Latin America, held in Bogotá, Colombia. During the first consultation, senior executives from industrial research organizations, industry and business as well as upper-echelon government officials met to discuss the effective organization and operation of industrial research services and the assistance they could provide to both Governments and industry. The exchange of specialized experience was also the keynote of a second consultation in Colombia, where fair directors met to discuss the use of international fairs and exhibitions as instruments for the promotion of the economic and industrial development of their countries. Particular attention was also devoted to the manner in which fair activities within a specific geographic region could be harmonized so as to derive the greatest possible mutual benefit for all concerned.

32. Another significant area of activity financed under the UNIDO General Trust Fund involves training programmes. Several examples of comprehensive training courses are to be found in chapter VIII, in the section describing the special programmes of co-operation with industrialized countries; many of these courses have become regular, widely appreciated features of the UNIDO work programme. Other training courses implemented in the course of 1975 included a joint UNIDO/IDCAS training workshop on project preparation and evaluation, held in

⁴ Full details of the pledges made are contained in table 3 of appendix G.

Somalia, at which the participants (drawn from different ministries, banks and government institutions, as well as public- and private-sector industries) received theoretical and practical training in project preparation and evaluation techniques along the lines advocated in the UNIDO manual, *Project Evaluation in Arab Countries*. Another training course, financed under the UNIDO General Trust Fund, with supplementary UNDP funding, was the three-month training programme in plastics technology for participants from Latin American countries, held at Buenos Aires, Argentina. In the course of their theoretical and practical instruction, the participants received thorough training in the processing and application of plastics, including their use in the agricultural and building industry sector.

33. The number of UNIDO General Trust Fund projects in the category of workshops and other technical meetings showed a modest increase over the previous year as interest in this type of activity continued to grow, whereas the provision of industrial equipment and other physical units experienced an appreciable downturn owing to the scarcity of convertible currency and problems encountered in procuring equipment against payment in non-convertible currencies. A list of financially and operationally completed UNIDO General Trust Fund projects is to be found in table 6 of appendix G.

Financial management

34. At the eighth annual United Nations Pledging Conference for UNIDO, held at United Nations Headquarters on 23 October 1975, 63 countries made pledges totalling \$2,880,863. Subsequently, nine countries made additional pledges amounting to \$220,276, bringing the total number of pledging countries to 72 and the total value of pledges to \$3,101,139. Three countries—Austria, China and Switzerland—have asked that their contributions be used for purposes they have selected, or will select, in consultation with UNIDO. The status of Governments' pledges as of 31 December 1975 is shown in table 3 of appendix G. The total of voluntary contributions pledged to UNIDO since the establishment of the General Trust Fund in 1968 to 31 December 1975 amounted to \$21,292,468.

35. \$1,225,147 of the \$18,191,329 pledged for 1975 and prior years remained uncollected at the end of 1975. Table 4 of appendix G shows that the total cumulative resources available to the General Trust Fund, as of 31 December 1975, amounts to \$17,409,595, against which the value of projects approved was \$15,756,121 or 90.5 per cent (see tables 1 and 2 of appendix G).

36. The extent to which approved projects were implemented by 31 December 1975 is indicated in table 5 of appendix G, from which it will be seen that the total expenditures incurred against approved projects as of 31 December 1975 were \$8.9 million, of which \$2 million was spent during 1975, leaving a balance of \$5.6 million to be implemented in 1976 and future years, taking into consideration \$0.6 million cancelled and \$0.6 million completed projects.

Chapter VIII

CO-OPERATION AND CO-ORDINATION

INTRODUCTION

1. Concern about the shortcomings in UNIDO's co-ordinative endeavours has been voiced on a number of occasions, for example in the Report and Conclusions of the *Ad-Hoc* Committee on Long-Range Strategy for UNIDO.¹ As foretold in the Annual Report last year, the central co-ordinating role of UNIDO in the field of industrial development and the Organization's responsibility for reviewing and promoting the co-ordination of all activities of the United Nations system in that field were major subjects of discussion at the Second General Conference of UNIDO.

2. At the Second General Conference of UNIDO, steps were taken to strengthen the Organization in order that it might more effectively carry out its co-ordinative functions. In paragraphs 65 (b), 68 and 75 of the Lima Declaration and Plan of Action, the subject of the central co-ordinating role of UNIDO is treated; the proposal is made that an advisory committee be established composed of representatives of the secretariats of the United Nations and of the relevant organizations of the United Nations system and chaired by UNIDO.

3. In June 1975, UNIDO took steps to establish this advisory committee and invitations were extended to the organizations and agencies of the United Nations system concerned with industrial development. At the first meeting of the UNIDO Advisory Committee on Co-operation in Industrial Development, held in Geneva in July 1975 under the chairmanship of the Executive Director, the following agencies and organizations were represented: ILO, FAO, UNESCO, WHO, the World Bank, WIPO, UNCTAD, UNDP and UNEP, as well as the Department of Economic and Social Affairs and the Office of Inter-Agency Affairs and Co-ordination. In discussing the co-ordinative role of UNIDO, the representatives of these agencies, organizations and bodies expressed their readiness to co-operate with UNIDO in carrying out the Lima Declaration and Plan of Action.

4. At the meeting, it was agreed that a series of bilateral consultations should be held with the individual organizations and agencies active in the various areas of common interest. This series of consultations would permit the review and appraisal of progress achieved in implementing the Lima Declaration and Plan of Action and also facilitate the review and promotion of the co-ordination of all activities in the United Nations system in the field of industrial development.

¹ ID/B/142.

5. It was also agreed that, after the first round of consultations, a full-scale meeting of the UNIDO Advisory Committee would be held to compare notes, to obtain a general and wider view of the factors involved and to discuss matters that went beyond the limits of individual bilateral agency relationships. Furthermore, the reports of the UNIDO Advisory Committee would be made available to the Administrative Committee on Co-ordination (ACC) so that the members of that body would be kept fully informed of the flow of information between the agencies concerned and of their co-ordination endeavours in fields of common interest.²

6. Following the initial meeting of the UNIDO Advisory Committee on Co-operation in Industrial Development, discussions were held with a number of agencies and organizations in addition and complementary to the joint activities and programmes undertaken by UNIDO and other United Nations agencies and organizations in 1975. These are outlined below.

INTER-AGENCY CO-OPERATION AND CO-ORDINATION

7. The main developments in the joint activities and programmes of UNIDO with other United Nations agencies and organizations in 1975 are outlined in the following paragraphs.

International Labour Organisation (ILO)

8. Co-operation between ILO and UNIDO was the subject of a document³ presented to the Second General Conference of UNIDO. In that document, particular emphasis was placed upon strengthening the ties and co-operation between the two organizations. A second joint paper was submitted to the Conference entitled "Industrialization, employment and social objectives"⁴ and a joint statement⁵ by the executive heads of UNIDO and ILO pledged both organizations "to work towards the definition of such policies which eventually would lead to effective national and international approaches to the promotion of full productive employment for all peoples, fairer income distribution within and across States and economic and social justice everywhere".

9. In informal discussions held in Geneva in July 1975, attended by the Executive Director, new impetus was given to the association between the two organizations, whose working relations would be even more direct in the light of their respective contributions to the Lima Declaration and Plan of Action. At the twenty-fifth meeting of the ILO/UNIDO Working Party, held in Geneva from 16 to 17 October 1975, this new spirit of co-operation was manifest in the understanding reached as "ILO/UNIDO's Competence in the Field of Management Development" which, as the Executive Director stated at the sixth session of the Permanent Committee, "represented a considerable improvement upon previous arrangements".

² A report on co-ordination of activities within the United Nations system in the field of industrial development was submitted as document ID/B/C.3/43 to the Permanent Committee at its sixth session. The comments of the delegations to that session of the Committee are to be found in the Committee's Report, ID/B/159, paras. 205-243.

³ ID/CONF.3/12.

⁴ ID/CONF.3/9.

⁵ ID/CONF.3/24.

10. The areas of competence and those of mutual co-operation determined during the meeting were as follows:

Areas within the competence of ILO

11. These include broad and intersectoral programmes for the enhancement of managerial awareness, competence and social responsibility, such as:

Identification of needs and programming of action;
Dissemination of principles and techniques of effective management;
Institution building;
Training of trainers;
Development of management consultancy;
Management research and information services.

Areas within the competence of UNIDO

12. UNIDO's competence in the field of management development is in the area of industrial management and includes:

Enterprise- and factory-level industrial management, including the design of management systems, training and consulting;
Management of industrial research institutes;
Management of industrial estates and services provided at the estate;
Management of industrial fairs;
Management of industrial information centres;
Management of plan and project implementation in the industrial sector (e.g. training for ministries of planning and industry in the field of industrial development);
Industrial banks, including schemes for exchange of information and co-operation between banks;
Industrial project implementation at the micro level;
Institutional aspects of industrial management, in particular, trouble-shooting and consulting services at the factory and/or the industrial branch level.

Areas in which co-operation may be promoted and strengthened

13. These encompass:

Any area in which the responsible agency considers co-operation and participation of the other agency desirable;
Behavioural sciences and motivating people for development;
Methods and techniques for rational decision-making;
Organization and management of maintenance and repair, with the understanding that UNIDO's competence is in the engineering, economic, organizational and technological aspects;
Joint research into such key issues as management and publications;
Contributions to the implementation of the Lima Declaration and Plan of Action.

14. At the meeting, the possible issuance of a series of joint publications on reducing production costs in various sectors was broached, as were ways of co-ordinating the recruitment of experts prior to their assignment to joint UNIDO/ILO projects.

15. ILO has prepared a preliminary draft of the basic working document for its forthcoming Tripartite Conference on Employment, Income Distribution, Social Progress and the International Division of Labour. UNIDO has commented on this preliminary draft and will associate itself with preparations for the Conference, particularly as UNIDO attaches importance to such items as the adaptation of manpower and choice of appropriate technologies, which will be debated at the Conference.

16. Among the projects formulated by UNIDO in co-operation with ILO during 1975 were the development of small enterprises and handicrafts at Mbabane in Swaziland and the Hong Kong Productivity Centre. Further, two joint review missions were undertaken in the course of the year, one relating to the Management Training and Advisory Centre in Uganda and the other to the Development Corporation and Malta Dry Docks Corporation.

Food and Agriculture Organization of the United Nations (FAO)

17. UNIDO/FAO co-operation in 1975 was marked by the submission to the Second General Conference of UNIDO of a joint paper entitled "The interrelationship between industry and agriculture in the process of development",⁶ which aimed at identifying and considering the major policy issues of relevance to both industry and agriculture in the development process. Among the issues dealt with in the paper were the provision of food and employment for rapidly growing populations, improvements in income distribution, and the expansion of effective demand for agricultural and industrial products.

18. In the course of the year, the activities of the FAO/UNIDO/IBRD Working Group in the fertilizer field were formalized, with two meetings to be held each year. At the second such meeting, held in 1975, UNIDO presented two studies: one directed towards pilot liquid fertilizer demonstration plants and the other towards investment costs for new nitrogen fertilizer plants in developing countries. As in 1974, UNIDO co-operated with FAO in work relating to the Commission on Fertilizers and contributed to the endeavours being made in this field (cf. ID/B/150, chap. VIII, para. 15).

19. In April 1975, an *ad hoc* Government consultation on pesticides in agriculture and public health was convened by FAO, in co-operation with WHO, UNIDO and UNEP, as a follow-up to the World Food Conference held in Rome, and a thorough examination was made of the entire subject of pesticides and plant protection, emphasizing the effect of supply and demand on developing countries.

20. UNIDO undertook joint projects with FAO in a variety of fields ranging from a sawmill project in Honduras to a study in Papua New Guinea on pyrethrum and high altitude crops and their processing. Other projects of note included joint activities in connexion with a leather research and training institute in Istanbul and a hide, skin and leather development centre in Teheran, Iran, as well as a textile industry development project in Sierra Leone. In the latter months of the year, preparations were made to initiate a joint project involving a food industry development centre in Uganda, and work progressed on a leather industry development project in Pakistan.

⁶ID/CONF.3/15 and Corr.1.

21. In October 1975, the Executive Committee of the Industry Co-operative Programme (ICP) of FAO held its thirty-eighth session at UNIDO Headquarters. During the meeting, discussion centred on ICP/UNIDO co-operation in the light of the Lima Declaration and Plan of Action. It was concluded that UNIDO/ICP co-operation should be expanded in view of mutual interests in promoting agro-based and agro-allied industries, and new channels of communication between the two organizations were established so as to add impetus to their work in such fields as in-plant training, marketing of products from developing countries and investment promotion.

United Nations Educational, Scientific and Cultural Organization (UNESCO)

22. The ninth UNESCO/UNIDO intersecretariat meeting was held in 1975 in Vienna. At that meeting representatives of both organizations discussed a wide variety of topics ranging from higher technological education and environmental engineering to transnational corporations. Co-operation between the two organizations was considered in respect of the UNESCO/UNISIST system and the UNIDO information clearing house facility, as well as the industrial information officer training programme organized by UNIDO in conjunction with VINITI in Moscow. As in previous years, UNESCO contributed to the funding of the latter programme, under the auspices of which a three-month course was held for French-speaking industrial information officers and documentalists. The aim of the courses is to upgrade the theoretical knowledge of the participants and to provide them, in a comparatively short time, with concentrated practical experience in the field of industrial information and documentation.

23. At the intersecretariat meeting, particular attention was paid to the follow-up of the Lima Declaration and Plan of Action and to the manner in which UNESCO could contribute to it. This subject was also entered into in detail at the first meeting of the UNIDO Advisory Committee on Co-operation in Industrial Development (see above).

24. During 1975, UNESCO-organized seminars and meetings in which UNIDO participated included the advanced management seminar and the consultation on the establishment of the UNESCO special fund for African research and development. UNIDO also participated in the work following the Inter-Agency consultation on the paper shortage, the beginnings of which stemmed from a resolution of the eighteenth session of the General Conference of UNESCO and from a decision by the sixty-fourth session of the FAO Council. UNIDO co-operated with the expert designated by UNESCO to carry out a study of the technical, economic, financial and social aspects of establishing strategic reserves of cultural papers.

25. A joint UNIDO/UNESCO mission was undertaken in 1975 in respect of the project at the Rangoon Institute of Technology and the strengthening of the production-oriented education and technical extension services for industrial development at that institute.

United Nations Conference on Trade and Development (UNCTAD)

26. In keeping with other organizations closely associated with UNIDO, UNCTAD contributed a joint paper to the Second General Conference of UNIDO entitled "Industrialization and trade in the process of development".⁷ The paper outlined the role of industry in the development process and measures for expanding the developing countries' share in the world trade of manufactures. One chapter was devoted to the expansion and strengthening of the co-operation between the two organizations within the framework of the new international economic order.

27. The above paper was complemented by a second paper prepared by the secretariat of UNCTAD on the role of that organization in expanding exports of manufactures and semi-manufactures from developing countries.⁸

28. In UNCTAD, the Trade and Development Board at its fifteenth session, in August 1975, endorsed a decision adopted by the Committee on Manufactures at its seventh session relating to co-operation between UNCTAD and UNIDO. In that decision, the Secretary General of UNCTAD was requested to enter into consultations with the Executive Director of UNIDO with a view to working out procedures and arrangements for close co-operation between the two organizations on measures within their respective areas of competence, including the implementation of the relevant aspects of the Lima Plan of Action.

29. At the same session of the Trade and Development Board, resolution 131 (XV) pertaining to international co-operation for industrial restructuring was adopted. In this resolution the Secretary General of UNCTAD is requested to initiate a study of the subject, in close co-operation with the Executive Director of UNIDO, and to present it to the Trade and Development Board at its Seventh Special Session in March 1976.

30. These two items were important subjects of discussion at the UNIDO/UNCTAD Inter-Secretariat Meeting held at Vienna in October 1975, at which views were exchanged on the following matters:

- Co-operation between UNIDO and UNCTAD in the promotion of the restructuring of world industry;
- Links between UNCTAD's integrated approach to commodities, including marketing and distribution and diversification, and industrialization based on processing of raw materials;
- Transfer of technology;
- UNIDO's contribution to the preparation of UNCTAD IV.

31. Consideration was also given to the study proposed in paragraph 7 of section IV of General Assembly resolution 3362 (S-VII), in which it was recommended that "a joint study should be undertaken by all governments under the auspices of the United Nations Industrial Development Organization, in consultation with the Secretary-General of the United Nations Conference on Trade and Development, making full use of the knowledge, experience and capacity existing in the United Nations system of methods and mechanisms for diversified financial and

⁷ ID/CONF.3/19.

⁸ ID/CONF.3/10 and Corr.1.

technical co-operation which are geared to the special and changing requirements of international industrial co-operation, as well as of a general set of guidelines for bilateral industrial co-operation”.

32. As a result of that meeting, UNIDO has increased its participation in certain UNCTAD meetings on the transfer of technology, economic co-operation among developing countries and tripartite economic co-operation agreements. At the same time, joint projects have continued, such as the industrial free zone activity in Cyprus and the export-processing zone and transshipment feasibility study in Tonga. UNIDO is also co-operating with UNCTAD in its training and advisory services on the Generalized System of Preferences through the secondment of an industrial development expert to project headquarters in Geneva (cf. ID/B/150, chap. VIII, para. 24).

International Bank for Reconstruction and Development (IBRD)—World Bank

Follow-up of projects reported in 1974

33. In the course of following up activities listed in last year's Annual Report, the World Bank/UNIDO Co-operative Programme participated in the appraisal of a number of projects for World Bank financing. In Algeria, the Saida Cement Factory project, for which a \$35 million loan had initially been projected, was reappraised in 1975 and the World Bank agreed to increase the loan by \$10 million. In Colombia, the World Bank has approved a loan of \$5.5 million for the Compania Financiera Popular, to be used primarily to finance small-scale industrial projects (cf. ID/B/150, chap. VIII, para. 29). A \$40 million loan was approved in January 1975 for expansion of the Tourah Cement Factory in Egypt. This large enterprise, the total investment costs of which are estimated at \$84 million, is expected to be operational by mid-1978. A loan for the CIMA Cement Factory in Morocco (a joint Algerian-Moroccan undertaking) is still under consideration.

34. The World Bank loan of \$35 million, together with a \$35 million credit from the International Development Association (IDA) approved in 1974 for the payment of industrial imports in Egypt, has been partly disbursed to various industrial sectors and has helped to increase the utilization of installed capacity in several industrial branches. Expansion of Yugoslavia's IMT tractor factory is expected to be completed in February 1976; the total investment costs, originally estimated at \$80 million, will now reach \$85 million, of which the World Bank is contributing \$18.5 million. In Yemen, bids for the construction of the industrial estate, received in October 1975, indicate a considerable overrun on the original cost estimate of \$3.4 million (cf. ID/B/150, chap. VIII, para. 28). An IDA loan of \$2.3 million was approved in 1974. UNIDO is contributing technical assistance to this project.

35. The total loans/credits approved for these seven projects, to which the Co-operative Programme contributed, amount to about \$221 million. Total investment in these projects is, of course, much higher.

36. In addition, the reports of industrial sector and subsector missions carried out in 1974 in Algeria, the Republic of Korea and Thailand were completed in 1975 and approved by the Governments concerned. On the basis of these reports, the World

Bank and UNIDO are considering assistance to the fertilizer industry in Algeria (cf. ID/B/150, chap. VIII, para. 33), and the World Bank is studying the chemical, precision-instrument and engineering industries in the Republic of Korea with a view to identifying investment possibilities.

Projects initiated in 1975

37. Industrial investment projects implemented or initiated in 1975 may be classified under three headings: (a) activities initiated mainly by UNIDO; (b) activities initiated and carried out mainly by the World Bank; and (c) activities carried out primarily by the World Bank/UNIDO Co-operative Programme itself. In addition, studies, meetings and similar activities were carried out.

Activities initiated mainly by UNIDO

38. During the year under review, considerable effort was put into integrating more closely the work of the Co-operative Programme with that of UNIDO, and the effort met with success. The Co-operative Programme provided assistance to a number of major projects initiated mainly by UNIDO. For example, a study to examine the feasibility of establishing an export-processing zone at Bangkok, Thailand, was carried out jointly by staff members of UNIDO and the Co-operative Programme. In the United Republic of Tanzania, investment studies for fertilizer plants and refineries were evaluated by Co-operative Programme staff. The Co-operative Programme initiated co-ordination of ongoing UNIDO and World Bank programmes of technical assistance in Saudi Arabia and the Gulf States.

39. In Bangladesh, the Co-operative Programme helped in dovetailing UNIDO technical assistance operations in the textile sector with a \$100 million World Bank credit allocated partly for the upgrading of the textile industry through inputs of raw materials and machinery parts. In the same context, the Programme also commissioned a leather consultant to join a current World Bank mission in the country.

40. Investment projects of the World Bank Group were discussed at a number of meetings with UNIDO staff in order to identify technical assistance projects that might be tied in with ongoing activities.

41. Finally, the Co-operative Programme developed concepts and contractual policies for a proposed Belgian-financed Investment Promotion Centre to be established at Brussels, Belgium.

Activities initiated and carried out mainly by the World Bank

42. The Co-operative Programme participated in several major projects initiated and carried out mainly by the World Bank. In Venezuela, a UNIDO expert investigated the feasibility of establishing a free zone for export industries. A senior official of the Co-operative Programme participated in a mission to Romania to identify engineering projects suitable for financing by the World Bank. Follow-up missions were fielded to appraise heavy machinery and ball-bearing projects. In Turkey, a large loan is currently being processed by the World Bank to finance an

agro-industrial project appraised with the assistance of the Co-operative Programme. Following an appraisal in which the Co-operative Programme assisted, the World Bank approved a loan of \$40 million to assist small- and medium-scale industry in Algeria through the Algerian Development Bank. Bids for the construction of factories to be financed through this loan have already been invited, and technical assistance will also be provided. The Co-operative Programme contributed the services of a senior staff member and a consultant to a mission to appraise a major project in the small-scale industry sector of Indonesia. A loan has been requested from the World Bank for this project. The World Bank is also considering a loan to Thailand's Minburi Industrial Estate, a project to which UNIDO continues to provide a good deal of technical assistance.

43. In Nigeria the World Bank recently approved a \$30 million loan to finance small industrial enterprises; with a total investment of some \$139 million, this is probably the most extensive small-scale industry project ever carried out in the developing world. Senior Co-operative Programme officials and UNIDO experts (some of whom are still in the field) worked closely with the World Bank in the preparation and appraisal of this project. UNIDO is currently negotiating a Technical Assistance Contract with the World Bank—a novelty in UNIDO's project financing. In Egypt, a second industrial import credit was appraised in 1975 to help finance industrial raw materials, spare parts and balancing equipment. The Co-operative Programme assisted with staff and consultants. Staff of the Programme also participated in the Bank's 1975 economic mission to Egypt.

Activities carried out primarily by the Co-operative Programme

44. Among the major projects carried out primarily by the Co-operative Programme is a three-man preappraisal mission which has been fielded to Nepal to prepare a 260,000-ton-per-year cement factory project. This is the first time that project preparatory work has been done entirely by the Co-operative Programme; in future, however, such activities are expected to become an important part of its work. A \$160 million copper transformation project designed to utilize locally produced cathodes in Zaire was preappraised by the Co-operative Programme on behalf of the World Bank. In Bahrain, a mission fielded by the Co-operative Programme in 1975 has identified a number of industrial investment possibilities and detailed studies are in progress. The mission report will be presented to the Government of Bahrain early in 1976. In the two latter cases, UNIDO may also become involved in assisting the Governments in locating financing for the investments.

Studies, meetings and similar activities

45. Reports and studies prepared by the Co-operative Programme in 1975 included summaries of UNIDO's activities in rural development and in the small-scale industry sector; a compilation of all World Bank economic and appraisal reports on the industrial sectors, supplemented by relevant UNIDO surveys and publications; comments on a UNIDO-sponsored study on the production of nitrogen fertilizers in developing countries, mainly in connexion with the Co-operative Programme's involvement in the IBRD/UNIDO/FAO Fertilizer Working Group, and on industrial programming in Mexico; and a listing of some 130 feasibility studies carried out by UNIDO since 1972 (which will be used to identify potential investment projects).

46. Major meetings in which senior staff of the Co-operative Programme participated included the Lima Conference; the annual meeting of the World Bank/International Monetary Fund in Washington; a meeting at Bonn with government, industry and trade officials with the objective of initiating or strengthening contacts between industrial and financial institutions of the Federal Republic of Germany and UNIDO; a UNIDO-sponsored Steel Industry Symposium at Vienna; the Mexico Capital Goods Conference; and the meeting of the Executive Committee of the Industry Co-operative Programme of FAO, at Vienna. Staff of the Co-operative Programme also participated in UNIDO/UNDP country programming meetings for Brazil, Jordan, Madagascar, Malawi, Mali, Mauritania, Pakistan, Paraguay, Peru, Somalia, Sri Lanka, Sudan, United Republic of Tanzania, Venezuela and Zaire.

Organization, staffing and administrative arrangements

47. With the arrival of a Deputy Director in July, the Co-operative Programme was fully staffed. In November, however, a senior economist left and has not yet been replaced. The Professional staff at present numbers five.

48. Towards the end of the year, preparation began on the establishment of an Investment Co-operative Programme, as called for in the Lima Plan of Action. To this end, a series of high-level contacts with multilateral and bilateral financial institutions have already been initiated.

REGIONAL ECONOMIC COMMISSIONS

49. During 1975, UNIDO continued its efforts towards harmonizing its activities with those of the regional economic commissions, particularly through the joint industry divisions. The regional industrial development advisers, attached to the various regional economic commissions but paid by UNIDO, also help to strengthen the links of UNIDO to the commissions. Jointly with the commissions, UNIDO sponsored the regional meetings which took place in preparation for the Second General Conference of UNIDO. The regional economic commissions also participated actively in the Conference itself. Joint follow-up action is now being taken with regard to the implementation of the Lima Declaration and Plan of Action.

Economic Commission for Africa (ECA)

50. The second meeting of the Follow-up Committee on Industrialization, organized jointly by ECA, the Organization of African Unity (OAU) and UNIDO took place in August 1975 at Addis Ababa. The main topic of the meeting was the implementation and follow-up of the Lima Declaration and Plan of Action on Industrial Development and Co-operation. The Follow-up Committee also drew up the provisional agenda for the Third Conference of African Ministers of Industry.

51. The Third Conference, co-sponsored by ECA, OAU and UNIDO, was held at Nairobi in December 1975. The terms of reference of the Conference were expanded so that it could serve as a forum for the elaboration of a common African position on negotiations with developed and other developing countries and for the formulation

of a co-ordinated approach on issues of a regional nature such as policy, harmonization, transnational corporations etc. The Conference assigned the Follow-up Committee a central role in the regional consultations. To enable the Follow-up Committee to carry out its added responsibilities, its membership was increased to 12; the Committee is to meet at least once a year, and the sponsoring organizations are to provide the preparatory studies and required financial resources.

52. The Conference also endorsed, or approved in principle, proposals for the establishment of African regional centres in several priority fields to facilitate the attainment of the targets set in the Lima Declaration and Plan of Action. The Conference further requested the sponsoring organizations to study, in co-operation with the African Development Bank, ways and means of implementing the recommendation for the establishment of an African industrial development fund and to define the links between this fund and the proposed Industrial Development Fund of UNIDO.

53. The regional advisers attached to the joint ECA/UNIDO industry division carried out, *inter alia*, the following activities during the year under review: preparation of summaries of industrial development plans for several African countries; design of an information system for a regional review and appraisal of progress in African industrialization; elaboration of model schemes for small-scale units; contribution to the *Rural and Small-scale Industries Bulletin*; preparation of the mid-term review of industrial performance in Africa; arrangements for a meeting of financial institutions, in co-operation with UNIDO.

54. The inter-country programme for 1977-1981 was prepared in the course of an inter-agency meeting between UNDP, ECA and UNIDO in Addis Ababa during August. The proposed programme is now under consideration by UNDP. Several joint UNIDO/ECA study papers were prepared, *inter alia*, on the implications of the 2 per cent target set for Africa's share in world industrial output by the year 2000.

Economic Commission for Europe (ECE)

55. UNIDO's co-operation with ECE continued during 1975 in its established form of interchange of information, participation in meetings and in ECE's assistance in the placement of UNIDO's fellows in industrial enterprises in Europe.

56. Consideration is now being given to an agreement with ECE to provide a global framework for expanded future activities between the two organizations.

Economic Commission for Latin America (ECLA)

57. Co-operation with ECLA continued in 1975 in the form of exchange of work programmes and UNIDO's contribution to the activities of ECLA in the field of industry through the work of the regional advisers. The services of these advisers were used for a number of field missions in the region.

58. At the sixteenth session of ECLA, held at Port-of-Spain from 6 to 15 May 1975 (UNIDO was represented by a senior officer), ECLA decided to instruct its Committee of High-level Government Experts, set up under ECLA resolution

310 (XIV), to function as a Latin American regional component of the system of permanent consultations at the global, sectoral and regional levels to put into effect the recommendations of the Second General Conference of UNIDO, so far as the Latin American region was concerned.

59. An agreement establishing a joint industry division with ECLA was signed by the Executive Director of UNIDO and the Executive Secretary of ECLA on 11 July 1975 and 16 September 1975, respectively. The joint division became operational on 1 January 1976; a work programme will be prepared jointly by the two organizations. The work programme will provide for follow-up action to the Lima Declaration and Plan of Action and to the decisions contained in the declaration of industrialization, as adopted by a meeting of ministers, held in Mexico City in 1974 in preparation for the Second General Conference.

Economic Commission for Western Asia (ECWA)

60. The agreement setting up a joint UNIDO/ECWA industry division entered into force on 1 January 1975; the first work programme for the division, which had been prepared jointly, was approved by the second session of ECWA in May 1975.

61. In line with this work programme, meetings were held between representatives of IDCAS, ECWA and UNIDO to work out a co-operative effort for the development of the fertilizer industry in the Arab countries. The resultant joint project consists of a survey of existing and planned production facilities, the formulation of an over-all development plan for the industry, and an intergovernmental expert meeting to consider the plan.

62. Other aspects of co-operation between ECWA and UNIDO included the organization of a meeting on the development of selected branches of the food processing industry in the Middle East, held in March 1975 at Beirut, and an ongoing project for the regional co-ordination of industrial training and manpower needs in the countries of the region, utilizing local facilities.

63. UNIDO continued to provide the services of a regional adviser in the field of industrial planning and programming and those of a junior professional officer financed from bilateral sources.

Economic and Social Commission for Asia and the Pacific (ESCAP)

64. UNIDO's co-operation with ESCAP continued to be close during 1975. The agreement on the establishment of a joint industry division came into force on 1 July 1975. The regional advisers carried out a great number of field missions to countries of the region where assistance in specialized fields was required for a limited period of time. The disciplines covered by regional advisers were: industrial economics, transfer of technology, agro-industries, light industries and industrial plans and policies. In addition, a regional adviser in the field of licensing arrangements is under recruitment; this post will be covered from the regional IPF. The regional advisers also contributed to the preparation of the input of the joint division to the thirty-first session of ESCAP and to the first session of the Committee on Industry, Housing and Technology.

65. To strengthen the activities of the regional advisers, it has been decided to increase UNIDO's input through the appointment of two junior professional officers, financed from bilateral funds.

66. Like the other commissions, ESCAP has been involved in regional follow-up action to the recommendations of the Second General Conference of UNIDO. One of the agenda items of the first session of its Committee on Industry, Housing and Technology was devoted to this subject, and the Committee urged that measures be taken to convene an *ad hoc* conference on industrialization at a ministerial level in 1976, with a view to facilitating the implementation of the Lima Declaration and Plan of Action as regards the Asian and Pacific region.

Regional industrial development advisers

67. As in previous years, the 1975 UNIDO regular programme of technical assistance provided for 16 posts for regional industrial development advisers attached to the regional economic commissions. The regional advisers provide a useful combination of professional assistance to the permanent secretariat of the commissions and immediate available expertise for Governments for trouble-shooting missions in the field. The system also provides practical feed-back from the field to the joint divisions as well as to UNIDO Headquarters and, more particularly, to those responsible for drawing up programmes.

68. Regional advisers have also been requested to participate and assist in programming missions. Together with the field advisers, they constitute a UNIDO field presence and provide a much-needed link between the Organization and the national and regional establishments.

69. The regional advisers are also being closely associated with the follow-up action required as a result of the Lima Declaration and Plan of Action.

70. In the course of the year, 13 of the established posts were filled in the following areas:

ECA

- Strategies, plans and policies for industrialization
- Industrial surveys, studies, monitoring and appraisal of industrial development
- Small-scale industries
- Investment promotion

ECLA

- Industrial economics
- Strategies, plans and policies for industrialization
- Technology for industrial development

ESCAP

- Industrial economics
- Transfer of technology
- Agro-industries and light industries
- Industrial plans and policies

ECWA

- Industrial planning and programming

CO-OPERATIVE PROGRAMMES WITH CONTRIBUTING COUNTRIES

People's Republic of Bulgaria

71. Co-operation between UNIDO and the People's Republic of Bulgaria in 1975 focused on the possibility of establishing a joint UNIDO/Bulgaria co-operative programme, on assisting the developing countries through an industrial fair, and on a round-table meeting for ministers of industry.

72. With regard to the first activity, a draft "Memorandum of understanding on the establishment by UNIDO and the Government of the People's Republic of Bulgaria of a joint programme for international co-operation in the metal-working machine tool industry for the benefit of developing countries", prepared by the Government of Bulgaria, is under review by the Secretariat of UNIDO.

73. At the International Fair of Plovdiv, which took place in September 1975, UNIDO designed, at the invitation of the Bulgarian Government, a promotional programme aimed at encouraging direct contact between industrialists from developed countries and their counterparts from the developing countries. The intention was to further the negotiation of joint venture contracts and licensing agreements between the two parties. The programme also provided visitors from the developing countries with an opportunity to become acquainted with the latest developments in machinery, equipment, accessories and tools in their particular branches of industry.

74. In October 1975, at Sofia, a round-table ministerial meeting for ministers of industry from 13 developing countries was held under the joint sponsorship of UNIDO and the Government of Bulgaria. At the meeting, the Bulgarian Government declared that it would donate a small factory to one of the least developed among those countries participating in the meeting.

People's Republic of China

75. Chinese voluntary contributions were used in 1975 to finance projects directed towards increasing the self-reliance of three developing countries. In Mauritania, Phase II of a joint UNIDO/China project to establish a small-scale garment pilot and demonstration plant got under way. The first phase of the project, a feasibility study, had been carried out by a team of experts from UNIDO and China in 1974. Currently, machinery and auxiliary equipment are being installed, with Chinese experts working on-site. The experts will remain for a time after the plant has become fully operational (estimated for November 1976) to train local counterparts. A UNIDO expert will visit the site and inspect the premises before they are formally handed over to the Government of Mauritania.

76. In Laos, a study on the feasibility of establishing a small-scale brick-making plant was begun late in 1975 by a team of Chinese experts with the participation of a UNIDO staff member. The purpose of the project is to assess the feasibility of establishing a plant to satisfy local needs for bricks and to provide employment. The feasibility study is expected to be concluded in the spring of 1976.

77. In Mali, as a result of a joint UNIDO/China project begun in 1973, construction of a workshop for the repair of agricultural, transport, road-building and other equipment was completed in December 1975. The workshop is currently being outfitted and manned by Chinese experts, who will train counterpart personnel to take their place. The workshop is expected to become fully operational early this year, and the Chinese experts will remain on-site until the end of the year.

Hungarian People's Republic

78. UNIDO and the Government of Hungary have been co-operating in assisting the developing countries to expand their activities in electronics and related fields since 1972.

79. In 1975, in keeping with the objectives of the UNIDO/Hungarian programme for international co-operation in the instrument, electronic and telecommunication industries for the benefit of developing countries, three major joint activities were organized at Budapest. The first was an in-plant group training programme, conceived in 1974, in the field of maintenance of biomedical electronic equipment (16 participants). Secondly, an international consultation meeting in the field of pharmaceutical industries was arranged for 21 participants, and thirdly, a consultation panel for international co-operation in the instrument industries, a subject proposed for study by the Hungarian authorities in 1974, was organized for 13 participants in 1975.

80. Financed through the Hungarian voluntary contribution, a project is currently under way to provide Nigeria's textile industry with quality control testing equipment. The equipment will go to the Federal Institute of Industrial Research at Lagos. An expert will be provided for three months to help with the installation.

Republic of India

81. In 1972, an international technology transfer programme was agreed upon by UNIDO and the Government of India. Under the programme, the object of which is to familiarize developing countries with the technological and industrial capabilities of other developing countries, specialists from developing countries visit India to acquaint themselves with the experience India has acquired in various fields of industry; in return, Indian experts make visits to the countries initially invited (cf. ID/3/150, chap. VIII, para. 68).

82. As part of this arrangement, an extensive programme of co-operation has been organized between India and the Andean Group of countries. In the autumn of 1975, senior policy-making officials of the Andean Development Corporation, together with senior technical officials of member countries of the Group, visited India for an exchange of information and formulation of proposals for long-term co-operative activities with emphasis on engineering industries and allied institutions.

83. Industrialists and entrepreneurs from some 18 developing countries participated in a workshop on co-operation among developing countries in the field of machine tools and allied engineering industries organized by UNIDO and the Government of India (through Hindustan Machine Tools Ltd.) at Bangalore in

November/December 1975. The aim of the workshop was (a) to analyse and review the transfer of technology based on India's experience in the machine tool and related industries, and (b) to provide an opportunity for sharing this technological know-how and experience among other developing countries.

84. In addition, the Government of India is providing, for the second consecutive year, the services of a special technical adviser to the UNIDO clearing-house for industrial information.

Socialist Republic of Romania

85. The activities of the joint UNIDO/Romania Centre were comparatively modest in 1975, efforts being concentrated on two main projects in the field of petrochemicals, an in-plant group training programme and the preparation of a manual on the use of catalysts.

86. The 10-week training programme, with 14 participants from the developing countries, focused on the plastics, rubber and nitrogen fertilizer industries. Seven weeks were devoted to practical studies in three selected petrochemical complexes in Romania.

87. Work on the "Manual on the manufacture of catalysts for the fertilizer and petrochemicals industries", begun in 1974, proceeded apace in 1975. The 1,600-page manuscript has been edited by the Secretariat of UNIDO and returned to the Centre, which is arranging for its printing and publication.

88. The preparations begun in 1974 by the UNIDO/Romania Centre on a mobile unit to demonstrate the processing and use of plastics in agriculture in Mali and Upper Volta culminated in the fielding of a three-month mission in December 1975. A detailed description of the mission's scope and objectives is given in chapter II, in the section on Special Programmes, under the heading "Assistance to the drought-stricken countries of the Sudano-Sahelian zone".

Socialist Federal Republic of Yugoslavia

89. The joint UNIDO/Yugoslavia Centre for International Co-operation in the Development of Agro-Industries (cf. ID/B/150, chap. VIII, paras. 75-77) became operational in 1975. Under the terms of an agreement concluded between the Government of Yugoslavia and UNIDO in 1974, the Centre is to mobilize numerous Yugoslav organizations, including research institutes, universities, technical colleges, agro-industrial combines, financial institutions etc. with a view to promoting the agro-based industries in other developing countries.

90. Recently, the Centre's mandate was expanded to cover another important field: information. An Industrial Information Service has been established at the joint Centre to assist the advancement of the agro-industrial sector in the developing countries by: establishing a reference library on the agro-industries; establishing a register of agro-industrial training opportunities in Yugoslavia and other countries; establishing connexions with research and development centres and enterprises in Yugoslavia and elsewhere to obtain the information needed to answer inquiries from

UNIDO or individual developing countries; acting as a correspondent for the UNIDO Clearing-house of Industrial Information; assisting the joint Centre to organize seminars, meetings etc.; and by publishing bulletins on Yugoslavia's agro-industrial sector and various studies as requested by UNIDO.

SPECIAL PROGRAMMES OF CO-OPERATION WITH INDUSTRIALIZED COUNTRIES

91. As in previous years, the customary technical co-operation activities of UNIDO were complemented by special programmes of co-operation with a number of industrialized countries. A selection of the activities executed under these special programmes in the course of 1975 is given below, the source of funds in all instances being either Special-purpose Trust Funds or the UNIDO General Trust Fund.

Austria

92. In October 1975, a training programme in the production and application of synthetics was held in Vienna, Austria, in the course of which the participants attended two weeks of lectures and practical instruction followed by one week of in-plant training and one week of plant visits. After the success of a similar course in 1974, the programme had been expanded; the main emphasis of the 1975 course was on fibre-processing technology, including fibre engineering, testing and identification, and on the various applications of synthetic fibres.

93. The Austrian Government also continued to finance a training programme in plastics technology. The sixth such course was held from September to November 1975 and the standard pattern of the course was broadened to include training in the design and making of moulds and tools for plastics processing. The practical training was followed by visits to plants in Austria, the Federal Republic of Germany, the Netherlands and Romania.

Belgium

94. The six-week training course for production managers in the development of industrial exports, originally to be held in 1975 in Latin America (cf. ID/B/150, chap. VIII, para. 81), was subsequently redesigned with respect to both its content and venue. The outcome was an eight-week programme in the same field held in the last two months of 1975. The French-speaking participants, production managers from medium-scale enterprises in developing countries, were instructed in such matters as export production costing, application of international standards, quality control techniques, design improvement, export production planning and management.

95. A parallel course for export marketing managers, organized by the Belgian Government, in co-operation with the International Trade Centre, took place at the same time. The participants of both courses met at various stages to exchange experience and obtain an over-all view of export market requirements in the light of production possibilities. Belgian voluntary contributions were also used to finance a

one-week practical training course for the upgrading of industrial information personnel. The course was designed as an adjunct to the interregional training course in the same field organized in Moscow under the special programme of co-operation with the Union of Soviet Socialist Republics (see below). The course, which was oriented towards the industrial information operations of small- and medium-scale industries, constituted a practical complement to the training received in the Soviet Union.

96. A special contribution in kind by the Belgian Government was used to finance a four-week training programme in the pharmaceutical industry sector, a course similar to one held in 1974 but this year directed towards French-speaking rather than English-speaking participants from developing countries.

Czechoslovakia

97. In keeping with the custom of previous years, Czechoslovak voluntary contributions were used to finance a three-month in-plant group training programme in the field of diesel engines, in the course of which the participants from the developing countries received comprehensive practical and theoretical instruction in the manufacture and application of diesel engines. Czechoslovak voluntary contributions were also used to finance the fair promotional activity programme of UNIDO (see chap. IV, "Industrial Fairs and Exhibitions") at the 1975 Brno Spring Fair in Czechoslovakia. Through this programme, industrialists from developing countries were assisted in the establishment of direct contacts with their counterparts from developed countries, and thus became acquainted with the latest market and technological developments in the industrial branches represented at the fair.

98. Voluntary contributions from Czechoslovakia were used to finance the work of the Czechoslovak firm of consultant engineers that had been commissioned to undertake an investment-oriented techno-economic feasibility study for establishing a plywood unit in connexion with the Sudanese Government's development plans for its wood processing industry in southern Sudan (cf. ID/B/150, chap. VIII, para. 86). The team entered the field in the middle of the year, and their findings are due for submission to the Government of Sudan in early 1976.

Finland

99. In 1975, the Finnish Government financed the fifth UNIDO Seminar on Furniture and Joinery Industries for the benefit of technicians from the furniture industry in developing countries. The Seminar was held in Lahti, Finland.

France

100. As in previous years, French voluntary contributions were used on an increased scale to reimburse the Association nationale de la recherche technique for the services it rendered within the framework of the UNIDO network of correspondents (cf. chap. IV, paras. 75-76).

Germany, Federal Republic of

101. The UNIDO scheme for the exchange of information on industrial projects in developing countries among industrial development financing institutions, financed in previous years from part of the contribution of the Federal Republic of Germany, has since become a self-supporting project. Consequently, during 1975 the Federal Republic of Germany's contribution under Special-purpose Trust Funds was used to finance a series of other projects, such as the establishment of a workshop for the repair and maintenance of heavy-duty road-building, and farming and industrial equipment in the Niger; and the provision of general industrial research, quality control and testing equipment to an industrial and technological research institute in the United Republic of Cameroon.

102. Other projects initiated in 1975 and financed from contributions of the Federal Republic of Germany under Special-purpose Trust Funds concerned the provision of a mobile testing unit to a metal industries research and development centre in the Philippines and the first phase of a project involving a manufacturing feasibility study for the establishment of a demonstration manufacturing plant in Botswana, Lesotho and the United Republic of Tanzania. The plant will be designed for the local manufacture of appropriate agricultural tools, animal-drawn implements and simple, manually operated agricultural machines.

103. Another special contribution by the Federal Republic of Germany financed an industrial promotion assembly and international consulting forum between Arab and European countries, convened on the occasion of the Overseas Import Fair, "Partners for Progress", held in Berlin in September 1975. The assembly provided representatives of the Arab States with an opportunity to meet international consultants and European business representatives for detailed discussions on industrial promotion and co-operation at the national, regional and interregional levels.

Italy

104. In 1975 Italian voluntary contributions were once again used to finance two in-plant training programmes, one in the management of maintenance and repair services and the other in integrated management techniques. The three-month course related to maintenance and repair services was designed for participants from French-speaking countries and offered comprehensive theoretical and practical instruction in maintenance and repair operations appropriate to conditions in developing countries.

105. The three-month course in integrated management techniques, held in English, followed the pattern of the previous two years. A repeat course is planned for 1976.

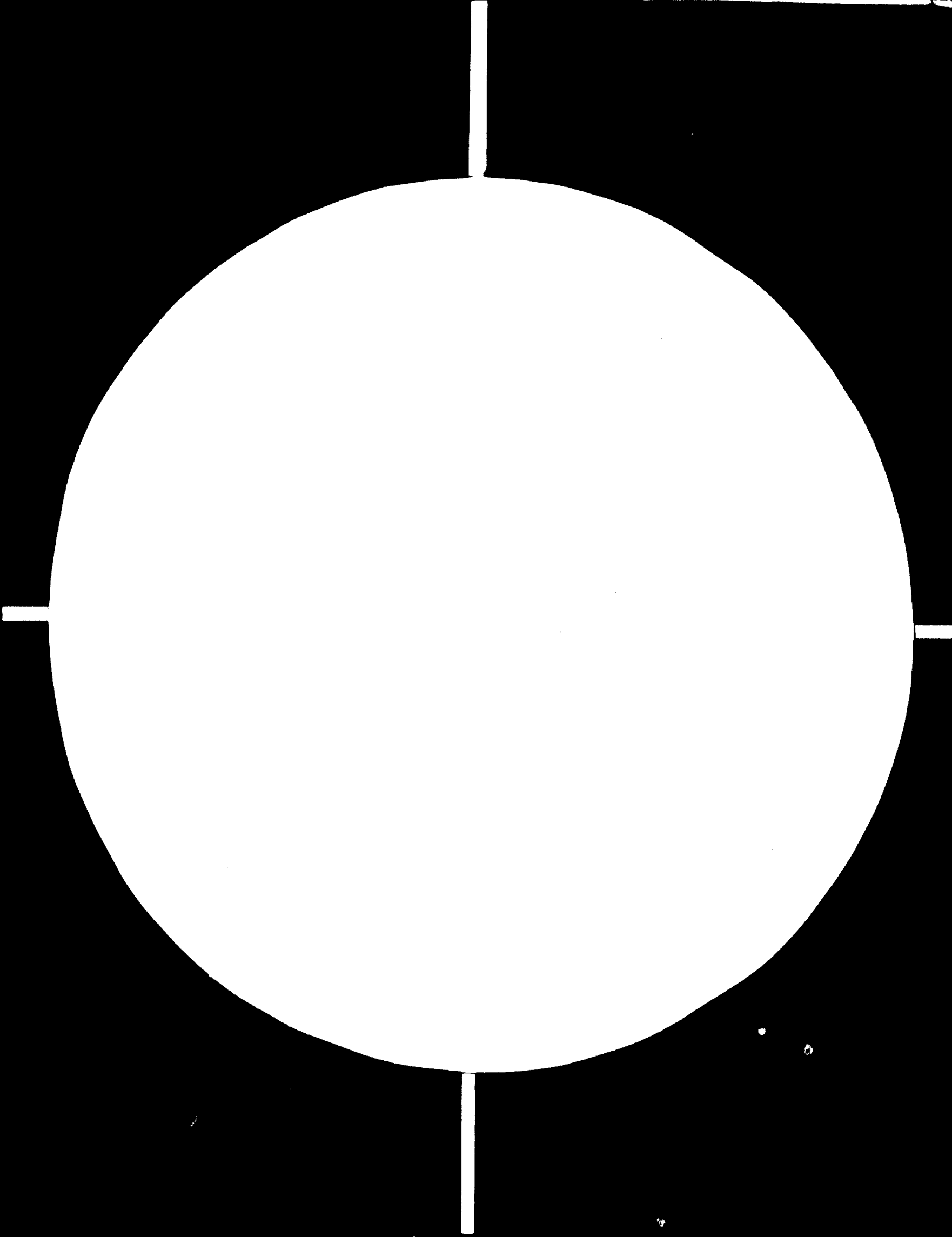
Japan

106. Japanese voluntary contributions were used in 1975 to finance the first stage of a promotional project for developing export-oriented industries in selected South-East Asian countries. In the course of this project, the medium- and small-scale

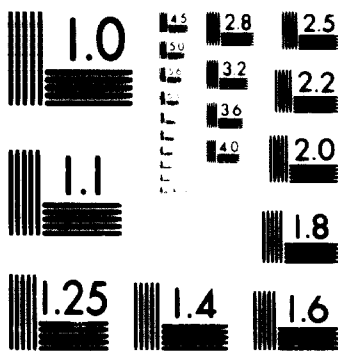
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industry sectors in those countries will be assessed and export possibilities identified. Furthermore, advisory services will be established both at production and national levels and an endeavour will be made to initiate co-operation on the basis of regional complementarity.

Poland

107. Polish voluntary contributions were used to finance the second in-plant training programme in industrial co-operation, attended by participants from Africa, Asia and Latin America. The two-month course comprised practical in-plant training, study trips and an evaluation phase. The basic aim was to upgrade the participants' skills in the promotion, organization and operation of industrial co-operative associations and their various functions. Voluntary contributions from Poland were also used to finance a three-week interregional training workshop on project preparation and evaluation, attended by 20 participants from governmental, banking and other developmental institutions in developing countries. Another project funded from the same source was the one-week joint consultation on prefabrication for industrial construction, held in September-October 1975 for participants from Africa and the Middle East. The consultation gave the participants an opportunity to assess the merits of various prefabrication systems and their applicability to the requirements of developing countries.

Sweden

108. Through its Special-purpose Trust Fund contribution, the Swedish Government bore the cost of four in-plant group training programmes in the following fields: quality control, pulp and paper industry, the organization and management of maintenance systems, and the electrical engineering industry. The same source of funds was used to finance a group training programme on extension services for small-scale industries in East African countries.

109. Other projects financed by the Swedish Government through its contributions to the Special-purpose Trust Fund in 1975 included a training programme in industrial quality control held in Egypt for participants from neighbouring countries. Preparations were also made for an evaluation and follow-up seminar to be held in early 1976 in Indonesia. Such a seminar would assess the effectiveness of instruction received during in-plant training programmes on managing and organizing maintenance systems, once the participants have returned to their home countries. Steps were also taken in the latter part of the year to initiate an evaluation of the role of industrial estates in developing countries. The estates selected for these studies will be from different regions and at various stages of development; their contribution will be assessed in relation to the over-all social and economic development of the country.

Switzerland

110. Through its voluntary contribution, the Swiss Government co-operated in organizing the 16th Seminar on UNIDO Operations, in the course of which participants from French-speaking countries were granted in Vienna an opportunity

to familiarize themselves with the workings of UNIDO, and in Geneva with the operation of ILO and UNCTAD, GATT and ITC. Participants also became acquainted with the programme established by the Technical Co-operation Service of the Swiss Federal Political Department.

Union of Soviet Socialist Republics

111. The Government of the Union of Soviet Socialist Republics continued its financial support of the clearing-house services for industrial information provided under the UNIDO network of correspondents by VINITI. VINITI also hosted a two-and-a-half-month interregional training course for French-speaking industrial information personnel; the course was organized by UNIDO in co-operation with UNESCO and the Government of the USSR, which provided funds through part of its voluntary contribution. As in previous years, the Government continued to contribute to the publication of the Russian-language edition of the *UNIDO Newsletter*. Furthermore, three in-plant group training programmes similar to those held in previous years were partially financed by voluntary contributions from the USSR; the rest of the financing came from UNDP interregional funds or from the UNIDO regular programme of technical assistance. The programmes dealt with the organization of standardization systems in manufacturing industries (four months) and with engineering in the metalworking industry (four months) and the fertilizer industry (three months). Voluntary contributions of the Union of Soviet Socialist Republics and funds from the UNIDO regular programme of technical assistance were also used to finance the fourth in a series of in-plant group training programmes in the field of electric welding. The programme was held in the Ukrainian Soviet Socialist Republic.

INTERGOVERNMENTAL ORGANIZATIONS AND INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS

112. In 1975, one intergovernmental organization and four international non-governmental organizations were granted consultative status with UNIDO. Since many intergovernmental organizations have assumed the functions of regional groups, examples of their co-operative activities with UNIDO have been included in the following section "Co-operation with Regional Groups". The following paragraphs illustrate a few of the activities UNIDO undertook in 1975 in co-operation with non-governmental organizations.

International Co-operative Alliance

113. During 1975, UNIDO maintained close contact with the International Co-operative Alliance (ICA) in order to explore the possibility of organizing joint UNIDO/ICA projects. As a result of previous contacts with ICA, the second in-plant training programme in the field of industrial co-operatives was organized by UNIDO, in co-operation with the Polish Central Union of Workers' Productive Co-operatives, from 1 August to 30 September, in Poland.

114. In September 1975, a representative of ICA visited Vienna to discuss ways and means of strengthening the work of the International Centre for the Promotion of Industrial Co-operatives, and new possibilities of co-operation between UNIDO and ICA in the field of industrial co-operatives.

World Federation of Engineering Organizations

115. UNIDO and the World Federation of Engineering Organizations (WFEO) co-operated in promoting industrial information and documentation as a tool for industrial development in developing countries. UNIDO representatives participated in the 1975 annual session of WFEO's Committee for Engineering Information. WFEO has also invited UNIDO to participate in and co-finance the Conference on National Planning for Scientific and Technical Information Systems and Services in Arab Countries, to be held in Tunis in April 1976.

CO-OPERATION WITH REGIONAL GROUPS

116. During 1975, UNIDO continued to co-operate with various regional groups in an attempt to contribute to their effectiveness and by extension to reinforce the industrialization efforts of the groups' member countries. As mentioned in the 1974 Annual Report, contacts with these regional groups and organizations also serve as a valuable source of information on problems besetting the regions. The following examples of UNIDO activities with a number of regional groups represent a cross-section of the possible forms of co-operation.

Common Organization of African and Malagasy States

117. After the August 1974 Conference of Heads of States and Governments of the Common Organization of African and Malagasy States (OCAM), held in Bangui, Central African Republic (cf. ID/B/150, chap. VIII, para. 111), UNIDO was invited to participate in the meeting of OCAM's Board of Ministers in Kigali, Rwanda, from 12 to 17 December 1975. Following the meeting, the General Secretariat of OCAM expressed satisfaction with the UNIDO contribution to the session.

118. A documentalist from OCAM was trained in 1975 at the annual UNIDO/UNESCO training course for industrial information officers at VINITI, Moscow, and subsequently at a training course in Brussels; consideration is now being given to an industrial information project, possibly to be carried out at OCAM headquarters.

East African Community

119. UNIDO co-operation with the East African Community (EAC) in the year 1975 was limited to a UNDP-financed project that began in 1974. The project is meant to assist the East African Development Bank in its task to promote and harmonize the industries of the partner States of the EAC. Presently, the project consists of an industrial economist and a sizable fellowship component. The Bank intends to have project activities extended and a request to this effect has already been placed with UNDP. The objective of the extension would be to improve the training capacity of local Bank staff.

Maghreb Permanent Consultative Committee

120. UNIDO co-operation with the Maghreb Committee, primarily through the Centre of Industrial Studies for the Maghreb, continued in 1975. Studies to determine the possibilities of industrial subcontracting and of producing special steels and alloys in the Maghreb region were carried out. In addition, expertise in the selection and dissemination of industrial information and in processing industrial documentation has been provided. During the same period, a number of fellowships were granted for training on-duty and abroad.

Mano River Union

121. The Mano River Union, set up by Liberia and Sierra Leone in October 1973, continued planning and implementing co-ordinated programmes of development in the two countries. UNIDO assistance was provided in the following areas: pre-investment studies of union industries; standardization, quality control and metrology; and industrial legislation. In addition, under an UNCTAD-executed project, UNIDO provided the secretariat of the Union with the services of an adviser on industrial economics. The industrial legislation project developed draft bills covering procedures for selecting, locating and establishing industrial enterprises between the two co-operating countries. The pre-investment studies project analysed 12 industrial sectors in order to determine the feasibility of various approaches and recommend priorities. An expert was provided for organization and administration of industrial standardization, quality control and metrology activities, and it is expected that his work will result in draft legislation on regulatory procedures. The adviser on industrial economics, working with UNCTAD, recommended policies and plans to the secretariat for financing industrial development from local and outside resources.

Andean Group

122. In 1975, UNIDO continued to provide assistance in metal-mechanical industries to the integrated organizations of the subregion, namely the secretariat of the Andean Group in Lima and the Andean Development Corporation in Caracas.

123. One of the most important events during the year was the signing of an agreement between the Andean Development Corporation on behalf of the Andean countries, the Government of India and UNIDO for co-operation in the development of industry. The agreement was finalized after Government officials from member countries of the group and executives of the Andean Development Corporation visited India in October/November 1975. The long-term objectives of the agreement involve intensification of co-operation between the developing countries concerned, within the framework of the international transfer of technology programme organized between UNIDO and India (see also the section entitled "Co-operative Programmes with Contributing Countries", within this chapter).

Caribbean Community

124. The UNIDO assistance to the Caribbean Community (CARICOM) described in last year's Annual Report (Chap. VIII, paras. 125-127) was expanded in 1975 to include a new project to assist the Caribbean Investment Corporation as well as

projects to assist individual members of the Community: Grenada, in the production of salt and iodine; Montserrat, in ceramics; and St. Kitts, in small-scale industries and footwear.

125. Throughout 1975, contacts within the Community were maintained by the junior professional officer assigned to the CARICOM secretariat.

Latin American Association of Finance Development Institutions

126. UNIDO has established contact with the Latin American Association of Finance Development Institutions (ALIDE) under the Co-operation among Developing Countries programme. A co-operative project has already been implemented whereby ALIDE rendered advisory services to the African Development Bank, concerning the establishment of an association similar to ALIDE for the African region. This project was financed from the UNIDO regular programme.

127. In 1975, UNIDO and ALIDE jointly organized the sixth of a series of meetings on co-operation among industrial development financing institutions in Caracas, Venezuela. The meeting is described in detail in chapter V, paragraphs 39-41.

Latin American Iron and Steel Institute

128. The Secretary-General of the Latin American Iron and Steel Institute (ILAFI) visited UNIDO in April 1975. Discussions centred on possible co-operation between the two organizations in the field of iron and steel. The setting up of a fourth interregional iron and steel symposium was mentioned.

129. In May 1975, UNIDO participated in the ILAFI Seminar on Direct Reduction of Iron Ores, held at Porto Alegre, Brazil. Subsequently, ILAFI was invited to participate in November 1975 in an expert group meeting organized by UNIDO as a follow-up of the Third Interregional Symposium on the Iron and Steel Industry.

Asian Productivity Organization

130. UNIDO contacts with the Asian Productivity Organization (APO) have been developing within the context of the Co-operation among Developing Countries (CDC) programme. APO has been duly informed of UNIDO activities under this programme, and the possibility of joint action to promote specific co-operative projects in the Asian region has been suggested. A representative of APO will attend the Fifth Regional Seminar on UNIDO Operations, scheduled for January 1976 in New Delhi; much of the Seminar will be devoted to promoting activities under the CDC programme.

European Community

131. The principal event of interest to UNIDO in 1975 with regard to the European Community (EC) was the signing of the Lomé Convention between EC countries and 46 developing countries of the African, Caribbean and Pacific regions. In the chapter

on industrial co-operation in this agreement, provision is made for establishing a committee on industrial co-operation and a centre for industrial development. The members and staff of these two bodies will be provided jointly by all the countries signatory to the agreement. The terms of reference of the committee and the centre suggest close co-operation with UNIDO; both new bodies should begin work in 1976.

Industrial Development Centre for Arab States

132. The ongoing large-scale UNDP project entitled "Central Advisory Services to IDCAS" was reviewed by a joint UNDP/UNIDO mission in April 1975, and as a result a revision was made to include more long-term experts to assist IDCAS. Under the same project, a subcontractor undertook a study on petrochemicals which is being evaluated by IDCAS for follow-up action.

133. UNIDO also assisted IDCAS in preparing an integrated techno-economic study on the manufacture of tractors, buses, cars and ancillary industry in selected Arab countries. Discussions continued between UNIDO and IDCAS with regard to elaborating an outline for a study on iron and steel production in Arab countries, to be carried out by IDCAS. General terms of reference for the study were defined.

134. Co-operation between UNIDO and IDCAS with the purpose of establishing an industrial information network in the Arab countries continued during 1975. Training of industrial information personnel was carried out and equipment was supplied to the IDCAS Documentation and Information Centre in Cairo. The work programme for 1976 will aim at strengthening this network.

135. The part of the UNIDO/IDCAS programme financed from voluntary contributions continued during 1975, and several meetings were held. In its proposals for 1975-1981, the UNDP Governing Council included four regional projects which may be associated with IDCAS. These involve small-scale industries, packaging, development of fertilizers and an engineering design centre. Preparation of background documentation for these projects was begun in 1975.

Arab Organization for Standardization and Metrology

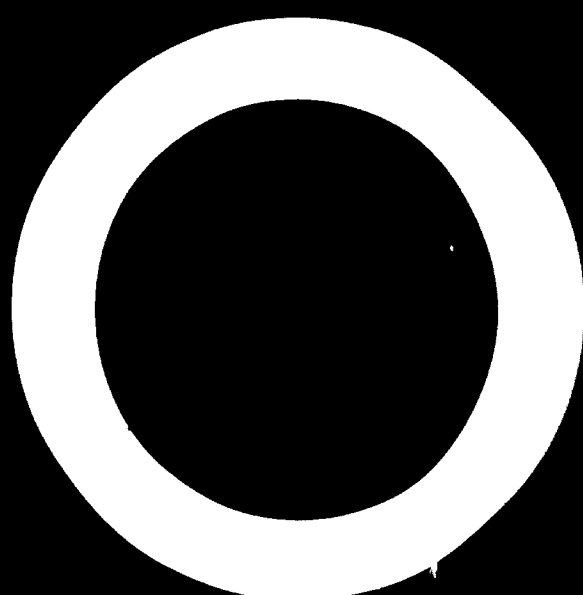
136. The agreement between the Arab Organization for Standardization and Metrology (ASMO) and UNIDO signed in December 1969 and modified in 1973 into a frame agreement, continued in force during 1975. Under the terms of the frame agreement, ASMO undertakes, *inter alia*, to prepare and publish in Arabic studies and information on standardization; to this end the Documentation Unit at ASMO continued to co-operate with UNIDO, and some equipment was purchased.

137. The UNDP Governing Council included in the regional proposals for 1975-1981 a large-scale project on development of standardization in the Arab States. The project will be executed by UNIDO, and the regional counterpart agency

will be ASMO. Under its regular programme of technical assistance, UNIDO organized a four days' meeting in Vienna for a technical committee from ASMO to draw up a project document. The draft document was sent to UNDP for consideration, and it is expected that the project will become operational in January 1977.

NATIONAL COMMITTEES

138. During 1975, the number of National Committees remained constant. As in 1974, co-operation between UNIDO and the National Committees covered a variety of fields. Nonetheless, the same staff and financial constrictions affecting the Committees in 1974 continued to limit the scope and effectuality of their activities.



STATISTICAL ANNEX

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INTRODUCTION

This annex provides an over-all view in financial terms of the headquarters and field activities of UNIDO, both past and forecast for the future. Data for the years 1967 to 1974 are based on audited accounts and those for 1975 on available information for the whole year which, however, is subject to correction and audit. The final figures for 1975 will be shown in future Annual Reports.

It should be noted that UNDP project expenditures are given as recorded in the accounts on the basis of standard costs to the extent that they are applied. Project personnel have been subject to standard costs since 1972 and fellowships since 1975. Whenever a change is made in standard costs (as when they were introduced), the budgets of ongoing products are adjusted appropriately in respect of the period to which the new standard cost applies.

It should be further noted that the UNDP Governing Council decided in January 1976 to increase retroactively the standard cost for project personnel in 1975 but that this decision is not reflected in the tables contained in this statistical annex.

Table 1

This table summarizes the actual expenditures of the Organization in 1974 and 1975 and the estimated expenditures during the programme budget biennium 1976/77. It covers expenditures of every kind on services and goods, whether under technical co-operation programmes or financed by the regular budget, overhead funds or other extra-budgetary resources.

Table 2

Table 2A (all sources of funds) depicts the evolution of UNIDO's technical co-operation programmes in financial terms from 1967 to 1975 and their anticipated development up to 1977. This table shows:

- In line 1 The residual value of approved projects brought forward from the previous year, a figure that represents the total value of projects less the amounts previously expended;
- In line 2 the value of budgets approved or expected to be approved in each year, net of all adjustments;
- In line 3 the sum of lines 1 and 2, representing the stock of projects under implementation in the given year;

In line 4 the value of expenditures or estimated expenditures in each year;

In line 5 the residual value of approved projects carried forward to the following year.

Tables 2B to 2F present the breakdown, by source of funds, of the global figures in table 2A.

Table 3

Table 3A (all sources of funds) contains essentially the same elements as table 2A but shows also the cumulative value of projects approved (column 2) and the cumulative expenditures on projects (column 4).

Tables 3B to 3F present the breakdown, by source of funds, of the global figures in table 3A.

Table 4

This table shows the number, total value and average value of projects under implementation, according to source of funds. The position at the end of 1974 is compared with that at the end of 1975.

Table 5

This table analyses the actual expenditures in 1974 and 1975, and the estimated expenditures in 1976 and 1977, by source of funds and four types of expenditure. The first and fourth of these are common to both biennia, namely, technical co-operation activities; and policy-making organs, general management and administrative expenses, which comprise all expenditures related to the administration and management of the Secretariat not shown elsewhere. The second and third types of expenditure shown for 1976 and 1977 differ in coverage from those hitherto distinguished in the statistical annexes to Annual Reports in order to take into account the restructuring of the Secretariat.

Table 6

This table analyses according to programmes and programme components the total expenditures (actual or estimated) on technical co-operation activities shown in table 5. The restructuring of the Secretariat has led to changes in programmes and programme components.

Table 7

This table analyses actual expenditures on technical co-operation activities by source of funds and programme component in 1974 and 1975.

Table 8

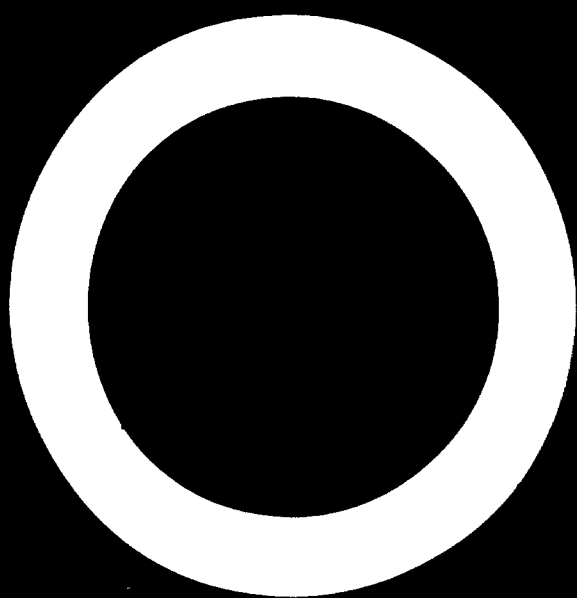
This table analyses actual expenditures on technical co-operation activities by source of funds and geographical region in 1974 and 1975.

Table 9

This table analyses actual expenditures on technical co-operation activities by source of funds and object of expenditure (project personnel, fellowships and training, other items) in 1974 and 1975.

Table 10

This table analyses according to object of expenditure and programme component the total expenditures in 1974 and 1975 on substantive support activities shown in table 5. It also shows the related man-months for staff and consultants.



**SUBSTANTIVE PROGRAMMES AND PROGRAMME COMPONENTS
IN THE PROGRAMME BUDGET FOR 1974/75**

	<i>Code number</i>
<i>Industrial Technology Programme</i> . . . . .	.30
Engineering industries . . . . .	.30.1
Metallurgical industries . . . . .	.30.2
Building materials industries . . . . .	.30.3
Chemical, pharmaceutical and pulp and paper industries . . . . .	.30.4
Fertilizer, pesticide and petrochemical industries . . . . .	.30.5
Light industries . . . . .	.30.6
General industrial techniques . . . . .	.30.7
Industrial construction . . . . .	.30.8
 <i>Industrial Services and Institutions Programme</i> . . . . .	.31
Industrial institutions . . . . .	.31.1
Industrial information . . . . .	.31.2
Industrial management and consulting services . . . . .	.31.3
Small-scale industries . . . . .	.31.4
Industrial training . . . . .	.31.5
 <i>Industrial Policies and Programming Programme</i> . . . . .	.32
Industrial programming . . . . .	.32.1
Industrial financing and investment promotion . . . . .	.32.2
Promotion of export-oriented industries . . . . .	.32.3
Industrial surveys and studies . . . . .	.32.4
 <i>Field Co-operation Programme</i> . . . . .	.62
Field co-operation with the regional economic commissions . . . . .	.62.1
Industrial development field advisers . . . . .	.62.2
Field support . . . . .	.62.3
 <i>UNIDO/IBRD Co-operative Programme</i> . . . . .	.63

TABLE 1. EXPENDITURES—1974 TO 1977
(In millions of US dollars)

	Actual			Estimated ^a	
	1974	1975	1976	1976	1977
Technical co-operation programmes	24.1	33.5	33.8	39.2	
Regular programme	1.5	2.0		2.0	2.0
UNDP/ITF	17.5	24.5		24.9	29.8
SIS	2.6	3.7		3.7	3.7
Special-purpose Trust Funds	0.6	1.3		1.0	1.2
UNIDO General Trust Fund	1.9	2.0		2.2	2.5
Overhead funds	3.2	3.4	3.5		3.7
Other extra-budgetary resources	0.2	0.4	1.3		1.8
Regular budget (net of staff assessment)	16.8	19.9	21.7		23.5
Total expenditures	44.3	57.2	60.3		68.2
Technical co-operation programmes as percentage of total expenditures	54.4	57.2	56.1		57.5

^aAn allocation between 1976 and 1977, in the light of the latest available information, of the biennial totals contained in the Programme Budget for 1976/77.

TABLE 2. TECHNICAL CO-OPERATION PROGRAMMES—PROJECT BUDGET APPROVALS AND EXPENDITURES
(In millions of US dollars)

	Actual										Estimated		
	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977		
A. All sources of funds													
1. Residual value of approved projects brought forward	15.7 ^a	17.0	18.9	27.9	34.4	38.5	44.3	51.6	71.7	92.2	93.5		
2. Value of project budgets approved in the year (net)	6.6	9.6	18.0	19.2	20.9	27.0	27.3	44.2	54.0	35.1	45.6		
3. Total of approved projects under implementation	22.3	26.6	36.9	47.1	55.3	65.5	71.6	95.8	125.7	127.3	139.1		
4. Expenditures in the year	5.3	7.7	9.0	12.7	16.8	21.2	20.0	24.1	33.5	33.8	39.2		
5. Residual value of approved projects carried forward	17.0	18.9	27.9	34.4	38.5	44.3	51.6	71.7	92.2	93.5	99.9		
B. Regular programmes													
1. Residual value of approved projects brought forward	-	-	-	-	-	-	-	-	-	-	-		
2. Value of project budgets approved in the year (net)	1.0	1.0	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0		
3. Total of approved projects under implementation	1.0	1.0	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0		
4. Expenditures in the year	1.0	1.0	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0		
5. Residual value of approved projects carried forward	-	-	-	-	-	-	-	-	-	-	-		

TABLE 2 (continued)
(In millions of US dollars)

	Actual										Estimated		
	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977		
C. UNDP/PIFF													
1. Residual value of approved projects brought forward	15.4 ^a	14.6	15.6	22.6	26.6	29.6	37.0	43.9	61.8	75.8	75.9		
2. Value of new project budgets approved in the year (net)	2.8	6.4	11.8	10.9	12.5	20.7	20.6	35.4	38.5	25.0	35.0		
3. Total of approved projects under implementation	18.2	21.0	27.4	33.5	39.1	50.3	57.6	79.3	100.3	100.8	110.9		
4. Expenditures in the year	3.6	5.4	4.8	6.9	9.5	13.3	13.7	17.5	24.5	24.9	29.8		
5. Residual value of approved projects carried forward	14.6	15.6	22.6	26.6	29.6	37.0	43.9	61.8	75.8	75.9	81.1		
D. Special Industrial Services (total)^b													
1. Residual value of approved projects brought forward	0.3 ^a	2.4	3.3	4.1	6.0	6.5	4.8	4.0	5.0	9.5	9.4		
2. Value of new project budget approved in the year (net)	2.5	1.8	2.8	4.9	5.0	2.6 ^c	1.9	3.6	8.2	3.6	4.1		
3. Total of approved projects under implementation	2.8	4.2	6.1	9.0	11.0	9.1	6.7	7.6	13.2	13.1	13.5		
4. Expenditures in the year	0.4	0.9	2.0	3.0	4.5	4.3	2.7	2.6	3.7	3.7	3.7		
5. Residual value of approved projects carried forward	2.4	3.3	4.1	6.0	6.5	4.8	4.0	5.0	9.5	9.4	9.8		

	Actual			Estimated		
	1973	1974	1975	1976	1977	
D.I. Special Industrial Services (programme reserve)						
1. Residual value of approved projects brought forward	3.3	2.5	2.8	6.6	6.1	
2. Value of project budgets approved in the year (net)	1.1	2.2	6.6	2.0	2.5	
3. Total of approved projects under implementation	4.4	4.7	9.4	8.6	8.6	
4. Expenditures in the year	1.9	1.9	2.8	2.5	2.5	
5. Residual value of approved projects carried forward	2.5	2.8	6.6	6.1	6.1	
D.II. Special Industrial Services (special measures for LDC)						
1. Residual value of approved projects brought forward	0.9	0.8	1.6	2.4	2.8	
2. Value of project budget approved in the year (net)	0.4	1.1	1.4	1.4	1.4	
3. Total of approved projects under implementation	1.3	1.9	3.0	3.8	4.2	
4. Expenditures in the year	0.5	0.3	0.6	1.0	1.0	
5. Residual value of approved projects carried forward	0.8	1.6	2.4	2.8	3.2	

TABLE 2 (continued)
(in millions of US dollars)

	Actual					Estimated					
	1973	1974	1975	1976	1977	1976	1977				
D.III. Special Industrial Services (SIS Trust Fund)											
1. Residual value of approved projects brought forward	0.6	0.7	0.6	0.5	0.5						
2. Value of project budget approved in the year (net)	0.4	0.3	0.2	0.2	0.2	0.2	0.2				
3. Total of approved projects under implementation	1.0	1.0	0.8	0.7	0.7	0.7	0.7				
4. Expenditures in the year	0.3	0.4	0.3	0.2	0.2	0.2	0.2				
5. Residual value of approved projects carried forward	0.7	0.6	0.5	0.5	0.5	0.5	0.5				
E. Special-purpose Trust Funds											
	Actual							Estimated			
	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
1. Residual value of approved projects brought forward	-	-	-	-	-	-	0.5	0.5	0.8	1.4	1.9
2. Value of project budget approved in the year (net)	0.3	0.4	0.3	0.3	0.5	1.2	0.7	0.9	1.9	1.5	1.5
3. Total of approved projects under implementation	0.3	0.4	0.3	0.3	0.5	1.2	1.2	1.4	2.7	2.9	3.4
4. Expenditures in the year	0.3	0.4	0.3	0.3	0.5	0.7	0.7	0.6	1.3	1.0	1.2
5. Residual value of approved projects carried forward	-	-	-	-	-	0.5	0.5	0.8	1.4	1.9	2.2

	Actual										Estimated		
	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977		
F. UNIDO General Trust Fund													
1. Residual value of approved projects brought forward	-	-	-	1.2	1.8	2.4	2.0	3.2	4.1	5.5	6.3		
2. Value of project budgets approved in the year (net)	-	-	1.6	1.6	1.4	1.0	2.6	2.8	3.4	3.0	3.0		
3. Total of approved projects under implementation	-	-	1.6	2.8	3.2	3.4	4.6	6.0	7.5	8.5	9.3		
4. Expenditures in the year	-	-	0.4	1.0	0.8	1.4	1.4	1.9	2.0	2.2	2.5		
5. Residual value of approved projects carried forward	-	-	1.2	1.8	2.4	2.0	3.2	4.1	5.5	6.3	6.8		

^a Transferred from United Nations Office of Technical Co-operation.

^b For 1973 and subsequent years an analysis of the total according to the three sources of finance, viz, UNDP Programme Reserve, UNDP Fund for Special Measures for Least Developed Countries, and SIS Trust Fund, is given in the following three tables D.I, D.II and D.III.

TABLE 3. TECHNICAL CO-OPERATION PROGRAMMES - CUMULATIVE PROJECT BUDGET APPROVALS AND EXPENDITURES
(In millions of US dollars)

	Net approvals in the year (1)	Cumulative value at year end of projects approved (2)	Expenditures in the year (3)	Cumulative expenditures at year end (4)	Residual value of approved projects at year end (5)
A. All sources of funds					
Situation at 31 December 1966		17.8 ^a		2.1 ^b	15.7
1967	6.6	24.4	5.3	7.4	17.0
1968	9.6	34.0	7.7	15.1	18.9
1969	18.0	52.0	9.0	24.1	27.9
1970	19.2	71.2	12.7	36.8	34.4
1971	20.9	92.1	16.8	53.6	38.5
1972	27.0	119.1	21.2	74.8	44.3
1973	27.3	146.4	20.0	94.8	51.6
1974	44.2	190.6	24.1	118.9	71.7
1975	54.0	244.6	33.5	152.4	92.2
1976	35.1	279.7	33.8	186.2	93.5
1977	45.6	325.3	39.2	225.4	99.9
B. Regular programme					
1967	1.0	1.0	1.0	1.0	-
1968	1.0	2.0	1.0	2.0	-
1969	1.5	3.5	1.5	3.5	-
1970	1.5	5.0	1.5	5.0	-
1971	1.5	6.5	1.5	6.5	-
1972	1.5	8.0	1.5	8.0	-
1973	1.5	9.5	1.5	9.5	-
1974	1.5	11.0	1.5	11.0	-
1975	2.0	13.0	2.0	13.0	-
1976	2.0	15.0	2.0	15.0	-
1977	2.0	17.0	2.0	17.0	-

C. UNDP/IFF

Actual		Est.	
Situation at 31 December 1966			
1967	2.8	17.4 ^a	2.0 ^b
1968	6.4	20.2	5.6
1969	11.8	26.6	11.0
1970	10.9	38.4	15.8
1971	12.5	49.3	22.7
1972	20.7	61.8	32.2
1973	20.6	82.5	45.5
1974	35.4	103.1	59.2
1975	38.5	138.5	76.7
1976	25.0	177.0	101.2
1977	35.0	202.0	126.1
		237.0	155.9
		29.8	81.1

D. Special Industrial Services

Actual		Est.	
Situation at 31 December 1966			
1967	2.5	0.4 ^a	0.1 ^b
1968	1.8	2.9	0.5
1969	2.8	4.7	1.4
1970	4.9	7.5	3.4
1971	5.0	12.4	6.4
1972	2.6	17.4	10.9
1973	1.9	20.0	15.2
1974	3.6	21.9	17.9
1975	8.2	25.5	20.5
1976	3.6	33.7	24.2
1977	4.1	37.3	27.9
		41.4	31.6
		3.7	9.4
		3.7	9.8

E. Special-purpose Trust Funds

Actual		Est.	
Situation at 31 December 1966			
1967	0.3	0.3	0.3
1968	0.4	0.7	0.7
1969	0.3	1.0	1.0
1970	0.3	1.3	1.3
1971	0.5	1.8	1.8
1972	1.2	3.0	2.5
1973	0.7	3.7	3.2
1974	0.9	4.6	3.8
1975	1.9	6.5	5.1
1976	1.5	8.0	6.1
1977	1.5	9.5	7.3
		1.2	2.2

TABLE 3 (continued)
(in millions of US dollars)

	Net approvals in the year (1)	Cumulative value at year end of projects approved (2)	Expenditures in the year (3)	Cumulative expenditures at year end (4)	Residual value of approved projects at year end (5)
F. UNIDO General Trust Fund					
1967	-	-	-	-	-
1968	-	-	-	-	-
1969	1.6	1.6	0.4	0.4	1.2
1970	1.6	3.2	1.0	1.4	1.8
1971	1.4	4.6	0.8	2.2	2.4
1972	1.0	5.6	1.4	3.6	2.0
1973	2.6	8.2	1.4	5.0	3.2
1974	2.8	11.0	1.9	6.9	4.1
1975	3.4	14.4	2.0	8.9	5.5
1976	3.0	17.4	2.2	11.1	6.3
1977	3.0	20.4	2.5	13.6	6.8

^a Transferred from United Nations Office of Technical Co-operation on 1 January 1967.

^b Implemented by United Nations Office of Technical Co-operation before 1 January 1967.

TABLE 4. APPROVED PROJECTS UNDER IMPLEMENTATION AT 31 DECEMBER 1974 AND AT 31 DECEMBER 1975

	Number of projects		Value ^b (in millions of US\$)		Average value of project: (\$)	
	1974 ^a	1975	1974 ^b	1975	1974 ^c	1975
Regular programs:	244	134	1.5	2.0	6 100	14 900
UNDP/UNF:	750	749	79.3	101.6	105 700	135 600
SBP-Programme reserve and Special Measures for LDC	357	565	6.6	12.5	18 500	22 100
SBP-Trust Fund	290	188	1.0	0.6	3 400	3 200
Special-purpose Trust Funds	73	115	1.4	2.8	19 200	24 300
UNIDO General Trust Fund	243	252	6.0	7.3	24 700	29 000
TOTAL—all sources of funds	1 957	2 093	95.8	126.8	48 000	63 300

^aNumber of projects at 31 October 1974.

^bResidual value of projects brought forward on 1 January plus total value (net) of project budgets approved during calendar year. The partial implementation of projects on behalf of another executing agency is included.

^cBased on number of projects at 31 October 1974.

TABLE 5. EXPENDITURE BY SOURCE OF FUNDS AND TYPE OF EXPENDITURE, 1974 TO 1977

	Regular budget	Regular pro- grams	UNDP/ IFF ^a	SIS ^b	Special- purpose Trust Funds ^c	UNIDO General Trust Funds ^d	Total expenditures	Per cent
Thousands of US dollars								
1974 - Actual								
Technical co-operation activities	-	1 497	17 512	2 654	566	1 903	24 132	54.4
Substantive support activities	6 434	-	610	116	268 ^b	-	7 428	16.7
Managerial and administrative support to technical co-operation activities	2 745	-	1 990	378	71	29	5 213	11.8
Policy-making organs, general management and administrative expenses	7 581	-	-	-	-	-	7 581	17.1
	16 760	1 497	20 112	3 148	905	1 932	44 354	100.0
1975 - Actual								
Technical co-operation activities	-	2 000	24 518	3 697	1 273	2 051	33 539	58.6
Substantive support activities	6 858	-	826	296	266 ^b	1	8 246	14.4
Managerial and administrative support to technical co-operation activities	4 259	-	1 958	310	55	30	6 612	11.6
Policy-making organs, general management and administrative expenses	8 815	-	-	-	-	-	8 815	15.4
	19 932	2 000	27 302	4 303	1 594	2 081	57 212	100.0

	Regular budget	Regular programme	UNDP/IFPs	SIS ^d	Special-purpose Trust Funds ^a	UNIDO General Trust Funds ^e	UNEP ^d	Thousands of US dollars	
								\$000	Per cent
1976 - Estimated									
Technical co-operation activities	-	2 000	24 900	3 700	1 000	2 200	-	33 800	56.1
Substantive activities	3 549	-	550	75	422 ^c	-	-	4 596	7.6
Support of technical co-operation activities	5 216	-	2 133	289	375 ^b	-	600	8 613	14.3
Policy-making organs, general management and administrative expenses	12 952	-	244	32	10	54	-	13 292	22.0
	<u>21 717</u>	<u>2 000</u>	<u>27 827</u>	<u>4 096</u>	<u>1 807</u>	<u>2 254</u>	<u>600</u>	<u>60 301</u>	<u>100.0</u>
1977 - Estimated									
Technical co-operation activities	-	2 000	29 800	3 700	1 200	2 500	-	39 200	57.5
Substantive activities	3 830	-	595	80	624 ^c	-	-	5 129	7.5
Support of technical co-operation activities	5 622	-	2 307	312	404 ^b	-	800	9 445	13.9
Policy-making organs, general management and administrative expenses	13 968	-	267	36	11	58	-	14 360	21.1
	<u>23 440</u>	<u>2 000</u>	<u>32 969</u>	<u>4 128</u>	<u>2 239</u>	<u>2 558</u>	<u>800</u>	<u>68 134</u>	<u>100.0</u>

^aSubstantive and support activities shown in these columns are financed from overhead funds.

^bIncluding headquarters unit of UNIDO/IBRD Co-operative Programme but excluding costs of projects executed under that programme, which amounted to \$15,000 in 1974 and \$24,000 in 1975.

^cIncluding \$400,000 in 1976 and \$600,000 in 1977 for development and transfer of technology, for which no special-purpose fund yet exists.

^dProjects to be executed under co-operative arrangements with the United Nations Environment Programme. Expenditures under these arrangements amounted to \$140,000 in 1974 and \$45,000 in 1975, excluded from the above tabulation.

TABLE 6. EXPENDITURES ON TECHNICAL CO-OPERATION BY PROGRAMME AND PROGRAMME COMPONENT, 1974 TO 1977^a

Programme/ Programme component	Actual expenditures			
	1974		1975	
	\$000	Per cent	\$000	Per cent
ITD (30)				
30.1	3 078	12.7	4 959	14.8
30.2	1 851	7.7	2 930	8.7
30.3	778	3.2	1 268	3.8
30.4	695	2.9	783	2.3
30.5	994	4.1	1 927	5.8
30.6	3 305	13.7	3 924	11.7
30.7	625	2.6	764	2.3
30.8	24	0.1	109	.3
Subtotal ITD	11 350	47.0	16 664	49.7
IBID (31)				
31.1	2 405	10.0	3 089	9.2
31.2	292	1.3	385	1.1
31.3	1 280	5.3	1 866	5.6
31.4	2 512	10.4	3 104	9.3
31.5	1 494	6.1	1 573	4.7
Subtotal IBID	7 988	33.1	10 017	29.9
IPPD (32)				
32.1	3 183	13.2	4 385	13.1
32.2	485	2.0	650	1.9
32.3	435	1.8	707	2.1
32.4	527	2.2	703	2.1
Subtotal IPPD	4 630	19.2	6 445	19.2
Unspecified	164	0.7	413	1.2
Total - Substantive Divisions	24 132	100.0	33 539	100.0
Field Co-operation Programme (62)	-		-	
UNIDO/IBRD Co-operative Programme (63)	-		-	
GRAND TOTAL	24 132		33 539	

TABLE 6 (continued)

<i>Programme / Programme component</i>	<i>Estimated expenditures</i>			
	<i>1976^b</i>		<i>1977^b</i>	
	<i>\$000</i>	<i>Per cent</i>	<i>\$000</i>	<i>Per cent</i>
Investment co-operative programme	1 200	3.5	1 400	3.6
Industrial planning	1 400	4.2	1 500	3.8
Institutional infrastructure	7 300	21.6	9 400	24.0
Factory establishment and management	2 100	6.2	2 400	6.1
Training	2 700	8.0	3 300	8.4
Feasibility studies	2 900	8.6	3 100	7.9
Agro-industries	4 200	12.4	4 600	11.7
Metallurgical industries	2 600	7.7	2 900	7.4
Engineering industries	5 700	16.9	6 300	16.1
Chemical industries	3 700	10.9	4 300	11.0
TOTAL	33 800	100.0	39 200	100.0

^aThe programmes and programme components are those of the Programme Budget for 1974-1975 or the Programme Budget for 1976-1977, as the case may be.

^bThis represents an allocation between 1976 and 1977, in the light of the latest available information, of the biennial totals contained in the Programme Budget for 1976-1977. In view of the current uncertainties about the implementation of UNDP projects, however, the margin of error is exceptionally large.

TABLE 7. EXPENDITURES ON TECHNICAL CO-OPERATION ACTIVITIES OF UNIDO, BY SOURCE OF FUNDS AND PROGRAMME COMPONENT, 1974 AND 1975
(In thousands of US dollars)

Programme/Programme component	Regular programme	UNDP/IFF	SIS	Special-purpose Trust Funds	UNIDO General Trust Fund	Total
<i>1974 - Actual expenditures</i>						
Industrial technology (30)						
30.1	134	2 295	443	42	164	3 078
30.2	139	1 484	150	-	78	1 851
30.3	27	473	169	18	91	778
30.4	47	335	295	-	18	695
30.5	39	595	253	14	93	994
30.6	145	2 513	556	-	91	3 305
30.7	21	557	38	1	8	625
30.8	-	10	3	-	11	24
Subtotal	552	8 262	1 907	75	554	11 350
Industrial services and institutions (31)						
31.1	46	2 002	110	98	149	2 405
31.2	11	64	9	4	209	297
31.3	38	997	236	9	-	1 280
31.4	74	2 235	155	48	-	2 512
31.5	183	312	53	170	776	1 494
Subtotal	352	5 610	563	329	1 134	7 908
Industrial policies and programming (32)						
32.1	300	2 729	19	82	53	3 183
32.2	53	263	26	69	74	485
32.3	17	266	116	6	30	435
32.4	120	389	7	-	11	527
Subtotal	490	3 647	168	157	168	4 630
Unspecified						
	103	(7)	16	5	47	164
TOTAL	1 497	17 512	2 654	566	1 903	24 132

1975 - Actual expenditures

Industrial technology (30)										
30.1	140	3 931	406	95	387	4 959				
30.2	155	2 167	333	-	275	2 930				
30.3	48	850	312	29	29	1 268				
30.4	79	379	242	41	42	783				
30.5	229	1 152	372	4	170	1 927				
30.6	118	2 906	730	36	54	3 924				
30.7	-	643	120	-	1	764				
30.8	10	42	22	-	35	109				
	<u>779</u>	<u>12 150</u>	<u>2 537</u>	<u>205</u>	<u>993</u>	<u>16 664</u>				
	Subtotal									
Industrial services and institutions (31)										
31.1	36	2 635	127	90	201	3 089				
31.2	4	87	39	23	232	365				
31.3	34	1 565	245	7	15	1 866				
31.4	66	2 723	119	196	-	3 104				
31.5	224	382	102	483	382	1 573				
	<u>364</u>	<u>7 392</u>	<u>632</u>	<u>799</u>	<u>830</u>	<u>10 017</u>				
	Subtotal									
Industrial policies and programming (32)										
32.1	204	3 837	133	111	100	4 385				
32.2	119	422	30	76	3	650				
32.3	44	297	208	69	89	707				
32.4	135	400	160	-	8	703				
	<u>502</u>	<u>4 956</u>	<u>531</u>	<u>256</u>	<u>200</u>	<u>6 445</u>				
	Subtotal									
Unspecified										
	355	20	3	13	28	413				
	<u>2 080</u>	<u>24 518</u>	<u>3 697</u>	<u>1 273</u>	<u>2 061</u>	<u>33 539</u>				
	TOTAL									

TABLE 8. EXPENDITURE ON TECHNICAL CO-OPERATION ACTIVITIES BY SOURCE OF FUNDS AND GEOGRAPHICAL REGION, 1974 AND 1975
(in thousands of US dollars)

	Africa		The Americas		Asia and Pacific		Europe and Western Asia		Inter-regional projects	TOTAL BY FUNDS			
	Country projects	Regional projects Total	Country projects	Regional projects Total	Country projects	Regional projects Total	Country projects	Regional projects Total					
1974 - Actual expenditures													
Regular programmes	171	188	94	153	247	191	114	305	76	40	116	470	1 497
UNDP/TF	5 176	80	3 338	140	3 478	5 126	161	5 287	2 812	255	3 067	424	17 512
SIS	767	17	407	78	485	449	60	509	880	-	880	(4)	2 654
Special-purpose Trust Funds	89	16	66	-	66	58	-	58	109	16	125	212	566
UNIDO General Trust Fund	194	104	298	110	139	18	94	112	28	1	29	1 325	1 903
TOTAL BY REGION	6 397	405	6 802	481	4 415	5 842	429	6 271	3 905	312	4 217	2 427	24 132
1975 - Actual expenditures													
Regular programmes	155	353	57	140	197	136	155	291	78	45	123	881	2 000
UNDP/TF	7 281	60	5 375	188	5 563	6 711	97	6 808	3 834	607	4 441	365	24 518
SIS	1 209	61	648	37	685	602	13	615	1 127	-	1 127	-	3 697
Special-purpose Trust Funds	311	36	104	-	104	100	-	100	152	20	172	550	1 273
UNIDO General Trust Fund	406	168	574	18	223	72	56	128	35	23	58	1 068	2 051
TOTAL BY REGION	9 362	678	10 040	620	6 772	7 621	321	7 942	5 226	695	5 921	2 864	33 539

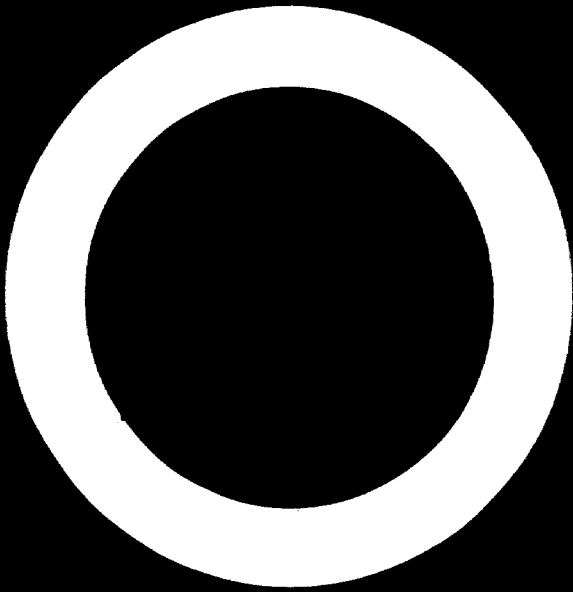
TABLE 9. EXPENDITURE ON TECHNICAL CO-OPERATION ACTIVITIES IN 1974 AND 1975
BY SOURCE OF FUNDS AND OBJECT OF EXPENDITURE

Sources of financing	Experts		Fellowships and training		Subcontracts, equipment and other expenses		Total \$000
	Number	\$000	Numbers	\$000	\$000	\$000	
1974 - Actual							
Regular programme	36	734	120	674	89	1 497	
UNDP/IFF	811	11 027	350	2 519	3 966	17 512	
SIS	332	2 093	10	72	489	2 654	
UNIDO General Trust Fund	13	116	-	1 288	499	1 903	
Special-purpose Trust Funds	26	326	-	169	71	566	
	1 218	14 296	480	4 722	5 114	24 132	
1975 - Actual							
Regular programme	38	1 027	72	767	206	2 000	
UNDP/IFF	789	15 657	475	1 832	7 029	24 518	
SIS	311	2 726	-	126	845	3 697	
UNIDO General Trust Fund	11	189	8	949	913	2 051	
Special-purpose Trust Funds	35	743	-	459	71	1 273	
	1 184	20 342	555	4 133	9 064	33 539	

*Includes individual fellowships only.

TABLE 10. EXPENDITURE (NET OF STAFF ASSESSMENT) ON SUBSTANTIVE SUPPORT ACTIVITIES BY PROGRAMME COMPONENT AND OBJECT OF EXPENDITURE, WITH RELATED MAN-MONTHS-1974 AND 1975

Programme/ Programme component	Staff time		Commitments		Meetings \$000	Printing \$000	Other \$000	Total \$000
	m/m	\$000	m/m	\$000				
1974 - Actual								
ITD (30)								
30.1	260	460	8	20	11	8	5	504
30.2	154	213	4	11	8	7	2	241
30.3	129	241	3	7	1	-	1	250
30.4	103	190	3	8	-	-	5	203
30.5	218	441	14	33	5	23	6	508
30.6	257	409	10	25	5	14	3	456
30.7	123	237	4	11	10	11	3	272
30.8	32	65	1	3	7	-	1	76
Subtotal ITD	1 276	2 256	47	118	47	63	26	2 510
IBID (31)								
31.1	244	387	10	25	6	16	4	438
31.2	454	608	11	27	-	54	53	742
31.3	158	329	8	21	14	4	1	369
31.4	210	362	2	4	-	28	1	395
31.5	184	312	5	13	14	-	3	342
Subtotal IBID	1 250	1 998	36	90	34	102	62	2 286
IFPD (32)								
32.1	359	553	12	31	11	54	4	653
32.2	299	582	8	20	4	6	2	614
32.3	247	336	5	12	13	-	5	366
32.4	326	392	5	13	-	29	3	437
Subtotal IFPD	1 231	1 863	30	76	28	89	14	2 070
Total-Substantive Divisions	3 757	6 117	113	284	109	254	102	6 866
Field Co-operation (62)	84	113	-	-	-	-	123	236
UNIDO/IBRD Co-operative Programme (63)	144	287	10	24	-	-	15	326
GRAND TOTAL	3 985	6 517	123	308	109	254	240	7 428



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APPENDIX A

Expert group meetings held in 1975

<i>Date</i>		<i>Place</i>
	<i>Office of the Executive Director</i>	
24-28 November	Expert group meeting on approaches, procedures and methodology of evaluation of UNIDO's activities	Vienna Austria
	<i>Metallurgical Industries</i>	
24-27 November	Expert group meeting on the follow-up of the third interregional symposium on the iron and steel industry	Vienna Austria
	<i>Fertilizer, Pesticide and Petrochemical Industries</i>	
30 June-5 July	UNIDO/ESCAP expert group meeting on regional co-operation in fertilizer production and distribution	Bangkok Thailand
	<i>Light Industries</i>	
23-28 June	Expert group meeting on new techniques in wet processing of textiles	Manchester United Kingdom
	<i>Industrial Programming</i>	
15-26 April	Expert group meeting on the manual for project evaluation for Arab countries	Cairo Egypt
15-19 September	Expert group meeting on the manual for project evaluation for Arab countries	Vienna Austria
17-19 September	Expert group meeting on the capital goods industry in Mexico	Vienna Austria
8-12 December	Expert group meeting on the manual for the preparation of industrial pre-investment studies	Vienna Austria
	<i>Promotion of Export-oriented Industries</i>	
9-11 December	Expert working group meeting on the establishment of an association of export processing zone authorities (AEPZA)	Vienna Austria

APPENDIX B

Symposia, seminars, workshops, courses and other meetings held during 1975

<i>Date</i>		<i>Place</i>
<i>Office of the Executive Director</i>		
20-27 January	Permanent Committee of the Industrial Development Board - fifth session (second sitting)	Vienna Austria
12-26 March	Second General Conference of UNIDO	Lima Peru
21 April-2 May	Industrial Development Board - ninth session	Vienna Austria
1-10 December	Permanent Committee of the Industrial Development Board - sixth session	Vienna Austria
<i>Engineering Industries</i>		
22 February-4 March	Promotional and information workshop on the establishment of pilot demonstration mechanical workshops and foundries	North Khartoum Sudan
28 July-2 August	Workshop on bio-gas technology and utilization - phase I	New Delhi India
13-18 October	Workshop on bio-gas technology and utilization - phase II	Manila Philippines
16 October- 19 November	Assistance to Andean Development Corporation: technology transfer workshop	New Delhi India
25 November- 5 December	Workshop on co-operation between developing countries in the field of machine tools and allied engineering industries	Bangalore India
<i>Building Materials Industries</i>		
11-30 August	Interregional seminars on furniture and joinery industry	Lahti Finland
3-7 November	Workshop on wood processing in developing countries	Vienna Austria
<i>Chemical, Pharmaceutical and Pulp and Paper Industries</i>		
14 August- 15 September	Interregional training programme in the field of pharmaceutical industries	Ghent Belgium
17-29 November	International consultation meeting in the field of pharmaceutical industries	Budapest Hungary
<i>Fertilizer, Pesticide and Petrochemical Industries</i>		
5-6 May	UNIDO/FAO/ICP plastics working group meeting	Vienna Austria
1 September- 21 November	Second training programme in plastics technology for Latin American countries	Buenos Aires Argentina
22 September- 28 November	Training programme in plastics technology - mould design and mould making course	Vienna Austria
29 September- 30 October	Second training programme in synthetic fibre technology	Vienna Austria

<i>Date</i>		<i>Place</i>
10-21 November	Workshop on fertilizer technology	Auckland New Zealand
1-6 December	Regional consultation for the Arab countries of the Middle East and North Africa on licensing of technology with reference to the petrochemical and fertilizer industry	Benghazi Libya
<i>Light Industries</i>		
2-8 March	Regional meeting on the development of selected branches of the food processing industry in selected countries of the Middle East	Beirut Lebanon
24-30 August	Second Latin American seminar on science and technology of the food processing sector	Campinas Brazil
13-17 October	Symposium on the prospects for industrial meat processing in developing countries	Vienna Austria
<i>General Industrial Techniques</i>		
2 March- 25 April	Interregional training programme for developing countries in the environmental aspects of industrial development	Chapel Hill United States of America
27-31 October	IDCAS regional meeting of Arab national packaging committees	Alexandria Egypt
10-15 November	Second interregional seminar for co-operation in packaging among developing countries	Seoul Republic of Korea
<i>Industrial Construction</i>		
29 September- 4 October	Joint consultation on prefabrication for industrial construction	Warsaw and Kazimierz Poland
<i>Industrial Institutions</i>		
27 January- 1 February	Joint consultations in industrial research	Accra Ghana
12-20 April	Fair promotional activities on the occasion of the Brno Spring Fair	Brno Czechoslovakia
5-9 May	Training programme for national business representatives on "How to participate at national fairs"	Rabat Morocco
14-16 July	Fair promotional activities on the occasion of the Djakarta International Fair	Djakarta Indonesia
1-4 September	Consultation on a regional project for standardization, quality control and metrology (ASMO)	Vienna Austria
3-10 September	Fair promotional activities on the occasion of the Plovdiv International Fair	Plovdiv Bulgaria
15-19 September	Joint consultations on the promotion of industrial research and services in Africa	Lagos Nigeria
23-26 September	Industrial promotion assembly and international consulting forums between the Arab States and European countries on the occasion of the Overseas Import Fair	Berlin (West)

<i>Date</i>		<i>Place</i>
13-22 October	Regional workshop on technology acquisition through licensing agreements by exchange of experience between selected countries in Asia and the Far East	Kuala Lumpur Malaysia
26-30 October	National licensing seminar	Belgrade Yugoslavia
27 October- 9 November	Workshop on the commercialization of industrial research results	Seoul Republic of Korea and Tokyo Japan
3-6 November	Founding congress of Afro-Asian associations of international fairs	Teheran Iran
27 November- 13 December	Regional consultations between administrators of international fairs	Bogotá Colombia
<i>Industrial Management and Consulting Services</i>		
14-19 December	Joint consultation on the promotion of industrial management clinics for the least developed countries of Africa	Kampala Uganda
<i>Small-Scale Industries</i>		
12-23 May	Group training programme on extension services for small-scale industries in East African countries	Nairobi Kenya
10-14 November	Meeting on self-help programmes for small-scale industries in developing countries	Vienna Austria
1-5 December	Regional meeting on subcontracting between large and small industries in Latin America	Lima Peru
<i>Industrial Programming</i>		
13-31 January	Seminar on industrial project preparation, evaluation and implementation	Tananarive Madagascar
3-22 April	Workshop on preparation and evaluation of industrial projects	Buenos Aires Argentina
5-24 May	Interregional training workshop on project preparation and evaluation	Warsaw Poland
23 June-11 July	Interregional training workshop on project preparation and evaluation	Sofia Bulgaria
10-28 August	UNIDO/IDCAS training workshop on project preparation and evaluation	Mogadiscio Somalia
27- October- 1 November	Round-table ministerial meeting	Sofia Bulgaria
<i>Industrial Financing and Investment Promotion</i>		
22-23 January	Scheme for the exchange of information on industrial projects in developing countries among industrial development financing institutions	Vienna Austria
30 June-4 July	Sixth meeting on co-operation among industrial development financing institutions	Caracas Venezuela

<i>Date</i>		<i>Place</i>
	<i>Promotion of Export-oriented Industries</i>	
5-30 May	Training course in industrial free zone development and management	Shannon Ireland
9-13 June	Consultation meeting on product adaptation and development for export-oriented industries for manufacturers from Pakistan	Stockholm Sweden
22-30 September	Fourth consultation meeting on product adaptation and development for export industries	Berlin (West)
2-3 October	Meeting of government officials as follow-up of the fourth consultation meeting in Berlin (West)	Vienna Austria
12 October- 8 November	Training course in industrial free zone development and management	Shannon Ireland
27 October- 12 December	Training course in development of industrial exports	Brussels Belgium
26 November- 5 December	Consultation panel for international co-operation in the instruments, electronic and telecommunications industries	Budapest Hungary
10-18 December	Workshop on the promotion of export-oriented industrial free zones	Shannon Ireland

APPENDIX C

Printed publications

TABLE 1. PRINTED PUBLICATIONS, 1975

<i>Symbol</i>		<i>Language</i>
	<i>(30.1.00) Engineering Industries</i>	
ID/112	Machine tools in Latin America. Report of a Seminar on Machine Tools for Latin American Countries held at Buenos Aires, Argentina (16-25 October 1972) and São Paulo, Brazil (26-27 October 1972) - Part I	F
ID/148	Animal-drawn agricultural implements, handoperated machines and simple power equipment in the least developed and other developing countries. Report of a Manufacturing Development Clinic, New Delhi, India, 21-30 October 1974	E
ID/151	Machine tools in Asia and the Pacific	E S
	<i>(30.2.00) Metallurgical Industries</i>	
ID/139	The iron and steel industry in the developing countries. Report of the Third Interregional Symposium on the Iron and Steel Industry held at Brasilia, Brazil, 14-21 October 1973	E

<i>Symbol</i>		<i>Language</i>
ID/144	Exchange of experience in the foundry industry between selected developing countries in south-east Asia. Report of a Workshop, Calcutta, Jamshedpur, Ranchi, India, 8-15 December 1974	E
	<i>(30.5.00) Fertilizer, Pesticide and Petrochemical Industries</i>	
ID/140	Minimizing pollution from fertilizer plants. Report of an Expert Group Meeting, Helsinki, 26-31 August 1974	E F
ID/147	Development of the plastics industry in Latin America. Report of a Symposium, Buenos Aires, 8-17 September 1974	E
ID/SER.F/7	Reducing fertilizer costs - Fertilizer Industry Series, Monograph No. 7	F S
	<i>(30.6.00) Light Industries</i>	
ID/122	Pre-investment considerations and appropriate industrial planning in the vegetable oil industry	F
ID/123	Technical and economic aspects of the oil palm fruit processing industry	F S
ID/124	The hydrogenation of vegetable oils and the production of vegetable ghee	F
ID/125	Castor oil production and processing	F S
ID/126	Review and comparative analysis of oilseed raw materials and processes suitable for the production of protein products for human consumption	F
ID/145	The regional consultation on promotional and technical aspects of processing and packaging foods for export. Report of a Consultation, Casablanca, Morocco, 23-28 June 1974	E F
	<i>(30.7.00) General Industrial Techniques</i>	
ID/116	The machine tool industry - Perspectives for Industrial Development in the Second United Nations Development Decade	S
	<i>(31.1.00) Industrial Institutions</i>	
ID/155	Industrial fairs and developing countries	E S
ID/161	Industrial Research Institutes. Organization for effective research, technical and commercial services	E
	<i>(31.2.00) Industrial Information</i>	
ID/135	UNIDO guides to information sources No. 14. Information sources on the printing and graphics industry	E (F/S/R introduction)
ID/136	UNIDO guides to information sources No. 15. Information sources on the non-alcoholic beverage industry	E (F/S/R introduction)
ID/137	Industrial development abstracts. UNIDO Industrial Information System (INDIS) 05401-05600	E (F/S/R introduction)
ID/138	UNIDO guides to information sources No. 16. Information sources on the glass industry	E (F/S/R introduction)
ID/142	Industrial development abstracts. UNIDO Industrial Information System (INDIS) 05601-05800	E (F/S/R introduction)

TABLE 1 (continued)

<i>Symbol</i>		<i>Language</i>
ID/143	UNIDO guides to information sources No. 17. Information sources on the ceramics industry	E (F/S/R introduction)
ID/150	UNIDO guides to information sources No. 18. Information sources on the paint and varnish industry	E (F/S/R introduction)
ID/152	Industrial development abstracts. UNIDO Industrial Information System (INDIS) 05801-06000	E (F/S/R introduction)
ID/157	Industrial development abstracts. UNIDO Industrial Information System (INDIS) 06001-06150	E (F/S/R introduction)
ID/158	UNIDO guides to information sources No. 19. Information sources on the canning industry	E (F/S/R introduction)
ID/160	Industrial development abstracts. UNIDO Industrial Information System (INDIS) 06151-06350	E (F/S/R introduction)
ID/SER.B/19	Industrial Research and Development News, Vol. VII, No. 1	F
ID/SER.B/20	Industrial Research and Development News, Vol VII, No. 2	E F S
ID/SER.B/21	Industrial Research and Development News, Vol VII, No. 3 UNIDO Newsletter, Nos. 81-92	E A E F S R
<i>(31.3.00) Industrial Management and Consulting Services</i>		
ID/115	Improving industrial administration	F
ID/118	Industry-university linkage, with special reference to management (Report of an Expert Group Meeting, Vienna, 3-7 September 1973)	F S
ID/153	Marketing management and strategy for the developing world. Report of an Expert Group Meeting, Vienna, 2-7 December 1974	E S
<i>(31.4.00) Small-scale Industries</i>		
ID/129	Subcontracting for modernizing economies	S
ID/141	Report of the seminar on financial assistance and extension services for the promotion of small-scale industries in the Caribbean area	E
<i>(32.1.00) Industrial Programming</i>		
ID/117	Contract planning and organization	F S
ID/132	International industrial co-operation. Report of an expert group meeting organized by UNIDO in co-operation with the Maison des sciences de l'homme, Paris, 21-22 June 1974	R
ID/146	The initiation and implementation of industrial projects in developing countries. A systematic approach	E
ID/149	Guidelines for contracting for industrial projects in developing countries	E
ID/156	Introduction to maintenance planning in manufacturing establishments	E
ID/159	Summaries of industrial development plans, Vol. IV	E
<i>Industrialization and Productivity Bulletin</i>		
ID/SER.A/22	Industrialization and Productivity Bulletin No. 22	E

TABLE 2. CUMULATIVE TABLE OF PRINTED PUBLICATIONS COVERING THE YEARS 1971-1975^a

	Year published	No. of jobs	Languages				Total printed pages	Total no. of copies	Total (\$)
			E	F	S	R			
Industrial Technology Programme	1971	27	14	3	9	1	2 569	68 350	22 369
	1972	51	18	17	13	3	5 372	101 115	63 963
	1973	47	17	18	11	1	4 304	82 905	61 245
	1974	26	12	5	9	-	1 764	54 150	27 180
	1975	21	7	9	3	2	1 127	36 150	20 660
Industrial Services and Institutions Programme	1971	35	9	13	12	1	3 706	66 000	44 590
	1972	31	17	7	7	-	3 718	82 000	50 278
	1973	18	11	3	4	-	1 798	48 540	19 258
	1974	14	11	1	2	-	1 713	51 365	27 220
	1975	27	19	3	5	-	2 202	88 975	48 870
Industrial Policies and Programming Programme	1971	11	8	-	3	-	2 104	37 350	28 101
	1972	23	4	14	5	-	2 788	40 600	48 998
	1973	17	5	6	5	1	3 616	32 140	55 164
	1974	15	7	3	5	-	1 849	39 500	42 517
	1975	9	5	2	1	1	898	23 775	16 350

RECAPITULATION:

	Total published	Total printed pages	Total printing cost (\$)
1971	73	8 379	95 060
1972	105	11 878	163 239
1973	82	9 718	135 667
1974	55	5 326	96 917
1975	57	4 227	85 880

^aThe figures in this table do not completely correspond to those published in the Annual Reports for 1973 and 1974 as all sales publications and printed publications of major interest that have received a general global distribution have been included. The cost of the copies required for sales is included; the revenue from such sales is, however, credited to miscellaneous income.

In May 1971, the exchange rate of the US dollar began to decline, causing an increase in the cost of printing. To offset these rising costs, UNIDO began to increase its capacity for internal composition, and finally succeeded in eliminating the high cost of external letterpress typesetting.

APPENDIX D

Studies under preparation or completed in 1975

Metallurgical Industries

- The iron and steel industry in developing countries—a preliminary case study of the present situation, prospects for development and international co-operation
- Updating of background paper "Establishment of prototype demonstration foundries in developing countries"
- Promotion of co-operation among developing countries—iron and steel industry
- UNIDO monographs on industrial development "Iron and steel industry"

Building Materials Industries

- Manual on match production for developing countries
- Manual on low cost automation for the furniture and joinery industry

Chemical, Pharmaceutical and Pulp and Paper Industries

- Hydrogenation of coal for the production of liquid fuels and chemicals
- International contraceptive study project

Fertilizer, Pesticide and Petrochemical Industries

- Directory of fertilizer production facilities, Part IV, Latin America
- Reference manual on manufacture of catalysts for fertilizer and petrochemical industries
- Case studies on development of pesticides industry in ESCAP region
- Study on fertilizer bulk blending and bagging
- Report on supply/demand projects for fertilizers

Light Industries

- Environmental considerations in the leather producing industry
- Study on a practical approach to establishing and maintaining acceptable quality levels of various types of semi-processed and finished leathers produced in developing countries for export purposes

General Industrial Techniques

- Study in integrated industrial complexes with minimized pollution
- Case studies of four industrial projects
- Study of synthetic versus natural products: pilot projects on the rubber industry and its impact on the environment
- Environmental considerations in the leather producing industry

Industrial Institutions

- Provision of jobs, building materials and housing through integrated construction and housing co-operatives
- Study on the role of industrial co-operatives on the development of rural areas
- National approaches to acquisition of technology in selected countries

Industrial Information

- Manual on the selection and use of computers for industrial information in developing countries
- Manual on the use of audio-visual aids in industry
- Manufacturing guide: lime
- Manufacturing guide: clothing industry
- Manufacturing guide: detergents

Industrial Management and Consulting Services

- Technical aspects of marketing industrial capital goods
- Management information systems in industry

Small-Scale Industries

- Technical co-operation activities of UNIDO in the small-scale industry field in East Africa
- The role of firms of engineering and management consultants in the promotion of small-scale industry in the developing countries
- Industrial co-operatives in developing countries
- Mergers in small industries in India
- Governmental and non-governmental action for small industry development
- Help and self-help
- Antecedentes Generales sobre el Desarrollo de la Subcontratación Industrial en Chile
- Estudio de un caso concreto relativo a las relaciones de subcontratación a escala nacional en la industria automotriz de la República de Corea
- Actividades de subcontratación en una nación en desarrollo: la India
- Criteria for selecting subcontractors
- Study of industrial estates in Iran
- Study of industrial estates in Turkey and Ecuador
- Study of industrial estates in Senegal
- Study of industrial estates in Pakistan
- Study of industrial estates in Cuba

Industrial Programming

- Selection of industrial priorities in developing countries
- Development planning experiences
- Guidelines for multi-level planning
- Guidelines for industrial development policy
- Regional co-operation: identification, selection, location and evaluation of projects
- Guide to the guidelines for project evaluation
- Long-term industrial strategy for the Arab region
- Africa two per cent: implications of the industrial development target for the year 2000
- Public investment priorities: the case of Peruvian industry
- Manual for the preparation of pre-investment studies
- Manual for project evaluation in Arab countries
- Capital goods industry in Mexico
- Industrial co-operation in the new international economic order
- Regional policy issues in African industrialization

Promotion of Export-oriented Industries

Studies on the experience of developing countries in export development, with special reference to the institutional machinery for export development from four selected developing countries

Handbook on industrial free zones

Assistance to the developing countries for export-oriented industrialization

The importance of measuring instruments in the developing industrial and commercial life

APPENDIX E

1975 in-plant group training programmes

<i>Field of industry</i>	<i>Host country</i>	<i>Number of participants</i>
Plastic technology	Austria	16
Diesel engines	Czechoslovakia	20
Industrial quality control	Egypt	22
Maintenance woodworking	Finland	9
Maintenance of railway equipment	Germany, Federal Republic of	18
Maintenance of biomedical electronic equipment	Hungary	16
Maintenance and repair	Italy	18
Integrated industrial management techniques	Italy	28
Basic chemical industries	Japan	7
Mechanical industry	Japan	9
Industrial co-operatives	Poland	19
Petrochemical industry	Romania	14
Electrical industry	Sweden	13
Maintenance systems	Sweden	21
Pulp and paper industry	Sweden	15
Quality control	Sweden	19
Iron and steel industry	Ukrainian SSR	39
Electric welding	USSR	19
Fertilizer industry	USSR	12
Industrial information	USSR	17
Metalworking industry	USSR	14
Standardization	USSR	20
	Total number of participants	<u>387</u>
	Total number of programmes	<u>22</u>

APPENDIX F

UNIDO involvement in country programming

TABLE 1. EXPECTED UNIDO SHARE OF UNDP COUNTRY PROGRAMMES—FIRST CYCLE
(By geographical region and by UNIDO programme component)
(In thousands of US dollars)

	UNIDO share		Projects ^a		Cumulative project expenditure	Balance for future implementation
	Value	Percentage of UNIDO total	approved up to 30.9.75	Pipeline		
By geographical region						
Africa	51 554	33.6	38 753	12 801	19 162	32 392
Americas	28 015	18.3	24 803	3 212	12 083	15 932
Asia and the Pacific	54 359	35.5	36 197	18 162	15 537	38 822
Europe and Western Asia	19 295	12.6	16 588	2 707	9 592	9 703
TOTAL	153 223	100.0	116 341	36 882	56 374	96 849
By programme/ programme component						
30.1	22 226	14.5	17 388	4 838	8 434	13 792
30.2	15 103	9.9	12 109	2 994	4 388	10 715
30.3	6 716	4.4	4 611	2 105	1 902	4 814
30.4	4 477	2.9	2 529	1 948	1 291	3 186
30.5	8 135	5.3	4 934	3 201	2 222	5 913
30.6	17 635	11.5	13 525	4 110	6 562	11 073
30.7	3 882	2.5	2 903	979	1 503	2 379
30.8	233	0.2	123	110	16	217
31.1	17 697	11.5	13 610	4 087	7 239	10 458
31.2	1 079	0.7	312	767	133	946
31.3	8 141	5.3	6 989	1 152	3 213	4 928
31.4	18 806	12.3	15 490	3 316	7 894	10 912
31.5	1 518	1.0	821	697	344	1 174
32.1	18 849	12.3	15 284	3 565	8 410	10 439
32.2	3 538	2.3	2 914	624	1 230	2 308
32.3	2 427	1.6	1 269	1 158	593	1 884
32.4	2 761	1.8	1 530	1 231	1 000	1 761
TOTAL	153 223	100.0	116 341	36 882	56 374	96 849

^aIncludes carry-over of unimplemented portions of projects approved prior to 1972.

TABLE 2. ANALYSIS OF PROJECTS WITHIN THE FIRST CYCLE OF UNDP COUNTRY PROGRAMMES, ASSIGNED SINCE 1972 OR EXPECTED TO BE ASSIGNED TO UNIDO, BY SIZE AND BY PROGRAMME COMPONENT^a
(In thousands of US dollars)

Programme component	Up to \$150,000		From \$150,001 to \$500,000		From \$500,001 to \$1,000,000		Over \$1,000,000		Total		Average size of projects
	No. of projects	Value	No. of projects	Value	No. of projects	Value	No. of projects	Value	No. of projects	Value	
30.1	81	3 153	22	6 790	10	7 329	5	7 603	118	24 875	211
30.2	35	1 470	10	3 390	6	4 846	6	9 318	57	19 024	334
30.3	46	1 917	6	1 966	4	2 325	2	4 294	58	10 502	181
30.4	31	1 389	12	3 777	2	1 222	-	-	45	6 388	142
30.5	37	1 819	10	3 384	7	4 834	1	1 104	55	11 141	203
30.6	61	2 141	19	5 379	6	4 269	4	5 501	90	17 290	192
30.7	16	264	6	2 353	4	2 243	-	-	26	4 860	187
30.8	2	23	-	-	1	505	-	-	3	528	176
31.1	28	824	15	4 112	13	9 749	5	7 539	61	22 224	364
31.2	6	392	-	-	3	1 948	-	-	9	2 340	260
31.3	32	1 471	11	3 497	2	1 290	2	2 788	47	9 046	192
31.4	33	1 738	16	5 137	10	7 486	3	4 284	62	18 645	301
31.5	10	452	1	220	3	2 345	-	-	14	3 017	216
32.1	52	3 331	14	4 197	14	10 516	5	6 275	85	24 319	286
32.2	16	1 043	5	1 089	-	-	1	1 112	22	3 244	147
32.3	22	1 196	4	1 143	1	523	-	-	27	2 862	106
32.4	3	101	2	434	1	725	1	1 432	7	2 692	385
TOTAL	511	22 724	153	46 868	87	62 155	35	51 250	786	182 997	233

^aFinancial provisions for the full duration of projects, i.e. beyond 1976 as applicable, are included.

APPENDIX G

UNIDO General Trust Fund

TABLE 1. IMPLEMENTATION OF APPROVED GTF PROJECTS AS OF 31 DECEMBER 1975
(In thousands of US dollars)

Status of project implementation	No. of projects	Programmed value (\$US)	Percentage of total programmed value
Completed	316 ^a	9 551	60.6
Under active implementation	77	4 886	31.0
Delayed in implementation	14	692	4.4
No action taken towards implementation	2	22	0.1
Cancelled	22	605	3.9
TOTAL	431	15 756	100.0

^aFigure includes both operationally and financially completed projects.

TABLE 2. CATEGORIES, NUMBER AND VALUE OF APPROVED GTF PROJECTS AS OF 31 DECEMBER 1975
(In thousands of US dollars)

Categories	No. of projects		Value (\$US)	
	1975	Cumulative	1975	Cumulative
Industrial equipment and other physical units	4	44	362	2 948
Training projects	22	118	1 497	6 528
Collection and dissemination of industrial information and promotional activities	35	128	1 025	2 565
Workshops and other technical meetings	10	57	296	1 268
Industrial surveys and research	5	47	173	551
Expert assistance	1	22	10	1 134
Plant design and laboratory investigations	-	15	-	604
Headquarters staff	-	-	59	158
TOTAL	77	431	3 422	15 756

TABLE 3. STATUS OF GOVERNMENTS' PLEDGES AS OF 31 DECEMBER 1975
(In US dollars)

Country	Cumulative pledges				Balance due
	1st-7th Pledging Conference	8th Pledging Conference	Total	Pledges collected	
Afghanistan	6 000	-	6 000	5 000	1 000
Algeria	75 000	-	75 000	75 000	-
Argentina	224 175	43 500	267 675	224 175	43 500
Austria	391 565	92 231	483 796	391 565	92 231
Bahrain	16 000	4 000	20 000	16 000	4 000
Bangladesh	3 000	1 500	4 500	-	4 500
Barbados	4 750	1 000	5 750	4 750	1 000
Belgium	285 250	256 410	541 660	285 250	256 410
Benin	2 000	-	2 000	1 000	1 000

TABLE 3 (continued)
(In US dollars)

Country	Cumulative pledges				
	1st-7th Pledging Conferences	8th Pledging Conference	Total	Pledges collected	Balance due
Bhutan	3 000	1 000	4 000	3 000	1 000
Bolivia	1 800	1 000	2 800	..	2 800
Brazil	90 000	15 000	105 000	90 000	15 000
Bulgaria	117 226	25 000	142 226	117 226	25 000
Burma	9 000	1 000	10 000	8 000	2 000
Burundi	1 000	..	1 000	..	1 000
Central African Republic	1 400	..	1 400	..	1 400
Chad	1 800	..	1 800	1 800	..
Chile	26 000	5 000	31 000	21 000	10 000
China	718 158	279 188	997 346	718 158	279 188
Colombia	12 000	..	12 000	8 000	4 000
Congo	7 000	..	7 000	..	7 000
Costa Rica	12 000	2 000	14 000	10 666	3 334
Cuba	163 089	30 675	193 764	163 089	30 675
Cyprus	8 785	256	9 041	8 785	256
Czechoslovakia	1 335 880	208 333	1 544 213	1 335 880	208 333
Democratic Yemen	4 080	..	4 080	4 080	..
Dominican Republic	..	1 000	1 000	..	1 000
Egypt	789 007	121 390	910 397	789 007	121 390
Ethiopia	2 240	..	2 240	1 120	1 120
Fiji	5 200	1 100	6 300	5 200	1 100
France	239 434	..	239 434	239 434	..
Gabon	41 674	..	41 674	41 674	..
Gambia	1 680	..	1 680	..	1 680
German Democratic Republic	247 281	125 490	372 771	247 281	125 490
Ghana	78 882	..	78 882	78 882	..
Greece	41 128	9 000	50 128	34 842	15 286
Guyana	8 127	..	8 127	8 127	..
Hungary	271 084	73 386	344 470	271 084	73 386
India	361 518	55 000	416 518	358 630	57 888
Indonesia	150 000	30 000	180 000	146 602	33 398
Iran	425 000	65 000	490 000	360 000	130 000
Iraq	86 856	50 000	136 856	71 212	65 644
Israel	70 000	..	70 000	20 000	50 000
Italy	2 076 141	276 141	2 352 282	1 800 000	552 282
Ivory Coast	37 942	..	37 942	31 124	6 818
Jamaica	28 000	4 000	32 000	28 000	4 000
Japan	225 000	..	225 000	225 000	..
Jordan	2 013	2 000	4 013	4 013	..
Kenya	25 291	3 522	28 813	21 769	7 044
Kuwait	200 000	50 000	250 000	160 000	90 000
Laos	6 200	1 500	7 700	4 200	3 500
Lebanon	35 043	..	35 043	27 809	7 234
Lesotho	6 500	1 000	7 500	6 500	1 000
Liberia	12 000	3 000	15 000	12 000	3 000
Libyan Arab Republic	255 375	..	255 375	255 375	..
Madagascar	8 163	9 091	17 254	8 163	9 091
Malawi	1 000	..	1 000	1 000	..
Malaysia	10 000	2 000	12 000	8 000	4 000
Mali	6 000	..	6 000	6 000	..
Malta	2 884	741	3 625	2 884	741
Mauritania	8 000	..	8 000	8 000	..
Mauritius	1 722	425	2 147	1 722	425
Mexico	60 000	12 500	72 500	60 000	12 500
Mongolia	9 430	1 800	11 230	9 430	1 800

Country	Cumulative pledges			Pledges collected	Balance due
	1st-7th Pledging Conferences	8th Pledging Conference	Total		
Morocco	66 979		66 979	66 979	-
Nauru	500		500	500	-
Niger	1 136	1 136	2 272		2 272
Nigeria	49 000	25 000	74 000	49 000	25 000
Oman	35 000	12 000	47 000	35 000	12 000
Pakistan	202 576	19 192	221 768	202 576	19 192
Peru	86 000	15 000	101 000	86 000	15 000
Philippines	120 000	20 000	140 000	100 000	40 000
Poland	435 071	60 241	495 312	435 071	60 241
Qatar	60 000		60 000	60 000	-
Republic of Korea	35 000		35 000	35 000	-
Republic of South Viet-Nam	6 000		6 000	5 000	1 000
Romania	280 162	60 362	340 524	280 162	60 362
Rwanda	9 167	1 500	10 667	9 167	1 500
Saudi Arabia	70 000	40 000	110 000	50 000	60 000
Senegal	6 000	6 000	12 000		12 000
Sierra Leone	3 000	1 000	4 000	2 000	2 000
Singapore	7 000	1 000	8 000	7 000	1 000
Somalia	3 000		3 000	3 000	-
Sri Lanka	21 000	3 000	24 000	15 000	9 000
Sudan	70 000	10 000	80 000	40 000	40 000
Swaziland	5 283		5 283	2 976	2 307
Switzerland	1 128 551		1 128 551	564 641	563 910
Syrian Arab Republic	14 500		14 500	14 500	-
Thailand	61 500	11 500	73 000	61 500	11 500
Togo	10 193	4 545	14 738	7 352	7 386
Trinidad and Tobago	35 000	4 237	39 237	35 000	4 237
Tunisia	35 000	5 000	40 000	35 000	5 000
Turkey	42 460	10 000	52 460	42 293	10 167
Uganda	1 200	800	2 000	1 200	800
Union of Soviet Socialist Republics	4 811 617	657 895	5 469 512	4 811 617	657 895
United Arab Emirates	25 000	30 000	55 000	25 000	30 000
United Republic of Cameroon	9 463	2 273	11 736	7 190	4 546
United Republic of Tanzania	19 817	1 761	21 578	18 056	3 522
Upper Volta	25 830	6 318	32 148	19 512	12 636
Uruguay	20 000		20 000	20 000	-
Venezuela	141 028	20 000	161 028	119 859	41 169
Yemen	3 000	1 000	4 000	1 000	3 000
Yugoslavia	775 000	200 000	975 000	775 000	200 000
Zaire	52 000		52 000	30 000	22 000
Zambia	23 242	4 200	27 442	23 242	4 200
Non-Governmental	29 281		29 281	29 281	-
TOTALS	18 191 329	3 101 139	21 292 468	16 972 182*	4 320 286

*Includes

a) 4 000 paid in advance for 1976 from Jamaica

b) 2 000 paid in advance for 1976 from Jordan

6 000

	7th Pledging Conference	1975	Total	Received	Balance due
Special purpose trust fund contribution of the Federal Republic of Germany	377 358	319 194	696 552	696 552	-

TABLE 4. CUMULATIVE STATEMENT OF PLEDGES AND OTHER AVAILABLE GTF RESOURCES AS OF 31 DECEMBER 1975

(In thousands of US dollars)

1.	Total pledges made as of 31 December 1975	21 292
2.	Pledges made in respect of 1976	(3 101)
3.	Unpaid pledges made prior to the 8th Pledging Conference	(1 225)
4.	Cumulative pledges collected	16 966
5.	Investment income as of 31 December 1975	1 267
6.	Exchange losses and bank charges	(824)
7.	Total available resources as of 31 December 1975	17 409
8.	Value of approved projects	(15 756)
9.	Overhead charges for support of delivery of projects	(118)
10.	Available resources for new projects not considering items 2 and 3 (item 7 less items 8 and 9) [plus value of cancelled projects amounting to \$605]	2 140

TABLE 5. IMPLEMENTATION OF FINANCIALLY AUTHORIZED GTF PROJECTS AS OF 31 DECEMBER 1975

(In thousands of US dollars)

	<i>Cumulative up to 31 December 1974</i>	<i>1975</i>	<i>Cumulative up to 31 December 1975</i>
1. Unimplemented balance of projects financially authorized brought forward to 1 January 1975		4 204	
2. Value of ongoing projects financially authorized	11 060	3 422	14 482
3. Total of financially authorized projects under implementation (item 1 plus 2)		7 626	
4. Expenditures	6 856	2 051	8 907
5. Unimplemented balance of projects financially authorized	4 204	5 575	5 575

TABLE 6. LIST OF GTF PROJECTS COMPLETED FINANCIALLY IN 1975^a

(In US dollars)

<i>Region/country</i>	<i>Project No.</i>	<i>Project title</i>	<i>Expenditure</i>
<i>Africa</i>			
Egypt	VC/EGY/70/012	Publication of the "Manual on the Use of Consultants in Developing Countries" in Arabic	1 800.00
	VC/EGY/70/014	Industrial equipment and other physical units - inspection equipment for the Engineering and Industrial Design Development Centre, Cairo	22 831.72
	VC/EGY/70/016	Feasibility study of industrialization of ilmenitic ore deposits	41 321.09
Madagascar	VC/MAG/71/006	Laboratory scale metallurgical investigations of processing ilmenite samples to titania-rich slag, pig iron and other marketable by-products	64 233.58

<i>Region/country</i>	<i>Project No.</i>	<i>Project title</i>	<i>Expenditure</i>
<i>Africa (continued)</i>			
Mali	VC/MLI/70/003	Industrial equipment and other physical units -- assistance to a small aluminium foundry	316.71
	VC/MLI/73/091	Assistance in the supply and operation of a small-sized repair workshop, mainly for agricultural equipment (phase I)	11 744.65
Senegal	VC/SEN/70/005	Central pilot workshop for general repairs and maintenance (Thies industrial estate)	12 012.68
Sudan	VC/SUD/73/026	Foundry and mechanical workshop	1 910.43
	VC/SUD/74/076	Investment programme for the development of the wood industry	1 108.40
United Republic of Cameroon	VC/CMR/71/022	Industrial equipment and other physical units -- complex service team in maintenance and repair of equipment	23 932.05
Industrial Development Centre of the Arab States	VC/IDC/70/023	Interregional correspondents for pesticides, fertilizers and petrochemicals in the IDCAS area	2 016.93
	VC/IDC/71/006	Individual training for IDCAS staff in UNIDO	5 240.23
	VC/IDC/71/012	Analysis of country surveys	1 065.30
	VC/IDC/72/024	Collection and dissemination of industrial information -- joint regional consultations on packaging in Arab countries	9 360.85
	VC/IDC/72/028	Workshop on industrial project analysis and evaluation	6 941.23
	VC/IDC/72/029	Sectoral study on the pharmaceutical industry sectors in Arab States	7 188.26
	VC/IDC/72/030	Sectoral study on the electrical manufacturing industries in Arab States	6 381.83
	VC/IDC/72/031	Industrial production and consumption forecasting for major manufacturing commodities during the Second Development Decade	3 589.09
	VC/IDC/72/035	Advisory service to collect and analyse industrial performance	7 724.80
	VC/IDC/72/036	Plan summaries and proposals for regional and national strategies for the Second Development Decade	2 777.44
	VC/IDC/73/032	Training workshop on project preparation and evaluation	6 806.81
	VC/IDC/73/068	Second phase of industrial production and consumption forecasting for major manufacturing commodities in Arab countries during the Second Development Decade	4 800.81
Regional	VC/IAF/72/001	Seminar on industrial information	854.91
	VC/IAF/72/004	Workshop on industrial project evaluation for the Entente Countries	9 516.29
	VC/IAF/73/001	Third regional seminar on UNIDO operations in co-operation with ECA for the least developed countries in Africa	20 495.86

TABLE 6 (continued)
(In US dollars)

Region/country	Project No.	Project title	Expenditure
<i>Africa (continued)</i>			
<i>Regional (continued)</i>			
	VC/IAF/73/037	Development of iron ore resources of countries South of Sahara	6 849.57
		Subtotal	<u>282 821.52</u>
<i>Asia and the Pacific</i>			
Pakistan	VC/PAK/73/030	Joint consultation on application of industrial research findings and services	5 481.86
		Subtotal	<u>5 481.86</u>
<i>The Americas</i>			
Bolivia	VC/BOL/71/003	Plant design and laboratory investigations - testing of raw materials (ceramic products)	2 149.77
Chile	VC/CHI/72/002	Co-operation of Chilean CORFO and other relevant organizations with electronic centres in Europe and Brazilian electronic centres	5 865.80
Regional	VC/RLA/72/007	Joint consultation with government officials and businessmen regarding development of industrial projects in El Salvador	4 825.10
	VC/RLA/73/079	In-plant training programme in industrial co-operation	46 934.63
	VC/RLA/74/038	Training course in the development of industrial exports	168.00
		Subtotal	<u>59 943.30</u>
<i>Europe and Western Asia</i>			
Austria	VC/AUS/73/017	National seminars on UNIDO operations	95.00
Democratic Yemen	VC/PDY/73/039	Complex service team in maintenance and repair of industrial equipment	329.63
Turkey	VC/TUR/73/001	UNIDO fair promotional activities (FPA) - 42nd Izmir International Fair	9 235.09
USSR	VC/SSR/72/001	Collection and dissemination of industrial information and promotion activities: Russian edition of <i>UNIDO Newsletter</i>	2 816.00
		Subtotal	<u>12 475.72</u>
<i>Interregional</i>			
	VC/GLO/71/002	Workshop on creation and transfer of metallurgical know-how	786.30
	VC/INT/69/028	Preparation of annotated bibliography on hydrogenation of coal and coal tar	5 412.92
	VC/INT/71/010	In-plant group training in the field of application of dyes and chemicals to textiles	2 602.46

<i>Region/country</i>	<i>Project No.</i>	<i>Project title</i>	<i>Expenditure</i>
<i>Interregional (continued)</i>			
	VC/INT/71/011	Industrial promotion service (IPS) at the 40th International Fair in Poznan, Poland	3 433.37
	VC/INT/71/012	In-plant group training for production engineers in the field of metalworking industry	66 210.85
	VC/INT/71/016	In-plant group training for engineers in the field of management of maintenance and repair services	112 995.79
	VC/INT/71/018	Training and upgrading of industrial information personnel: Course for industrial information officers and documentalists	6 515.92
	VC/INT/71/036	In-plant group training programme for engineers in the field of organization of standardization systems in manufacturing industries	98 502.20
	VC/INT/71/090	Fair promotional activities (FPA) at the 10th International Fair of Algiers	5 986.95
	VC/INT/71/093	In-plant group training programme in the field of maintenance and repair of instruments and measuring equipment	38 367.14
	VC/INT/72/027	4th in-plant group training for engineers in the field of pulp and paper industries	186.59
	VC/INT/72/035	Maintenance week in a developing country	1 462.86
	VC/INT/72/049	Regional seminar on machine tools for countries in Latin America	333.93
	VC/INT/72/057	In-plant group training for engineers in the field of fertilizer industry	34 722.19
	VC/INT/72/059	3rd seminar and training programme in plastics technology for developing countries	15 913.63
	VC/INT/72/060	12th seminar on UNIDO operations	21 410.45
	VC/INT/72/063	Seminar on UNIDO operations (headquarters staff)	23 009.77
	VC/INT/72/064	In-plant group training programme on integrated management	184 273.55
	VC/INT/72/095	Seminar for the stimulation of industrial research activities in developing countries of Asia	505.03
	VC/INT/72/098	Training of public industrial administrators	522.50
	VC/INT/72/102	Training programme in joint venture agreements	1 040.44
	VC/INT/72/103	Promotional meeting for the transfer of technology and know-how through subcontracting and licensing agreement	14 927.39
	VC/INT/72/113	Interregional seminar on operations of industrial planning systems	18 327.62
	VC/INT/72/115	Consultation of the selection of wood-working machinery for developing countries - study tour and visit to the Belgian woodworking machinery exhibition	419.19

TABLE 6 (continued)
(In US dollars)

Region/country	Project No.	Project title	Expenditure
<i>Interregional (continued)</i>			
	VC/INT/73/007	In-plant group training programme in the field of organisation of standardization of systems in manufacturing industries	88 097.40
	VC/INT/73/008	In-plant group training programme engineers in the field of fertilizer industry	50 990.69
	VC/INT/73/009	In-plant group training programme for production engineers in the field of metal working	63 847.83
	VC/INT/73/010	In-plant group training programme for engineers in the field of Diesel engines	63 261.37
	VC/INT/73/011	Training course for the upgrading of industrial information personnel	85 039.65
	VC/INT/73/016	14th seminar on UNIDO operations	30 596.49
	VC/INT/73/027	Network of correspondents - ANRT - France	18 512.57
	VC/INT/73/041	4th training programme in plastics technology	25 508.40
	VC/INT/73/052	In-plant group training in the field of electric welding	78 753.01
	VC/INT/73/053	In-plant group training in the field of shoe industry	94 766.47
	VC/INT/73/077	Elaboration and publication of a tentative reference manual on the manufacture of catalysts for the fertilizer and petrochemical industry	15 000.00
	VC/INT/73/094	In-plant training workshop on the production of refractories	64 587.53
	VC/INT/73/111	In-plant group training programme in the field of application of dyes and chemicals to textiles	19 236.96
	VC/INT/73/140	Training course for the upgrading of industrial information	90 513.74
	VC/INT/73/143	In-plant group training programme for engineers in the field of metalworking industry	60 527.08
	VC/INT/73/144	In-plant group training programme in the field of organization of standardization systems in manufacturing industries	88 624.14
	VC/INT/73/159	In-plant group training programme in the field of Diesel engines	66 743.85
	VC/INT/74/060	Programme for training in pharmaceutical industries	17 765.01
		Subtotal	<u>1 680 241.23</u>
		TOTAL	<u>2 040 983.63</u>

"The term "financially completed" means that the accounts of each of the projects in the list were closed during 1975; it does not imply, however, that the figures contained in the list were actual expenditures under the UNIDO General Trust Fund in 1975 (these figures are given in table 1). Most of the projects which were financially completed in 1975 were being implemented during 1973 and 1974; thus, the table does not present a true picture of implementation of UNIDO General Trust Fund projects during 1975.

APPENDIX H

Comparison of 1975 regular programme as approved by the Industrial Development Board and as delivered as of 31 December 1975

<i>Components</i>	<i>1975 regular programme</i>	
	<i>As approved by the IDB \$US</i>	<i>As delivered \$US</i>
<i>Training of developing countries' personnel in various industrial fields</i>		
Individual fellowships	410 000	311 230
Group training programmes	250 000	274 248
<i>Country expert services (except LDCs)</i>	—	24 229
<i>Special activities for the least developed of the developing countries</i>	500 000	373 134
<i>Regional and interregional advisers</i>	690 000	918 619
<i>Promotional and operational activities designed to encourage industrial co-operation among the developing countries</i>	50 000	43 945
<i>Consultations with Governments and advisory services to developing countries</i>	100 000	51 413
TOTAL	2 000 000	1 996 818

APPENDIX I

UNIDO Organization Chart

(As at 1 January 1976)

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THE EXECUTIVE DIRECTOR

Functions of UNIDO

Provides assistance to developing countries in the promotion and acceleration of their industrialization, in particular in the development, expansion, modernization and operation of their industries, including agro-based or agro-related industries and basic industries.

Undertakes operational activities to assist developing countries, including measures to achieve the effective application of modern methods of industrial production, programming and planning; the establishment and strengthening of industrial institutions; the development, adaptation and transfer of technology; and the training of technical and other personnel.

Provides a forum and acts as an instrument for the developing and the industrialized countries in their contacts, consultations and negotiations directed towards the industrialization of the developing countries.

Assists developing countries in obtaining external financing for industrial projects. Offers advisory services, in co-operation with other United Nations bodies, on the exploration and efficient utilization of natural resources, industrial raw materials, by-products and new products.

Co-operates with regional economic commissions in industrial development planning and in regional consultations, with particular attention to the needs of the least developed countries.

Develops concepts and undertakes action-oriented studies and research programmes designed to facilitate the foregoing activities.

Reviews and promotes co-ordination of all activities of the United Nations system relating to industrial development.

THE OFFICE OF THE EXECUTIVE DIRECTOR

1. Division of Policy Co-ordination
Office of the Director
Programme Development and Evaluation Section
Inter-Agency Programme Co-ordination Section
Negotiations Section
Field Reports: Monitoring Section
Non-governmental Organizations, and Business and Industrial Institutions Co-operation Section
Least Developed Countries Section
New York Liaison Office

Provides policy co-ordination in planning and implementing UNIDO programmes and activities, maintains liaison with UNDP, and evaluates the performance of all such programmes and activities;

Promotes co-operation and co-ordination of UNIDO activities with those of other United Nations bodies and specialized agencies, and provides substantive support to the General Assembly, the Economic and Social Council and other international conferences dealing with industrialization matters;

Promotes consultations and negotiations among Governments and organizations directed towards the implementation of the Lima Declaration and Plan of Action on Industrial Development and Co-operation;

Monitors field reports and maintains liaison with other units in UNIDO to ensure an effective response on the part of the organization to matters raised therein;

Co-operates and maintains liaison with non-governmental organizations and business and industrial institutions with a view to mobilizing these institutional resources for the industrialization of the developing countries;

Monitors and co-ordinates the work performed by the various units of UNIDO relating to the least developed countries;

Maintains contact with and follows developments in meetings held at Headquarters; carries out *ad hoc* tasks assigned by the Executive Director;

Develops special programmes and assists committees and task forces established by the Executive Director.

2. Division of Conference Services, Public Information and External Relations

Office of the Director

Secretariat of the Industrial Development Board

Conference Services Section

Governments and Intergovernmental Organizations Relations Section

Public Information Services Section

Provides the secretariat of the Industrial Development Board and its subsidiary organs;

Provides conference, language, editorial control and documentation services for UNIDO meetings and implements the UNIDO publications programme;

Maintains relations with Governments and intergovernmental organizations;

Provides information services and media coverage of UNIDO programmes and serves as an information centre for all United Nations activities and programmes.

International Centre for Industrial Studies
 Office of the Director
 Global and Conceptual Studies Section
 Regional and Country Studies Section
 Sectoral Studies Section
 Development and Transfer of Technology Section

Industrial Information Section

Develops concepts for industrialization;
 Undertakes research and studies on aspects of industrial development on global, regional and national levels and by sectors;
 Develops contacts on a broad scale and co-operates with the regional economic commissions and such institutions as universities, research centres, government departments and industrial enterprises in the mobilization of institutional resources for research and study programmes;
 Organizes seminars, symposia and expert group meetings;
 Prepares the *Industrial Development Survey* and bulletins;
 Reviews expert reports and incorporates field experience in the studies;
 Promotes research and studies for the development and transfer of technology.

Industrial Operations Division
 Office of the Director
 Investment Co-operative Programme Office
 Industrial Planning Section
 Institutional Infrastructure Section
 Factory Establishment and Management Section

Training Section
 Feasibility Studies Section
 Agro-industries Section
 Metallurgical Industries Section
 Engineering Industries Section
 Chemical Industries Section
 Project Personnel Recruitment Section
 Purchase and Contracts Services Section

Implements all operational activities of UNIDO;
 Manages in an integrated manner resources available for assisting developing countries in technical co-operation activities;
 Promotes industrial investment through the IBRD/UNIDO Co-operative Programme and other programmes; follows up investment decisions to assist developing countries in obtaining external financing for industrial projects, particularly those studied by UNIDO;
 Assists developing countries in industrial policy formulation and planning, in the establishment and strengthening of industrial institutional infrastructure, including industrial administration, standardization, quality control, industrial co-operatives and industrial information; and in the implementation of industrial projects and factory management;
 Promotes and assists in the training of personnel for industry;
 Conducts feasibility studies;
 Promotes the development of industries for both local and export markets, with particular emphasis on agro-industries, and metallurgical, engineering, chemical and petro-chemical industries;
 Recruits project personnel;
 Arranges the procurement of equipment and purchase of services required for the implementation of technical co-operation projects.

Administrative Services Division
 Office of the Director
 Financial Services Section
 Personnel Services Section
 General Services Section

Provides administrative support and legal services for UNIDO;
 Assists in administrative improvement efforts, conducts studies for the internal evaluation of administrative practices, provides services related to the computer system;
 Prepares draft budget estimates, provides financial control and other financial services;
 Recruits secretariat personnel and provides personnel services for all personnel;
 Provides building management, maintenance and office services.

APPENDIX J

Geographical distribution of the Professional and higher category staff of UNIDO as at 31 December 1975

<i>Number</i>	<i>Number</i>
Africa	
Algeria (1 USG, 1 P-5)	2
Benin (1 P-4)	1
Burundi (1 P-3)	1
Egypt (1 D-2, 1 D-1, 2 P-5)	4
Gambia (1 P-3)	1
Guinea (1 P-2)	1
Kenya (1 P-4)	1
Libya (1 P-3)	1
Mali (1 D-1, 1 P-4)	2
Mauritania (1 P-4)	1
Mauritius (1 P-4)	1
Morocco (1 P-4)	1
Nigeria (1 P-5)	1
Somalia (1 P-3)	1
Sudan (2 P-4)	2
Tunisia (2 P-4)	2
Uganda (1 P-4)	1
United Republic of Cameroon (2 P-3)	2
TOTAL	26
Asia and the Pacific	
Australia (1 P-5, 2 P-3)	3
Burma (1 P-3)	1
Cambodia (1 P-2)	1
China (1 P-4)	1
India (3 D-1, 1 P-5, 2 P-3)	6
Japan (1 P-5, 4 P-4)	5
Nepal (1 P-4, 1 P-3)	2
New Zealand (1 D-1, 1 P-5)	2
Pakistan (1 D-1)	1
Philippines (1 P-3)	1
TOTAL	23
Europe (Eastern)	
Bulgaria (1 P-4)	1
Byelorussia (1 P-3)	1
Czechoslovakia (2 P-3)	2
Hungary (1 D-1, 2 P-5, 1 P-4)	4
Poland (1 P-5, 3 P-4, 2 P-3)	6
Romania (2 P-4, 1 P-3)	3
Ukrainian Soviet Socialist Republic (1 P-2)	1
Union of Soviet Socialist Republics (1 D-2, 1 D-1, 4 P-5, 9 P-4, 11 P-3)	26
Yugoslavia (2 P-5, 1 P-4, 1 P-3)	4
TOTAL	48
Europe (Western)	
Austria (1 P-5, 3 P-4, 3 P-3, 1 P-2, 3 P-1)	11
Belgium (3 P-3)	3
Denmark (3 P-3, 2 P-2)	5
Finland (1 P-5, 1 P-2)	2
France (2 D-1, 2 P-5, 2 P-4, 2 P-3, 1 P-1)	9
Germany, Federal Republic of (1 D-2, 1 D-1, 2 P-5, 9 P-4, 5 P-3, 1 P-2)	19
Greece (1 P-2)	1
Ireland (1 D-1, 1 P-4)	2
Italy (2 P-5, 2 P-4, 2 P-3, 1 P-2)	7
Luxembourg (1 P-5)	1
Netherlands (1 D-1, 2 P-5)	3
Norway (2 P-5, 1 P-1)	3
Portugal (2 P-3)	2
Spain (1 P-4, 1 P-2)	2
Sweden (1 D-2, 1 D-1, 1 P-5, 1 P-4, 3 P-3)	7
United Kingdom (1 D-1, 4 P-5, 2 P-4, 4 P-3)	11
TOTAL	88
Latin America	
Argentina (1 D-1)	1
Bolivia (1 P-3)	1
Brazil (1 D-1, 1 P-5, 2 P-4)	4
Colombia (1 D-2)	1
Ecuador (1 P-5)	1
El Salvador (2 P-4)	2
Guatemala (1 P-2)	1
Mexico (1 P-4)	1
Panama (1 P-2)	1
Peru (1 P-2)	1
TOTAL	14
Middle East	
Afghanistan (1 P-2)	1
Cyprus (1 P-2)	1
Iran (1 P-4, 1 P-3)	2
Iraq (1 P-5, 1 P-4)	2
Israel (1 P-5, 1 P-4)	2
Jordan (1 P-4)	1
Lebanon (1 P-4)	1
Syrian Arab Republic (1 P-3)	1
Turkey (1 P-4)	1
Yemen (2 P-4, 1 P-2)	3
TOTAL	15

<i>Number</i>	<i>Number</i>
<i>North America and Caribbean</i>	
Canada (1 P-4, 2 P-3, 1 P-2)	4
Jamaica (1 P-4)	1
Trinidad and Tobago (1 P-3)	1
United States of America (1 D-2, 2 D-1, 10 P-5, 17 P-4, 8 P-3, 2 P-2)	40
TOTAL	<u>46</u>
<i>Non-Member States</i>	
Switzerland (1 D-1)	1
TOTAL	<u>1</u>
GRAND TOTAL	<u>261</u>
	(78 nationalities)

APPENDIX K

UNIDO technical assistance delivery to the least developed countries in 1975*

TABLE 1. DELIVERY TO THE LEAST DEVELOPED COUNTRIES, BY COUNTRY AND SOURCE OF FUNDS
(In US dollars)

Region/country	S/S						
	Regular programme	UNDP/IPF	Programme Reserve	Special Measures	Trust Fund	Special-purpose Trust Funds	UNIDO General Trust Fund
<i>Africa</i>							
Benin	3 000	151 298	-	56 014	-	-	-
Botswana	-	140 340	-	-	1 358	-	-
Burundi	-	104 740	-	25 881	-	-	-
Central African Republic	-	36 000	6 040	-	-	-	-
Chad	-	93 891	-	-	-	18 630	-
Ethiopia	7 945	82 560	-	78 020	-	-	-
Gambia	64 064	56 286	14 185	-	2 443	-	-
Guinea	-	256 835	-	34 469	8 128	-	-
Lesotho	-	77 458	-	1 992	5 426	22 542	-
Mali	-	-	1 295	87 562	23	-	84 655
Malawi	3 000	9 300	-	-	-	-	-
Niger	-	172 462	-	-	2 921	-	-
Rwanda	8 000	257 709	-	82 256	(4 815)	-	-
Somalia	-	200 021	-	-	-	12 700	183 943
Sudan	39 147	20 749	(15 000)	42 600	851	-	16 685
Uganda	5 000	273 612	(81 000)	2 568	-	(25)	-
United Republic of Tanzania	-	542 717	-	9 562	-	-	55 457
Upper Volta	5 079	114 478	-	31 080	-	6 920	-
Subtotal	<u>135 235</u>	<u>2 590 456</u>	<u>(74 480)</u>	<u>452 004</u>	<u>16 335</u>	<u>60 767</u>	<u>340 740</u>

TABLE 2. DELIVERY TO THE LEAST DEVELOPED COUNTRIES, BY GEOGRAPHICAL REGION AND SOURCE OF FUNDS, AND SHARE OF THE LEAST DEVELOPED COUNTRIES IN TOTAL TECHNICAL ASSISTANCE DELIVERY, BY REGION

(In thousands of US dollars and percentage)

Region	Regular programme	UNDP/IPF	SIS	Special-purpose Trust Funds	UNIDO General Trust Fund	Total - LDCs	Total - all countries ^a	Total LDCs as percentage of total all countries
Africa	135.2	2 590.4	393.9	60.8	340.7	3 521.0	9 362.0	37.6%
Americas	14.2	28.8	-	-	-	43.0	6 202.0	0.7%
Asia and the Pacific	28.6	544.4	112.1	2.4	1.5	689.0	7 621.0	9.0%
Europe and Western Asia	6.0	263.9	181.0	-	(0.3)	450.6	5 226.0	8.6%
TOTAL	184.0	3 427.5	687.0	63.2	341.9	4 703.6	28 411.0	

^aExcluding \$5.13 million for regional and interregional projects.

TABLE 3. SHARE OF THE LEAST DEVELOPED COUNTRIES IN TOTAL TECHNICAL ASSISTANCE DELIVERY, BY SOURCE OF FUNDS

(In thousands of US dollars and percentage)

	Regular programme	UNDP/IPF	SIS	Special-purpose Trust Funds	UNIDO General Trust Fund	Total
1. Total - all countries ^a	426.0	23 201.0	3 586.0	667.0	531.0	28 411.0
2. Total - least developed countries	184.0	3 427.5	687.0	63.2	341.9	4 703.6
3. Item 2 as percentage of item 1	43.2%	14.8%	19.2%	9.5%	64.4%	16.6%

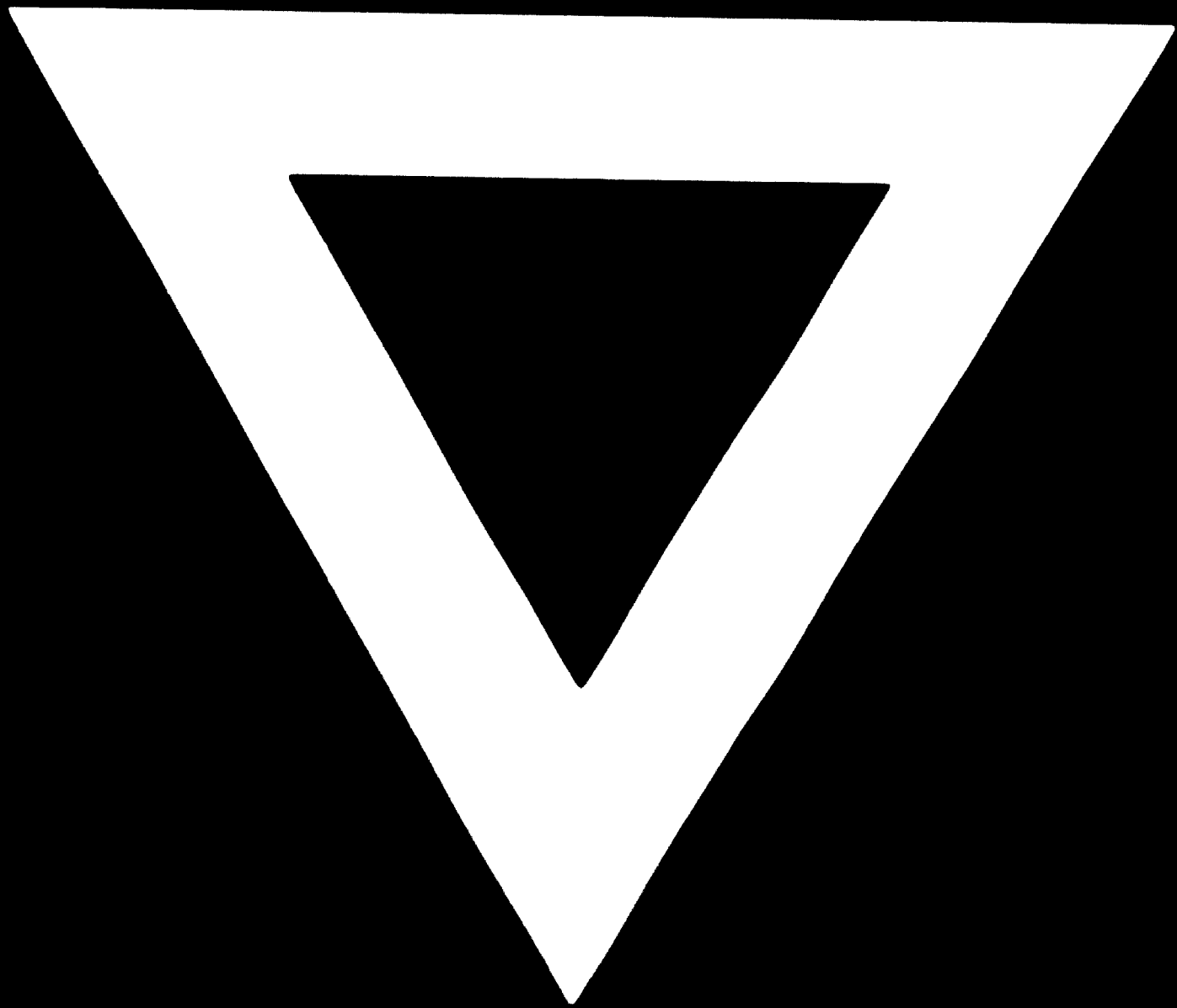
^aExcluding \$5.13 million for regional and interregional projects.

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