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MISSION REPORT TO FIVE LEAST DEVELOPED COUNTRIES
IN AFRICA AND THE MIDDLE EAST^{1/}

THE PEOPLES' DEMOCRATIC REPUBLIC OF YEMEN, SOMALI DEMOCRATIC REPUBLIC,
UNITED REPUBLIC OF TANZANIA, DEMOCRATIC REPUBLIC OF SUDAN,
THE YEMEN ARAB REPUBLIC

During the period 6 July - 13 August 1976

by

K. AHMED
Acting Chief
Least Developed Countries Section
Policy Co-ordination Division

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PURPOSE OF THE MISSION:

The mission was dispatched to five least developed countries, (3 in Africa and 2 in the Middle East), with the aim of achieving the following objectives:

- I) To assess needs in the least developed countries through exchange of views with the government officials concerned on their requirements for technical assistance and to discuss with them the tentative project proposals (portfolio of projects) which have been prepared by the Least Developed Countries Section, with a view of assisting in identifying technical assistance needs and priorities on the basis of their development plans and priorities to enable UNIDO to continue its contacts with the potential donors to make possible the flow of resources from different sources of finance for the benefit of these countries;
- II) To exchange views on proposed Special Measures in favour of the least developed countries required by the Lima Declaration and Plan of Action on Industrial Development and Co-operation which was reflected in the UNIDO Working Paper No. OED/17 Rev. 1 dated 11 May 1976:
"Formulation of Policies and Special Measures in favour of the least developed, land-locked and island-developing countries," prepared by the Least Developed Countries Section, with a view of obtaining their views and suggestions concerning the required special measures;
- III) Prepare for the Inter-governmental Expert Group Meeting on Industrialization of the LDCs scheduled to take place in Vienna during the period 15-24 November 1976;
- IV) To review activities initiated by UNIDO and proposed future plans under consideration, in favour of the least developed countries, with the aim of introducing innovations in UNIDO practices in the field of

THE PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

I. INTRODUCTION:

The Peoples Democratic Republic of Yemen was visited during the period 6 to 17 July 1976.

Mr. Shameem Ahmed, Officer-in-Charge, UNDP in Aden, has briefed me about the situation in this country. He indicated that the emphasis previously was on the provision of services and now the priority is the development of production sectors; agriculture and fishery. Industry comes third in the list of priorities. As regards the manufacturing sector, there is a great need for diversification of production. The following industries are given attention by the government:

- a.) building materials and construction
- b.) fish industry

In connection with the fish industry, he indicated that exchange of views has taken place between Mr. Abdelwahab, SIDPA and FAO representative in Aden concerning co-operation of the two organizations in this industry. One of the areas which were indicated for such co-operation is the production of spare parts for the fishing fleet and fish processing factory. He indicated that the outcome of these discussions is awaited.

Great efforts are being made by the government to develop the rural areas and build the necessary infrastructure for economic development.

As a result of exchange of views with the Officer-in-Charge of UNDP Office in Aden, several points were clarified about UNIDO's activities and programmes in favour of the least developed countries. Clarifications of the situation of the Special Measures Fund was made on the basis of Mr. Morse*, Administrator, UNDP, New York, Circular Letter No. PRO/301/SIS/ORG/130/3 UNIDO/DOF/254 of 11 June 1976 and the possibilities available for the

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*The author of this report was sick listed during the period

technical assistance, so as to remove constraints and improving the quality of delivery of UNIDO programmes to the satisfaction of these countries.

Peoples Democratic Republic of Yemen for submitting pipelines projects and reactivating some of the requests which have been postponed due to lack of funds for consideration under Special Measures Fund and SIS.

II. TECHNICAL ASSISTANCE

A) Project Proposals Submitted by UNIDO:

Exchange of views on UNIDO's activities and programmes in favour of the least developed countries took place with the Undersecretary and Deputy Minister of Industry who expressed interest and appreciation for UNIDO's initiatives concerning the preparation and submission of the project proposals which form a good base for formulating the technical assistance needed by Yemen. He indicated that based on the detailed discussions and review of the project proposals in the joint meeting attended by the Director of Planning, Ministry of Planning, Director, Department of Industrial Affairs, Ministry of Planning, Representative of the Ministry of Industry, Team Leader, UNIDO Advisory Unit in the Ministry of Industry and the author of this report, the project proposals tentatively agreed upon would be finalized and official requests would be forwarded to UNIDO in due course. The following project proposals have been identified as suitable projects required by the government:

1. Assistance in the Establishment of Dates Packing in Seyoun
(Estimated Cost: US\$300,000)
2. The Establishment of Food Testing and Quality Control Laboratory
(Estimated Cost: US\$123,200) Great interest has been shown in the project proposal since no facility is available for testing of imported raw materials or manufactured goods in Yemen. It was also indicated that it may be feasible to consider it along with the standardization and quality control project.
3. The Establishment of Standard Workshop (Estimated Cost: US\$712,000)

This project would be considered after the implementation of

project SM/PDY/75/006 - Assistance to the Revolutionary Workshop, which would be undertaken by 2 UNIDO experts.
In this connection, the government is urging UNIDO to expedite assigning the two experts.

4. Review and Consolidation of Existing Reports and Data on Intermediate Technology (Estimated Cost: US\$4,000)
5. Integrated Project on Technological Transfer from Developing Countries to Least Developed Countries: Simple Engineering Production (Agricultural tools and implements, simple metal products, spare parts, etc.) (Estimated Cost: US\$708,000)
6. Assistance in the Development of Chemical Industry Based on Indigenous Raw Materials (Estimated Cost: US\$12,000)
7. Assistance in the Establishment of a Soap Factory (Estimated Cost: US\$108,000)
8. Establishment of Mechanical Workshop, Forgeshop, and Foundry (Estimated Cost: US\$740,000) - The Government of the Peoples Democratic Republic of Korea is assisting Peoples Democratic Republic of Yemen under bilateral technical assistance arrangement in establishing a mechanical workshop for production of simple agricultural machinery and spare parts.

Further technical assistance from UNIDO in form of experts and additional equipment would be considered after the completion of the survey which would be undertaken by two UNIDO experts (Assistance to the Revolutionary Workshop)

As regards the establishment of a foundry, it was mentioned that detailed study of the availability of raw materials would be essential. In this connection, UNIDO's experience in assisting Sudan and Somalia was mentioned by me to the officials participating in the meeting. To benefit from such experience, I expressed UNIDO's

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readiness to consider arranging for officials of the Peoples Democratic Republic of Yemen to visit the Foundries in Somalia and in the Sudan for exchange of views, under the Co-operation Among Developing Countries Programme. Accordingly, this project proposal would be considered at a later stage.

9. In-Plant Group Training Programme in the Field of Fleet Maintenance (maintenance of trucks and buses) (Estimated Cost: US\$104,180)

It was proposed that this project would be referred to the Ministry of Transport for their consideration.

- B) The Following Project Proposals would be combined into one large scale project:

- a. Introduction of Management Information System to the Public Holding Company (Estimated Cost: US\$146,000)
- b. Assistance in the Management of State Enterprises (Estimated Cost: US\$170,000)
- c. Increasing Industrial Capacity Utilization (Estimated Cost: US\$270,000)
- d. Accelerated Factory Establishment (Estimated Cost: US\$450,000)

- C) The Following Additional Project Proposals Resulted From the Discussions:

1. Assistance to the Tannery - Indications have been made that based on the finalization of the UNIDO's Expert Report, request for additional equipment within the range of US\$300,000 would be made. It was proposed that UNIDO should arrange to finance the required equipment from the voluntary contribution e.g. Czechoslovakia or any other source of financing. A request would be forwarded to UNIDO in due course.

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2. Assistance to Textile Mill - A Textile Mill (capacity 7 million meters per year) has been established as a result of technical co-operation between the Peoples Democratic Republic of Yemen and the Peoples Democratic Republic of China. Although the government is quite satisfied with the mill, it was indicated that technical assistance from UNIDO under SIS or other sources would be required in 1977 in the following areas:

- a) Industrial Management (Management System)
- b) Training of top Managers
- c) Establishment of a Training Institute or Center

3. The Industrial Advisory Unit - Ministry of Industry

There is a great need for assessing the industrial advisory unit by assigning two Associate Experts to assist UNIDO Experts, as follows:

- Assistant Mechanical Engineer for a duration of 6 months
- Assistant Cost Accountant for a duration of 6 months

III. SPECIAL MEASURES REQUIRED FOR LDCS:

After reviewing UNIDO's programme of work in favour of the least developed countries, exchange of views took place concerning the suggested special measures required for these countries based on the proposals reflected in UNIDO's Working Paper on "Formulation of Policies and Special Measures in favour of the least developed countries." (Doc. OED/17/Rev. 1)

The Undersecretary and Deputy Minister for Industries indicated his appreciation for UNIDO's efforts and initiatives. He indicated that he would forward to UNIDO his detailed comments and proposals on the Special Measures in due course. In the meantime, as an urgent matter, he emphasized the importance and urgency that UNIDO should find solutions for the problem of delay in implementing technical assistance projects particularly projects

financed under SIS funds. And accordingly, he emphasized that any practical steps and measures in this direction would be of great help to the LDCs.

IV. INTERGOVERNMENTAL EXPERT GROUP MEETING:

The Under-Secretary and Deputy Minister expressed his readiness to participate in the Intergovernmental Expert Group Meeting on the Industrialization of LDCs, scheduled to take place in Vienna during the period 15 - 24 November 1976.

V. REVIEW OF UNIDO OTHER ACTIVITIES:

As requested by some sections in IOD, I made inquiries about the following projects:

1. Printing Industry - The follow-up of Mr. Abcu-Elela's mission for assisting management and operation of printing press proposed by UNIDO is presently under consideration by the authorities concerned and UNIDO would be advised in due course.
2. ECWA Joint Industry Division proposals - ECWA (Economic Commission for Western Asia) was corresponding with UNIDO concerning the following 3 projects:
 1. Drying, Salting and Smoking of Fish
 2. Storage and Use of Refined Petroleum Products
 3. Demand Projection for Textile Industry

ECWA expressed readiness to finance some of the posts for the implementation of the above 3 projects and inquired whether UNIDO would be in a position to participate in financing and recruiting the experts. UNIDO indicated agreement in principle and expressed readiness to consider these projects upon receipt of official requests. In inquiring about these projects, Officer-in-Charge of UNDP indicated to me that they have

not been informed by ECWA and no official correspondence was sent to his office regarding these projects.

3. Pharmaceutical Industry - UNIDO's proposal for technical assistance is under consideration by the authorities.
4. Solar Salt Expert - TS/PDY/75/005 - The Government has bilateral arrangement with the Peoples Democratic Republic of Chian for implementing this project. However, UNIDO's assistance might be considered at a later stage.
5. Seminar on Project Preparation and Implementation - The Government is anxious that UNIDO should implement this project as soon as possible.
6. Reorganization of the Revolutionary Workshop - SM/PDY/75/006
The government is urging UNIDO to expedite assigning the 2 selected candidates.
7. Experts in Plastic Industry - IS/PDY/75 The information provided by UNIDO prior to proceeding on mission indicates that an expert was ready to undertake the mission provided that UNDP will approve the project. The Officer-in-charge, UNDP advised me that the project is already approved and accordingly, UNIDO should take the necessary action to field the expert.
8. Organic Fertilizer Plant - PDY/74/01/17 - UNDP, New York, agreed to finance the first phase of this project under Capital Development Fund. The Government was in the process of signing an agreement with UNDP for the establishment of the Pilot Plant. The project would be implemented jointly by the Ministry of Industry and the Ministry of Agriculture. I have indicated UNIDO's readiness to continue its efforts by implementing this project.

LIST OF PEOPLE WITH WHOM DISCUSSIONS WERE HELD:

UNDP OFFICE:

1. Mr. Shameem Ahmed, Officer-in-Charge
2. Mr. Lashim Ahmed, Programme Officer

MINISTRY OF INDUSTRY:

1. Mr. Yassin Saeed Noaman, Undersecretary and Deputy Minister

MINISTRY OF PLANNING:

1. Mr. Zudhi Saeed, Director of Planning
2. Mr. Jaafar Hamid, Director, Department of Industrial Affairs
3. Mr. Abdulla Aulaki, Planning Officer

UNIDO EXPERTS:

1. Mr. Krishnaswami, UNIDO Team Leader, Industrial Advisory Unit
2. Mr. Abou Yussin, Expert in Establishment of Building Materials
3. Mr. S. K. Desay, Cost Accountant Expert

SOMALI DEMOCRATIC REPUBLIC

I. INTRODUCTION:

Somali Democratic Republic was visited during the period 17 to 21 July 1976:

Mr. R. Stefanson, Officer-in-charge of UNDP, in Mogadiscio, indicated his satisfaction with UNIDO's initiative for proposing technical assistance projects and taking steps towards obtaining funds from new sources for financing technical assistance projects for the benefit of the LDCs in a time in which UNDP is facing critical financial difficulties. He indicated that the expenditure ceiling under IPF for Somalia in 1977 would be very limited and accordingly, critical situation would arise since it would be difficult to continue some of the on-going projects which were envisaged to continue in 1977. The main concern is to save as many important on-going projects as possible. He indicated that one of the possible measures to be considered is the utilization of associate experts to replace some experts, where appropriate, after consultation with all concerned. In this connection, he mentioned that the Government in general preferred where possible multilateral execution of projects even if they are financed from a bilateral source.

In reply to my question regarding the status of the proposed small factory to be donated by the Bulgarian authorities in co-operation with UNIDO, he mentioned that he has informal information that equipment may be requested from Bulgarian authorities as additional input to FAO project - Animal By-Product Utilization - DP/SOM/72/010. In this connection, I have also heard from another source that the government's preference would be for the original project proposal of establishing facilities for the manufacturing of irrigation pumps. However, the delay in

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taking the final decision regarding this project is due to the recent changes in the leadership in the Ministry of Industry in Somalia. (a new minister and undersecretary have been recently appointed).

Mr. Stefanson referred to the case of Mr. G. Bechthold, Associate Expert (Building Materials) - DP/SOM/74/002, provided from Federal Republic of Germany financing who was withdrawn from Mogadiscio as a result of a request from the Government of Somalia. He indicated that the associate expert's attitude towards the Government of Somalia and Somalia was very negative and he felt that the Government's decision was justified. On the other hand, he emphasized the importance of recruiting urgently a replacement for him.

II. TECHNICAL ASSISTANCE

a) Project Proposals Submitted by UNIDO:

Review of the project proposals submitted by UNIDO under cover of our letter of 8 June 1976 took place during the meetings with the Acting Director General of State Planning Commission and the Officer-in-charge, Department of Co-ordination, State Planning Commission and the Undersecretary of the Ministry of Industry and his assistant.

Satisfaction and appreciation for UNIDO's initiative for assisting the LDCs was expressed by the officials in the State Planning Commission and the Ministry of Industries. As a result of the detailed discussions of project proposals, the following projects have been selected either by the Planning Commission or the Ministry of Industry or both organizations as suitable projects and for which final requests would be made in due course:

1. Strengthening of the Ministry of Industry (Estimated Cost: US\$488,000) The project proposals would be combined with another project proposal entitled "The Industrial Accountancy Systems and Staff."

2. The Setting-Up of a Model Agro-Industrial Complexes consisting of vegetable factory for the production of edible oil and oil cakes combined with animal feed production plant. (Estimated Cost: US\$235,000)
3. Production of Animal Feed and other Industrial Products Utilizing Bananas - Banana stem as raw materials, (Estimated Cost: US\$730,000)- Great interest has been shown in this project.
4. The Establishment of Food Testing and Control Laboratory (Estimated Cost: US\$123,200) - The Ministry of Industry is interested in this project and they indicated that already UNIDO expert, Mr. Paul Terlizzi, Chemical Engineer, has prepared a technical report concerning the establishment of a multi-disciplinary testing laboratory in Somalia. The Ministry of Industry is intending to consider including Mr. Terlizzi's proposal in the Country Programme. Accordingly, it would be feasible to combine the two proposals into one.

(A copy of Mr. Terlizzi's report is available in the LDCs Section). The State Planning Commission officials indicated that they would discuss this project proposal with the Ministry of Industry and finalize their decision regarding it.
5. Establishment of Pilot Community Food Processing Center - (Estimated Cost: - three phases - US\$1,050,000.) Since presently the main priority is to increase the production of food to face the situation resulted from the drought, this project proposal would be considered in due course.
6. An Integrated Project of Technology Transfer from Developing Countries to LDCs: Simple Engineering Products, Agricultural tools and implements, simple metal products, spare parts, etc. (Estimated Cost: US\$708,000). This project would be considered in due course.

7. Consulting Services for Implementing a Fertilizer Plant - (Ammonia) and (Uria) - (Estimated Cost: US\$16,500). Since the projection based on the available data was that the minimum economical feasible capacity for the plant should be 90,000 tons per year, while the present consumption in Somalia is 10,000, which is not expected during the next 5 years, to exceed 40,000 tons while many oil producing Arab countries in the Gulf are producing fertilizers the whole project, is still under study and no final decision has been made. However, UNIDO's proposal would be considered in due course after reaching a final decision concerning the establishment of the plant.
8. Assistance in the establishment of Chemical Industries Based on Indigenous raw Materials (Estimated Cost: US\$12,000)
UNIDO's assistance in processing of castor oil would be requested under the umbrella of this project.
9. In-Plant Group Training Programme in the Field of Fleet Maintenance (Maintenance of Trucks and Buses) Estimated Cost: US\$104,108 This project proposal would be brought to the attention of the concerned authorities for their consideration.
10. Consulting Services to Industries - (The Estimated Cost: US\$100,084)
It was indicated that already a technical unit to undertake consultancy activities has been created in the State Planning Commission. It is composed of Economist, Agronomist; Accordingly, assistance for strengthening this unit would be required.
11. Increasing Industrial Capacity Utilization (Estimated Cost: US\$270,000). This project proposal is needed. They would consider combining elements of this project with the proposed Consultancy Services to Industries indicate above (Project No. 10).

In this connection, it was mentioned that FERO Somalia Steel Mill is standing still. This Mill was originally owned by an Italian Firm and presently owned by Somalian Development Bank. A request for rehabilitation of this Mill would be made in due course.

12. Accelerated Factory Establishment (Estimated Cost: US\$450,000)

It was indicated that this project is not needed immediately but it would be considered in due course.

B) Additional Projects:

1. Maintenance and Repair of Bio-Medical Equipment (Estimated Cost: US\$1,022,000) - This project proposal was not included in the portfolio of project proposals. The project concept was accepted in principle. It would be referred to the Ministry of Health.
2. Maintenance and Repair of Power Generation Equipment-(Estimated Cost: US\$2,500,000)- They agreed in principle to the project concept. The project proposal would be considered after consultation with the concerned ministry.

III. SPECIAL MEASURES REQUIRED FOR LDCs;

General exchange of views took place with the officials concerned on the required Special Measures for aiding the LDCs in the acceleration of their industrialization. Satisfaction with the general concepts reflected in UNIDO's Working Paper No. OED/17 Rev. 1 on Formulation of Policies and Special Measures in favour of the LDCs, was indicated. Detailed comments and proposals would be forwarded to UNIDO in due course.

The Officer-in-charge, UNDP, proposed that as part of the special measures required, UNIDO should consider, in planning its activities and programmes in favour of the LDCs, a complementary approach among the LDCs and the developing countries. In this connection, he referred to possibility of complementary approach between Somalia and Peoples' Democratic Republic of Yemen.

He also emphasized the importance of continuing and intensifying UNIDO's efforts and to find new sources outside the UN for financing technical assistance projects. In this connection, he mentioned the technical assistance provided to Somalia by some organizations, e.g. (MISEREOR) for establishing pilot plants for production of simple agricultural machinery for assisting in accelerating integrated rural development.

Another proposal made by the Officer-in-charge was the association of several technical assistance organizations in the execution of one project.

IV. INTER-GOVERNMENTAL EXPERT GROUP MEETING:

In reviewing with the Undersecretary of Ministry of Industry UNIDO's supporting activities in favour of LDCs, he expressed readiness to participate in the Intergovernmental Expert Group Meeting on the Industrialization of LDCs which is scheduled to take place in Vienna during the period 15 - 24 November 1976.

V. REVIEW OF UNIDO'S OTHER ACTIVITIES:

1. Country Programme IPF - 1977

All the IPF programme for 1977 is presently under consideration by the Government of Somalia and UNIDO would be advised in due course about the situation.

The officials of the State Planning Commission and the Ministry of Industry indicated that they would consider including in the Second Country Programme the following on-going UNIDO projects, e.g.

- a. The Strengthening of Ministry of Industry
- b. Foundry and Workshop

2. Assistance to Sugar Industry - It was indicated that the services of Sugar Expert who was financed under IPF and had left due to UNDP financial difficulties, is needed by the Government. A request for

reassigning him for 3 months would be made for financing his post under Special Measures Fund, or other funds.

3. Gypsum Project: Arrangement for financing under IPF post of Gypsum Expert was made;
4. Production of Bricks: It was indicated that the Peoples Democratic Republic of China is assisting Somalia in production of bricks. The basic problem encountered is the very high cost of energy. The Somalian Government is interested in benefiting from the experience of Burundi in this aspect. However, technical assistance from UNIDO in this area would be considered in due course.
5. Donation of Small Factory by Bulgarian Authorities: The government officials indicated that UNIDO would be requested to arrange for fielding the suggested joint mission in September 1976 for finalizing the project.

UNIDO Experts:

In the meetings with some UNIDO experts assigned in Mogadiscio, I was able to exchange views with them about UNIDO activities and their projects. I understand that the response of UNIDO's Headquarters to their correspondence is not satisfactory. They indicated that there was delay in receiving replies to their letters. Specific examples were quoted. One expert complained about the quality of substantive guidance provided by his back-stopping officer in UNIDO. He indicated that comments on his reports were mere repetition of the contents of his report.

LIST OF PERSONS WITH WHOM DISCUSSIONS WERE HELD OR ACQUAINTANCE MADE:

UNDP OFFICE:

1. Mr. R. Stefanson, Officer-in-charge, UNDP
2. Mr. M. H. Hirad, Programme Assistant Officer

MINISTRY OF INDUSTRY:

1. Mr. Ahmed El Sheikh Eisa, Undersecretary, Ministry of Industry
2. Mr. Aden Amin, Director, Public Sector Corporations

STATE PLANNING COMMISSION:

1. Mr. Hussein El Abeh Fahiyeh, Acting Director General of State Planning Commission
2. Mr. Abdi Ismail Kahin, Department of Co-ordination, State Planning Commissions

OTHER GOVERNMENT OFFICIALS:

1. Mr. Mohammed Warsaman, Adviser, Economic Affairs Committee, Supreme Revolutionary Council

UNIDO EXPERTS:

1. Mr. A. Assad, Project Manager, Foundry and Mechanical Workshop
2. Mr. Obehr, Designer, Foundry and Mechanical Workshop
3. Mr. Chatergry, Patent Expert, Foundry and Mechanical Workshop
4. Mr. Girgis, Project Manager, Strengthening the Ministry of Industry
5. Mr. Paul Terlizzi, Chemical Engineering Adviser, Strengthening the Ministry of Industry
6. Mr. Shafgat Ali, Industrial Economist, Strengthening the Ministry of Industry

UNITED REPUBLIC OF TANZANIA

I. INTRODUCTION:

United Republic of Tanzania was visited during the period 22 to 26 July 1976.

The Resident Representative of UNDP in Dar es Salaam, United Republic of Tanzania briefed me on the status of the Country Programme in Tanzania and indicated that the Government is preparing its proposals for the Country Programme, which is scheduled to be ready in September 1976 for submission to UNDP. He indicated also that in 1977, only, 4.7 million dollars would be made available for Tanzania under IPF and accordingly, there would be close study of the whole situation with the government for finalizing the Country Programme.

The proposals made by UNIDO for inclusion in the Country Programme would be taken into consideration by the Resident Representative during the exercise of the preparation of the Country Programme based on the government's priorities and final decision.

He indicated that industrial development would be given high priority in the development plan. He mentioned that, unofficially, he understood that the government policy would aim at strengthening rural development.

Exchange of views on the SM fund for LDCs and SIS, RP and VC funds took place. I have briefed him on UNIDO's activities and programmes in favour of the LDCs.

Mr. Arefalk, UNIDO Junior Professional Officer, assigned to UNDP's Office in Dar Es Salaam as Assistant to SIDFA in Nairobi, (SIDFA's post remained vacant after transfer of Mr. Millager) arranged for me a very successful programme of meetings with several senior officials in the Ministry of Industry and some parastatal organizations concerned with industrial development in Dar es Salaam and attended all these meetings. It is worth mentioning that he succeeded in maintaining good contacts with Senior Government Officials in a relatively short time. In fact, he is presently working as a programme officer in UNDP handling

programmes of a number of UN agencies including UNIDO.

II. TECHNICAL ASSISTANCE

A) Project Proposals Submitted by UNIDO:

As a background for reviewing UNIDO's project proposals, the Principal Secretary of the Ministry of Industry indicated that since 95% of the population of Tanzania are living in the country side, rural development is given top priority. One of the measures taken by government in order to enable the rural areas to effectively develop themselves, is the decentralization of the government and delegation of authorities to the regions, Regional development directors with full power, were appointed and entrusted with economic development activities. The central ministries prepared the national plans based on the regional programmes which reflects the districts programmes based on their priorities and needs. The Prime Minister's office is responsible for the co-ordination of the activities of the 20 regions and accordingly, there would be projects at the ministries level as well as at the regional and district levels. In this connection, he mentioned that SIDO (Small Industrial Development Organization) is also concerned with projects connected with the rural development and is working with the Ministry of Industry and channels its programmes through the Prime Minister's Office which is responsible for "industrial development for the masses".

He indicated that one area in which emphasis is put is the Production of basic goods for consumption of the masses and provision of other facilities of production to help in supplying goods to meet other needs and provide services. And accordingly, agriculture is the base for Tanzania 's development, for achieving the following targets:

- a. production of enough food
- b. production of enough raw materials for industry
- c. production of cash crops

Based on the above, manufacturing sector is to produce consumer goods and products which would support agriculture, e.g. agricultural implements, fertilizer, etc.

As a result of reviewing the project proposals with the Principal Secretary, Ministry of Industry and the senior officials in some public corporations, the following project proposals were selected. All the selected project proposals would be finalized and forwarded to UNIDO in due course after consultations with the Ministry of Finance and Planning and with other organizations concerned with industrial development:

1. Demonstration Plant for Fruit Processing - (Estimated Cost: US\$196,000). (Selected by the Ministry of Industry)
2. Provision of a Common Service Facilities in the Field of Tools Maintenance in a large Urban Area to cater for Small Entrepreneurs - (Estimated Cost: US\$65,000) - The Principal Secretary agreed to the project proposal and referred it to SIDO (Small Industrial Development Organization), who indicated interest in it in a subsequent meeting.
3. Construction of Low Cost Prefabricated Wooden Bridges - (Estimated Cost: US\$48,000) - Interest in this project was expressed by the Principal Secretary. This project would be referred to TWICO (Tanzania Wood Industrial Corporation) as well as to the Prime Minister's Office, since it is related to the rural development.
4. Pilot Wood Drying Plant to be run on Co-operative Basis by the smaller Entrepreneurs (Estimated Cost: US\$44,000). This project would be referred to TWICO.
5. Development of Timber Preservation in Rural Areas Through A Mobile Pressure Impregnation Cylinder (Estimated Cost: US\$70,000) This project was referred to SIDO (Small Industrial Development Organization) who expressed interest in requesting it.

6. The Establishment of Food Testing and Control Laboratory
(Estimated Cost: US\$123,200) - It was indicated that although the Central Government Laboratory is carrying some of the activities which are reflected in the project description, such activities are not undertaken on regular basis. A request for Voluntary Contribution financing would be forwarded to UNIDO after finalizing the plans concerning this activity which is being prepared by SIDO. It was also suggested that Tanzania Food and Nutrition Centre would consider requesting assistance from UNIDO for provision of additional equipment. Some of the existing laboratories in the country are as follows:
- a. Central Bathology Laboratory
 - b. Welcome Laboratory
 - c. Veterinary Laboratory
 - d. Tanzania Food and Nutrition Centre
7. Development of a Systems Approach for the Construction of Low Cost Wooden Buildings for Dwellings and/or Institutional Purposes(Estimated Cost: US\$75,000). The Ministry of Industry indicated interest in the project proposal. It would be referred to the Ministry of Housing and Urban Development for their consideration.
8. Assistance in Developing the Secondary Wood Processing Industries (furniture and joinery)- Estimated Cost: US\$24,000 to US\$32,000 - The Ministry of Industry proposed to refer this project to TWICO and SIDO. In subsequent meetings with SIDO, great interest was shown in this project. A request would be forwarded to UNIDO in due course.
9. Establishment of a Pilot Community Food Processing Centre
(Estimated Cost: US\$1,050,000). SIDO expressed interest in this

project and indicated that they have been approached by the Irish Development Authorities to assist them in crushing oil and assistance in food preservation, vegetable and fish processing. The offered assistance would be in terms of provision of experts who would be financed by Tanzania

10. Establishment of a Network of Technical Village Workshons as Model Scheme at Arusha and Dodoma Region: Agricultural tools and implements and simple metal products (Estimated Cost: US\$500,00)

The Principal Secretary expressed agreement with the concept of the project and indicated that Arusha is not the suitable region for this project as indicated in the proposal. He suggested that this project should be referred to SIDO and the Prime Minister's office for consideration and modification. SIDO agreed to the project concept and indicated interest in requesting assistance after introducing the necessary modifications.

11. Integrated Project on Technological Transfer from Developing Countries to LDCs: Simple Engineering Products, Agricultural Tools and Implements, Simple Metal Products, Spare Parts (Estimated Cost: US\$276,000)- Both the Ministry of Industry and SIDO indicated interest in this project.

12. Establishment of a Soap Factory - (Estimated Cost: US\$108,000)

The Ministry of Industry indicated that some soap factories are operational and accordingly, no pilot plant is needed. What is required is upgrading of the quality and production particularly of the toilet soap.

SIDO indicated interest in having a toilet soap production pilot plant along the lines reflected in the project proposal.

13. Assistance in the Development of Chemical Industries based on Indigenous Raw Materials - (Estimated Cost: US\$12,000) - This

project has been agreed to by the Ministry of Industry, SIDO and MDC (National Development Corporation).

14. Assistance in the Establishment of a Small Integrated Iron and Steel Industry (Estimated Cost: US\$72,000) - The Ministry of Industry indicated that a study is being undertaken by Federal Republic of Germany concerning this project. However, the Government would consider requesting UNIDO's assistance at a later stage.
15. Establishment of a Mechanical Workshop, Forgeshop, and Foundry (Estimated Cost: US\$740,000) - A Feasibility study for the Workshop has been prepared. A programme of action would be formulated by the Ministry of Industry and accordingly, this project proposal would be considered at a later stage.

SIDO also expressed interest in this project.
16. In-Plant Group Training Programme in the Field of Fleet Maintenance, maintenance of trucks and buses (Estimated Cost: US\$104,180)

This project would be referred to National Transport Corporation.
17. Industrial Marketing and Distribution Systems - (Estimated Cost: US\$180,000) - The project would be referred to the Board of Internal Trade for their consideration.
18. Introduction of Management Information Systems to the Public Holding Company (Estimated Cost: US\$146,000). It was suggested that this project should be referred to the Textile Corporation for their consideration.
19. Accelerated Factory Establishment (Estimated Cost: US\$450,000)

The Ministry of Industry indicated interest in this project.
20. Increasing Industrial Capacity Utilization (Estimated Cost: US\$270,000) - The Ministry of Industry is very much interested in this project and the Principal Secretary informed me that a letter was sent to the Resident Representative of UNDP requesting

assistance in this area based on the initiative of the LDCs Section reflected in UNIDO's letter of 8 June 1976 to Tanzania.

NDC (National Development Corporation) also indicated interest in this project.

21. Production of Animal Feed and other industrial products utilizing bananas as banana stem as raw materials (Estimated Cost: US\$730,000). This project would be requested by SIDO.

B. Additional Projects:

The Principal Secretary for Industry indicated that in addition to projects mentioned above, a number of requests would be made by his Ministry based on the priorities indicated above in accordance with Tanzanian Development Strategy.

1. Maintenance and Repair of Bio-Medical Equipment - (Estimated Cost: US\$1,022,000). The Ministry of Industry expressed interest in this project. It would be referred to the Ministry of Health.
2. Maintenance and Repair of Power Generation Equipment - The project idea was agreed to. It would be referred to Tanzania Electrical Supply Corporation.
3. Petroleum Development Corporation - I understand from Mr. Panfil , a UNIDO Expert that there is need for technical assistance for this co-operation. He indicated that there is a need for UNIDO Headquarters exploratory mission in drawing terms of reference for assistance to PDC. I expressed UNIDO's readiness to consider fielding the proposed mission requested by Tanzania.

4. Boat Building - SIDO indicated that they are interested to receive assistance to boat building. I draw attention to the assistance provided by UNIDO expert assigned to Tanzania Fishing Corporation. They indicated to me that their intention is to build small boats, and accordingly, the scope of their project is different from the on-going project.
5. Expansion of Plastic Production - NDC (National Development Corporation) would be interested in requesting UNIDO in due course to assist in the expansion of plastic production.
6. Building Materials - NDC would forward in due course a request for assistance for expansion of the production facilities in this sector.
7. Lining of Sisal Bags by plastic - NDC is considering requesting UNIDO to assist in lining the sisal bags by using plastic for protection of sugar, cement and fertilizers from moisture.
8. Assistance to National Development Corporation (NDC) - In a meeting with Mr. S. Irshad Husain, Director, National Development Corporation, exchange of views took place regarding the technical assistance required by NDC and he indicated that the approach of his organization is to associate potential investors at early stages of the project, e.g. pre-feasibility or feasibility studies, with the aim of involving them and raise their interest at the investment stage. In this connection, he referred to the Pulp and Paper Project for which the feasibility study was prepared by a Finnish Company financed by SIDA. The World Bank has expressed interest to provide 50 million dollars while SIDA and other organizations would provide additional financing (the total cost would be 200 million dollars and the capacity would be 75,000 tons per year).

The basic industries which are given priority by NDC and for which technical assistance would be required in due course are chemical sector, iron and steel, pulp and paper.

9. Projects for which bilateral co-operation and technical assistance are being provided or would be requested from UNIDO and other organizations:

- a. Fertilizer Project - The plant work with capacity of 30%. A team from India composed of 10 experts is assessing and advising on capacity utilization.
- b. Tanneries and Shoe Manufacturing: Italian collaborator and Investment Advisory Centre of Pakistan are helping the tanneries and shoe industries. Two tanneries are presently under construction.
- c. Pharmaceutical Industry - NDC is collaborating with the Finnish Company called Orion for the establishment of a Pharmaceutical Industry. Orion has already made a study and the project would be implemented in 1977 or early 1978 for production of general drugs for local markets. It is expected to substitute 50% of the imported drugs. In this connection, reference was made to the project proposals made by UNIDO for the Pharmaceutical Industry in Zanzibar and I understood that the government is interested in implementing this project.
- d. Glass Sheet Factory - NDC indicated their interest to request assistance from UNIDO towards the end of the year or early in 1977 for the realization of this project. I was informed that the study of this project was prepared by 3 groups (India Glass Factory and National Institute of Ceramics, etc.). Belgium was approached for financing this project.

10. The following projects are presently under early stage of investment:

- a. Machine tools (study completed)
- b. Electrical Complex (study being undertaken by the Republic of Germany)
- c. Caustic Soda (this project is a pre-requisite for the paper project)
- d. Starch Complexes from Cassava (Cassava study is already requested)
- e. Diesel Engines - Production of industrial study centre in Sweden helping in the study.
- f. Ceramic project - The quantity and quality of raw materials justify establishing this industry. Mr. Gostavburg from Sweden is preparing feasibility study and laboratory research.
- g. Leather Research Centre - FAO is expected to assist in this project.

11. Utilization of World Bank Loan to Tanzania:

As a follow-up to UNIDO's suggestion to assisting Tanzania in some priorities projects to be financed from the 5 million dollars loan which was provided by World Bank to Tanzania for use in financing technical assistance projects, I was informed that the Investment Co-operative Programme Office (UNIDO) was advised about the possibilities of associating UNIDO with the loan. It was indicated that a Feasibility Study Unit would be established in September 1976 in the Investment Bank. In this respect, TIB (Tanzania Investment Bank) has entrusted TATA, an Indian Consulting Firm to set the feasibility study unit within the TIB. The Unit would process and administer the 5 million dollars loan. The main function of the unit

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would be to co-ordinate and assist in project preparation for technical assistance. The unit would co-ordinate the technical assistance required by parastatal organizations.

Accordingly, TIB (Tanzania Investment Bank) would be involved in identification, appraisal and promotion of projects and fellowships. It was indicated that they might need UNIDO's assistance in specific areas in due course.

12. Assistance to Tanzania Mining Corporation

In a meeting with the senior officials of the corporation, they indicated that their main problem is shortage of skilled man-power for the development of the mineral resources and their utilization. They indicated their appreciation for the assistance provided by UNIDO in terms of the two experts presently working for the corporation:

- a. salt expert
- b. coal expert

I have been informed by the senior officials of the TMC, that they have approached the Ministry of Finance and Planning for arranging for the extension of these two experts by 1 year each. They also indicated that another salt expert is needed for assisting small scale projects along the coast. Accordingly, an SIS request would be forwarded to UNDP in due course.

TMC is intending to request the Ministry of Finance and Planning to include a number of OPAS experts under the Second Country Programme. They indicated that if they do not succeed in including the required technical assistance in the Country Programme, they would approach UNIDO for financing these posts from other sources. The experts, required would be mainly in the area of mineral dressing (phosphates, gypsum, etc.)

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13. Boat Building

UNIDO Expert (Boat Building), who has been assigned in Tanzania since October 1975 and his contract is expiring in September 1976 prepared his recommendations for the consideration of the authorities. It is expected that his proposals would be considered for inclusion in the Country Programme. I was informed that the expert is effectively assisting Tanzania by training nationals and his efforts are appreciated. I understood from the expert that he forwarded to UNIDO 2 reports, 2 letters and a telegram and no reply was received by him. Furthermore, the expert did not know who is the UNIDO officer backstopping his project.

14. Pyrethym:

As requested by the Chemical Industries Section to inquire about the status of this project and the information that this project would be assigned to FAO for execution, I was informed that there are two separate projects, as follows:

1. Development of Pyrethym (agricultural aspect) FAO project
2. Industrial Processing of Pyrethym project (UNIDO project)

Due to UNDP financial difficulties, both projects would not be implemented in 1977 but there is a possibility that both projects would be considered during the cycle of the Second Country Programme.

15. Assistance to Small-scale Industries

I was informed that SIDO is requesting the authorities concerned to include in the Country Programme funds for the continuation of the post of UNIDO expert in small-scale industries for a duration of 2 years and to provide funds for financing a large programme of training.

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Furthermore, SIDO is requesting UNDP financing for meeting partially the cost of 8 to 9 experts (4 experts are envisaged to work in the Headquarters and 5 experts in the regions). The proposed project also includes equipment (3 cars) and the Estimated Cost is US\$454,600. SIDO would pay salaries for these experts based on Tanzanian rate of payment - US\$500 per month. (These experts are known to SIDO), and UNDP would pay the difference. This measure has been proposed by the authorities to UNDP and reaction is awaited.

III. SPECIAL MEASURES:

The Principal Secretary of the Ministry of Industry expressed his interest in preparing detailed comments on the proposed special measures required for LDCs, which was reflected in UNIDO Working Paper No. OED/17 Rev. 1 dated 17 May 1976 prepared by LDCs Section based on Tanzania's experience and forwarding them to UNIDO in due course.

I handed over to Director of SIDO (Small Industrial Development Organization) a copy of the Working Paper No. OED/17 Rev. 1. He indicated his readiness to prepare detailed comments on the proposed Special Measures for the LDCs for forwarding to UNIDO.

IV. INTERGOVERNMENTAL EXPERT GROUP MEETING:

The Principal Secretary of the Ministry of Industry indicated his readiness to participate in the Inter-governmental Expert Group Meeting on Industrialization of LDCs scheduled to take place during the period 15 to 24 November 1976.

V. REVIEW OF UNIDO'S OTHER ACTIVITIES:

1. Country Programme:

During the exchange of views with the Principal Secretary of Industry concerning UNIDO proposals for the Second Country Programme which is due to be finalized in September, particular reference was made by him to TISCO

(Tanzania Industrial Study and Consulting Organization). He indicated the interest of his Ministry to include this project in the Second Country Programme as an additional input to the project which is expected to be aided by SIDA. In this connection, I understood from my discussions with the Resident Representative that SIDA's aid to this project will depend on the appointment of the Principal counterpart as a condition for providing the required assistance. The Resident Representative indicated that it might be rather difficult to include this project in the Country Programme since UNDP continued to finance this project for the last 11 years.

As regards the other projects proposals made by UNIDO for inclusion in the Second Country Programme, the Principal Secretary indicated their readiness to consider including these projects.

LIST OF PEOPLE WITH WHOM DISCUSSIONS WERE HELD:

UNDP OFFICE:

1. Mr. G. Grisogono, Resident Representative
2. Mr. O. Arefalk, Junior Professional Officer (UNIDO)

MINISTRY OF INDUSTRY:

1. Mr. Fulgence M. Kazaura, Principal Secretary

SIDO (Small Industrial Development Organization)

1. Mr. B.P. Mramba, General Manager of SIDO
2. Mr. Ghosh, UNIDO Expert on Small-scale Industries

NDC (National Development Corporation)

1. Mr. S. Irshad Husain, Director of NDC

SNC (State Mining Corporation):

1. Mr. Bugaisa, Deputy Director of State Mining Corporation
2. Mr. W. C. K. Lumambo, Director of Manpower Development and Administration
3. Mr. S. Ndeyatabala, Manager of Manpower Development State Mining Corporation

TISCO (Tanzania Industrial Study and Development Centre)

1. Mr. Carrer, Project Manager
2. Mr. B. Edmon, Expert on Industrial Financing
3. Mr. D. M. Mbaya, Industrial Economist (Counterpart)

TIB (Tanzania Investment Bank):

1. Mr. Ivan Johns (UNIDO Expert)

OTHER UNIDO EXPERTS:

1. Mr. Myer (UNIDO Expert) Boat Building Project

THE DEMOCRATIC REPUBLIC OF THE SUDAN

I. INTRODUCTION:

The Democratic Republic of Sudan was visited during the period 28 July
7 August 1976

In my meeting with the Minister of Industry, I was informed that industry is expected to play an important role in the economic development of the Sudan. The Government is following a policy which aims at acceleration of industrialization, particularly the agro-based industries, e.g. about 15 plants in the textile sectors. some erected, others under construction or in advance stage of promotion, 3 tanneries and a number of sugar plants, etc. accordingly, there is need for reorganization of the entire manufacturing sector and strengthening of the administrative machinery to enable the Ministry of Industry to play its expanded role. In this connection, it is worth-mentioning that based on the exchange of views which took place between the Minister of Industry and UNDP Headquarters during his recent visit to New York, UNDP sent on 29 June 1976 a letter for the comment of the Resident Representative in Khartoum, concerning their proposal for fielding a joint UNDP/UNIDO mission to be led by Professor Nehrt to consider the requests presented to them by the Minister for Strengthening the Ministry of Industry. They indicated that they would consider approving US\$30,000 from the Special Measures Fund for LDCs for financing the mission. They also pointed that the Minister indicated readiness to contribute to the financing of this project.

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* 2 days annual leave included

The proposed project aims at strengthening the Ministry of Industry:

- a) Assistance in Establishment of a Central Bureau for Industrial Statistics, Industrial Information and documentation to be provided by an expert of industrial information
- b) Experts for Strengthening the Project Planning Division of the Ministry of Industry (Project Preparation and Evaluation Unit) to assist in:
 - (i) project preparation
 - (ii) project evaluation
 - (iii) project implementation

I was informed by the Officer-in-charge, UNDP, that EEC (European Economic Council) will assign a resident representative in Khartoum and it is likely that EEC would be requested to assist financially, fully or partly, the Ministry of Industry in establishing the proposed unit for project identification, preparation and evaluation.

In the debriefing session with the Officer-in-charge of UNDP, I was informed that the IPF which would be made available for expenditure in 1977 would be US\$2 millions. This level of expenditure would make it very difficult to continue the important projects in many sectors. In this meeting, exchange of views with the Officer-in-charge of UNDP regarding the different technical assistance funds including Special Measures Fund for LDCs. I informed him about UNIDO's efforts to increase its funds from the different sources of technical assistance for financing projects in the LDCs.

I reviewed with UNDP Officer-in-Charge the results of my meetings with the Minister of Industry, Director General of Project Planning in the Ministry of Industry and his assistants, Undersecretary, Ministry

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of Finance and Planning, Secretary-General, National Council for Scientific and Technological Research and the Director of Solar Energy Institute.

UNDP Officer-in-charge comments on some of the projects are indicated in the related parts of this report.

He expressed satisfaction with the SIDFA competence and success in maintaining good relations with the officials in the Ministry of Industry and UNDP's office. He proposed that UNIDO should keep SIDFA informed with the latest development concerning different projects to enable him to follow-up with the Government.

II. TECHNICAL ASSISTANCE

A) Project Proposals submitted by UNIDO:

The project proposals submitted by UNIDO were well received and appreciation for UNIDO's initiative was indicated during the meetings which reviewed these proposals. The following project proposals were tentatively selected and official requests would be forwarded to UNIDO in due course.

1. Advisory Team on Industrial Planning (Estimated Cost: US\$113,000) - The Director General of Project Planning pointed that this project would be a good contribution to the efforts in reorganizing the Ministry of Industry and accordingly, it would be reformulated.
2. Pilot Community Food Processing Center (Estimated Cost: US\$1,050,000) This project was reviewed in the Ministry of Industry and it was decided that it should be referred to Shambat Nutrition Centre for their consideration.

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3. Provision of Common Service Facilities in the field of tool maintenance, in large urban area to cater for small entrepreneurs. (Estimated Cost: US\$65,000)
It would be considered later after a decision is made on the institutional and organizational aspects.
4. Construction of Low cost Prefabricated Wooden Bridges (Estimated Cost: US\$48,000)
5. Pilot Wood Drying Plant to be run on a Co-operative Basis (Estimated Cost: US\$44,000)
6. Development of Timber Preservation in Rural Areas Through a Mobile Pressure Impregnation Cylinder. (Estimated Cost: US\$70,000). The project would be referred to the Forest Department for their consideration.
7. Establishment of a Pilot Mobile Saw Mill
8. Establishment of Food Testing and Control Laboratory - (Estimated Cost: US\$123,200)- Interest was indicated for receiving technical assistance concerning this project along the lines reflected in the project proposals after introducing the necessary modification.
9. Development of a System Approach for Construction of Low Cost Wooden Buildings for Dwellings and/or Institutional Purposes. US\$75,000). This project would be referred to the Forest Department and Building Material Development Centre in the University of Khartoum.
10. Assistance in Developing Secondary Wood Processing Industries (Estimated Cost: US\$24,000 - 32,000) This project is to be considered after consultation with the other ministries concerned, e.g. Forest Department.
11. Assistance for developing an integrated rural industrial development programme in Wad-Medani-Gezira Area (in-

co-operation with Sudanese Savings Bank, Directorate and the Sudan Gazira Board) (Estimated Cost: US\$50,000)

The Ministry of Finance and Planning indicated their agreement with the project concept. This project would be referred to the Sudanese Savings Bank in Wad Madani.

12. Assistance for Establishment of an Integrated tractor, Assembly and Implement manufacturing factory: Technical Advisory Team (Estimated Cost: US\$384,000) - This project is indicated in the development plan. A number of international corporation are bidding to construct the factory. Assistance from UNIDO along the line proposed in this project would be considered in due course.
13. Review and Consolidation of Existing Reports and Data on Intermediate Technology: (Estimated Cost: US\$41,000) Both the Ministry of Planning and Ministry of Industry indicated need for this project.
14. An Integrated Project on Technology Transfer from a developing country to the LDCs: simple engineering products (agricultural tools and implements, simple metal products, spare parts, etc.) (Estimated Cost: US\$708,000). The Ministry of Finance and Planning indicated interest in this project.
15. Establishment of a Pilot Printing House - (Estimated Cost: US\$540,000). Since a large scale government printing press is operational in Khartoum, there is no need for a pilot printing house. A request for technical assistance for improvement of the government printing press would be made in due course.
16. Consulting Services from Implementing Fertilizer Project - (Estimated Cost: US\$16,500) It was indicated by the

officials of the Ministry of Planning that this project proposal is suitable and they would consider requesting technical assistance from UNIDO. The officials of the Ministry of Industry indicated that N-REN, an American Firm will take care of this project on basis of a joint venture.

16. Revitalization of the Equipment of Aroma Paper Factory
(Estimated Cost: US\$12,000) The officials of the Ministry of Planning indicated that they will follow up the matter with the Yugoslavian authorities, since the equipment have not been officially handed over to Sudan Government.
17. Development of a Pharmaceutical Industry (Estimated Cost: US\$12,000) - This project would be requested as indicated by officials of both the Ministry of Planning and Industry.
18. In-Plant Group Training Programme in the field of fleet maintenance (maintenance of trucks and buses) (Estimated Cost: US\$104,180) Contacts would be made with the organizations concerned with this project, e.g. Touzi Centre and other organizations.
19. Establishment of Standard Workshops (Estimated Cost: US\$750,000)
20. Industrial Marketing and Distribution Systems - (Estimated Cost: US\$180,000)
21. Introduction of Management Information System to the Public Holding Company (Estimated Cost: US\$146,000)
22. Assistance in the Management of State Enterprise - (Estimated Cost: US\$170,000)
23. Accelerated Factory Establishment - (Estimated Cost: US\$450,000)

24. Increasing Industrial Capacity Utilization (Estimated Cost: US\$270,000)
25. Assistance in establishing and developing consultancy services - (Estimated Cost: US\$336,000)
26. Assistance in the development of chemical industries based on indigenous raw materials (Estimated Cost: US\$12,000)
27. Repair and Maintenance of Bio-Medical Equipment - (Estimated Cost: US\$1,022,000) - This project would be referred to the concerned Ministry.

B) Additional Projects:

Furthermore, in addition to the request indicated by the Minister of Industry mentioned on page 33 - 34, Strengthening the Ministry of Industry, the following additional projects would be requested in due course: -

1. Assistance to Solar Energy - The National Council for Scientific and Technological Research is interested in obtaining technical assistance from UNIDO (experts, equipment and fellowships). The priorities of the Solar Energy Institute is: 1) drawing of solar map for the region 2) collection of basic data and 3) use of solar energy in the following:
 - i. dehydration of vegetable, fish and fruits
 - ii. irrigation pumps
 - iii. coolers
 - iv. brick manufacturing

A UNIDO Headquarter exploratory mission would be requested for preparing a request for UNIDO technical assistance.

2. Establishment of Drug Research Institute (Regional)
(Estimated Cost: US\$1,022,000) - The Secretary General,

of National Council for Scientific and Technological Research, indicated great interest in this project and pointed out that one of his sub-councils has already started some activities in development of drugs from indigenous raw materials. A request for a UNIDO Headquarter exploratory mission would be made for drawing detailed terms of reference for the project.

3. Production of starch and glucose from Cassava in the Southern Region of the Sudan. Need for technical assistance from UNIDO was indicated by the officials of the Ministry of Industry.
4. Assistance to the Ministry of Industry in financial and costing - In a meeting with the Director General of the Project Planning Division of the Ministry of Industry attended by an official from the World Bank who was visiting Sudan on Mission, the Director General expressed the wish that UNIDO and the World Bank would join hands to assist his ministry in the following areas:
 - a) Cost Accounting Systems at the factory level
 - b) Financial relationship between the Central Government (Ministry of Treasury and Planning) and the industrial corporations regarding taxes and corporations budgets. Both myself and the representative of World Bank indicated readiness to co-operate and consider assisting in accordance with the terms of reference of our respective organizations.
5. Assistance to Textile Sector - The Minister of Industry and the Director of the Spinning and Weaving Corporation

(15 plants) indicated their interest to receive assistance through a consulting firm or individual experts to assist in the following areas:

- a) Reorganizing the spinning and weaving sector to ensure efficient and accelerated implementation of the projects planned in this sector (technical and managerial)
- b) Evaluation of the development plan of the textile sector
- c) Feasibility of establishing manufacturing facilities for the production of spare parts for the textile mills. A UNIDO Headquarters mission would be requested to exchange views and prepare terms of reference for this project.

Furthermore, the Minister indicated that he would consider including a large scale project for textile sector in the Second Country Programme.

6. Assistance to the Leather Sector - Both the Minister of Industry and the Director of the Leather Corporation indicated interest in receiving assistance from UNIDO for developing this sector (An integrated Leather Programme).

A request based on the recommendations of UNIDO experts was prepared and forwarded to the Resident Representative for financing under IPF in the Second Country Programme. The following assistance is indicated under the request:

- 1 - leather technologist
- 2 - industrial engineer
- 3 - Senior Adviser on Quality Control (Leather Industry)
- 4 - Footwear and leather production expert
- 5 - Marketing and Export Promotion expert

The Director of the Leather Corporation indicated interest in establishing an integrated centre for development of leather and leather products. It was proposed that either a UNIDO Headquarters mission visit Sudan for consolidating all previous recommendations and prepare a large scale project for assisting this sector or the Director of the Corporation visits UNIDO and finalize this project with the officials concerned.

7. Assistance for Establishment of Department of Transfer of Technology in the Ministry of Industry - The Minister of Industry pointed out that his Ministry would reactivate the request from assistance from UNIDO in establishing a department for transfer of technology as part of the project for strengthening of the Ministry of Industry indicated in the introduction of this report.
8. Pesticides Project: - As a follow-up to UNIDO's assistance for this project, I handed over to the Minister a copy of the recommendations made by UNIDO for the realization of this project. The Minister indicated interest to consider assistance for this project under IPF (Second Country Programme)

9. Assistance to the Sudan in the design, implementation and construction of industrial projects: - I referred to the earlier proposal submitted by UNIDO for assistance in this area. The Minister show great interest in requesting assistance in this project to be financed under the IPF Second Country Programme.

III. SPECIAL MEASURES FOR LDCS:

Review of UNIDO's planned programmes and supporting activities in favour of the LDCs was made in my meetings with the Minister of Industry, Undersecretary Ministry of Finance and Planning and Director General for Project Planning, Ministry of Industry and the Officer-in-charge of UNDP. Appreciation was expressed for UNIDO's efforts.

The proposed special measures for the LDCs were presented to these officials and they pointed their agreement with these proposals and expressed their readiness to prepare their detailed comments and suggestions in due course.

As regards the Intergovernmental Expert Group Meeting on Industrialization of the least developed countries, interest in participation in the meeting was shown by the Undersecretary, Ministry of Finance and Planning and Director General, Project Planning Division, Ministry of Industry.

IV. REVIEW OF UNIDO'S OTHER ACTIVITIES:

1. Strengthening of the Industrial Production Corporation Project - In reply to my inquiries about the future of this project after the recent reorganization of the IPC, the Minister of Industry informed me that the Industrial Production Corporation (IPC) is no longer functioning in its previous capacity. Its Secretariat has been reduced to 17 officers (out of 250 staff members), who would be engaged in research and development and preparation of plans

and programmes for the development of the industrial sectors. The authority of IPC has been delegated to the Corporations. The Board of IPC role is reduced to an organ for communication of policy. Based on the above, he explained to me that UNIDO team for strengthening the IPC would be used at the sectoral level since his policy is to strengthen the corporations and reduce the levels of hierarchy. UNIDO team will assist in increasing the efficiency of two sectors:

- a) leather sector
- b) edible oil sector

In this connection, he informed me that teams from the Industrial Research Consultancy Centre have been assigned for the duration of 3 months to a number of factories with the aim of studying these factories and prepare recommendations. Accordingly, all the professional staff of the Centre are presently assigned to these factories and they would reassemble and resume their daily activity in the Consultancy Centre after 3 months.

The Minister mentioned that his policy is to introduce the necessary measures for improvement of the performance of the factories and increase the utilization of underutilized capacity.

2. Khartoum Central Foundry - The Minister of Industry indicated that there is need for improving the performance of the Foundry and expanding it. In this connection, the Minister informed me that he has changed the leadership of the foundry and presently, 3 officers from the Industrial Consultancy Centre are assigned to study the situation in the foundry. He pointed out that the proposal made by UNIDO for Phase II of,

the Foundry would be considered in due course. He suggested that an exploratory mission from UNIDO Headquarters should be fielded to assess the situation and propose the necessary plan of action based on the possibility of expanding the foundry to meet the demand for the expected tractor and agricultural machinery plant, which is included in the development plan. I referred to the mobile unit for the Khartoum Foundry to be financed from FRG Voluntary Contribution. He proposed that this project would be considered along with the other proposals concerning the Second Phase of the Foundry.

In reviewing this matter with the Officer-in-charge of UNDP, he agreed to this approach and suggested that Mr. Esepson, Ex-UNIDO expert who was assigned to the Foundry undertakes this mission in due course, since he is very familiar with the situation in the Foundry. In this connection, the Officer-in-Charge of UNDP, mentioned that UNDP would consider including the second phase of the Khartoum Foundry in the Second Country Programme, provided that indications are made that solutions for the problems presently facing the Foundry, are solved and the necessary measures are introduced to avoid the mistakes which were made during the first phase of the project. He concluded that there is need for a (salvation operation).

LIST OF PEOPLE WITH WHOM DISCUSSIONS WERE MADE:

MINISTRY OF INDUSTRY:

1. Hon Badr El Din Suliman, Minister of Industry
2. Mr. Yousef Sanhori, General Director for General Directory for Project Planning
3. Mr. El Dawi, Planning Section, General Directory for Projects Planning
4. Mr. Fadl El Manan, Officer, Ministry of Industry

INDUSTRIAL PUBLIC CORPORATIONS:

1. Mr. Mahmoud Bukhari, Director, Leather Industry Corporation
2. Mr. Mohammed Saed Ali, Director, Spinning and Weaving Corporation

NATIONAL RESEARCH COUNCIL:

1. Dr. Samani Abdalla, Secretary General, National Council for Scientific and Technological Research
2. Dr. Yahia Hassan Hamid, Director of Solar Energy Institute

UNDP:

1. Mr. Michael P. Hyland, Deputy Resident Representative and Officer-in-charge
2. Mr. El Balba Ibrahim Hagona, Programme Assistant

IBRD:

1. Miss Kathleen A. Di Tullio, World Bank Staff, Member on Mission to Sudan.

ARAB REPUBLIC OF YEMEN

I. INTRODUCTION:

The Arab Republic of Yemen was visited during the period 8 - 11 August 1976.

I have been briefed by Mr. Malhotra, Resident Representative of UNDP, Arab Republic of Yemen and Mr. Ali Bedwi, Assistant Resident Representative and Mr. Galsbar Dhigma of UNDP and other government officials whom I met in Yemen. It was indicated to me that the ceiling for expenditure under IPF in 1977 would be 3,600 million dollars. In this connection, I was told that the country programme would be prepared next year. They informed me that Mr. Abdelwahab, SIDFA, prepared a draft for inclusion in the Second Country Programme.

The Second Development Plan is under preparation. UNDP/OTC assigned a team of experts to assist Yemen in the field of planning. I exchanged views with Mr. Ahmed Rajait, Project Manager, who is providing assistance to the Government of Yemen in preparing Five-Year Plan which should be ready in the middle of this year. He indicated that in the 3 year development programme, emphasis was put on building government machinery and some development projects in the agricultural sector. Several technical assistance and co-operation projects were established, financed from the World Bank, Kuwait, South Arab. He indicated that the programme was able to provide basis for the rural development particularly in agricultural sector, education and electricity. More emphasis was put on the construction of roads, schools and hospitals.

As regard the new Five Year Development Plan, the target is to put more emphasis on construction and building of the infrastructure. Inputs

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for developing the manufacturing sector would be provided mainly in industrial development projects with quick return.

Special attention would be paid to the process of agricultural products and imported substitute industries.

A list of projects proposals have been drawn for the consideration of the government for inclusion in the development plan.

He identified the following industries as suitable ones:

- a) building materials
- b) establishment of a foundry
- c) edible oil production
- d) animal feed using by-product of edible oils and fish
- e) tanneries and leather production

Besides many of the problems that characterize the economies of the LDCs, e.g. weak infrastructure, etc. it is estimated that 1.5 millions of the population, out of 6.3 millions are working abroad mainly in Saudi Arabia, while 28% of the population is economically active.

I explained in the meeting with the Resident Representative the possibilities for financing some pipeline projects under Special Measures Fund, (SIS and RP). I also briefed him on UNIDO's activities in favour of the LDCs.

III. TECHNICAL ASSISTANCE

a) Project Proposals Submitted by UNIDO:

In a meeting with H.E. Abdel Karim El Eriani, Minister of Development Central Planning Organization and after introducing UNIDO's programme of activities concerning the LDCs and the project proposals forwarded to Yemén, the Minister expressed his satisfaction and appreciation for UNIDO's initiative to assist his country. He indicated that most of the project proposals prepared by UNIDO are required by his govt. and the final list of selected projects would be prepared in consultation with the Ministry of Economy.

The Minister indicated concern about the financial difficulties facing UNDP which will result in lack of funds for financing most of the projects given priorities by the Government and since IPF is very limited, it would be impossible to initiate many new projects in the Country Programme and accordingly, they would include in the Second Country Programme the most essential on-going projects. If they have to live with limited IPF resources, they might end with including projects in the following areas:

1. Education
2. Research

However, he mentioned that for the new project needed by Arab Republic of Yemen, they might look for potential donors outside the UN.

In a meeting with the Undersecretary of Ministry of Economy, I have presented UNIDO's programme of activities for the LDCs, with special emphasis on the project proposals and the proposed policy and Special Measures for the LDCs. He indicated to me his appreciation for UNIDO's new initiative to assist his country by presenting the portfolio of project proposals. He indicated that all the project proposals presented by UNIDO would be studied in details by his Ministry and a request would be forwarded to UNIDO as soon as possible reflecting their needs and requirements after introducing the necessary amendments. Based on the result of the industrial survey conducted by IDCAS. This survey will be ready before the end of September 1976.

B) Additional Projects Required:

The Undersecretary of Ministry of Economy presented the following areas in which technical assistance would be required from UNIDO:

1. Fish Canning - a feasibility study would be needed.

2. Establishment of Workshop for Spare Parts for motor vehicles. The Peoples Democratic Republic of Korea is co-operating with Yemen in this respect. Technical assistance from UNIDO is envisaged.
3. Feasibility Studies - UNIDO would be requested to prepare a number of feasibility studies for the projects identified by the industrial survey.
4. Expansion of Tobacco Factory in Hudida - During my debriefing meeting with the Resident Representative of UNDP, he referred to the proposal made by the Undersecretary of the Ministry of Economy concerning the envisaged technical assistance from UNIDO for expansion of the Tobacco Factory and suggested that the assistance of the FAO Tobacco agronomist assigned presently in Yemen should be considered first and then, if still there would be need for UNIDO's technical assistance, a request would be made. A feasibility study for the envisaged expansion and checking of the equipment is required and a request would be submitted to UNIDO.
5. Assistance to Sugar Industry - Based on import substitute policy, the government is considering establishment of Sugar Industry from peat based on the results of agricultural experiment undertaken by FAO. In connection with this project, in a meeting with the Resident Representative of UNDP, he suggested that UNIDO assist Yemen by establishing a pilot plant for processing sugar peat, and develop the most appropriate technology for the most suitable type of sugar peat. He indicated that he would follow-up and keep UNIDO informed of the outcome of the sugar plantation pilot plant.

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6. Increasing capacity of industrial plants - The government is interested to receive assistance from UNIDO for increasing the capacity of the industrial plants.
7. Assistance in Development of Building Materials - In a meeting with the Minister of Works, he informed me that after the year 1970, there was a great expansion in the construction sectors. The production of local building materials is lagging behind and the cost is very high although the raw materials is locally available, e.g. cutting stones construction is very expensive and the technology used does not assist in producing the required quantities to meet the growing demand in the market. He pointed out that if improvement in the cutting of stone is introduced as well as in the manufacturing of bricks, 50% reduction in the quantity of cement used would be possible.

Furthermore, the government has several construction projects (houses and offices) but facing the problem of inefficient contractors who are not able to introduce modern techniques and equipment in the construction sector. Another problem indicated by him was the shortage of labour in Yemen. Accordingly, the Ministry is keen to receive technical assistance in the following areas:

- a) Building materials development
- b) Establishment of Central Testing Laboratory
for testing building materials and
- c) Improvement of the quality of the building
materials and introduction of standard and
quality control system

I have expressed UNIDO's readiness to consider assisting Yemen in the project identified by the Minister, and referred to UNIDO's project entitled "Assistance to Building Materials - IS/YEM/75/012 -(4 months) which was cancelled due to financial difficulty. It was agreed that the Minister would approach the appropriate authorities to reactivate this project. In my meeting with Chief, Loan and Technical Assistance, Department of Central Planning Organization, I understood that this project would be resubmitted to UNDP.

7. Strengthening the Government of Yemen in the Design, Implementation and Construction of Industrial Projects -

I referred to UNIDO's activities in this area in the developing countries and the possibility of aiding Yemen in this area. In this connection, it was requested that UNIDO should submit a copy of general terms reference for such a project to the Ministry of Works to enable the Government to consider preparation of request for UNIDO's assistance, with the hope of including it in the Country Programme.

IV. SPECIAL MEASURES FOR THE LDCS:

I have exchanged views with the Under-Secretary, Ministry of Economy concerning the Special Measures required for the LDCs and UNIDO's programmes and supporting activities including the Intergovernmental Expert Group Meeting on Industrialization of LDCs. He expressed readiness to participate in this meeting and comments on UNIDO Working Paper on Policies, Special Measures required for LDCs. As a measure for assisting the LDCs, he suggested that UNIDO should send more frequently Headquarters missions to enable officials concerned with industrial development in the LDCs to exchange views and develop technical assistance projects on continuous basis.

V. REVIEW OF OTHER UNIDO ACTIVITIES:

1. Assistance to Leather Industry - UNIDO's clearance on the report of Mr. Abou El Khair, Expert on Leather, is awaited.
2. Pharmaceutical Industry - A request for assistance in Pharmaceutical Industry was forwarded to UNDP by the government at the end of June 1976. The government is anxious to receive the requested assistance. I inquired in UNDP's office and I was told that the PDS is missing in UNDP office and they would like UNIDO to forward to them a copy of the PDS to enable them to forward the request to New York.
3. Assistance to Jumaan Factory - This factory is producing water pumps and agricultural implements. The government had submitted to UNDP an official request for assistance who would reactivate the project.
4. Cold Storage Plant - The government made a decision regarding the submitted candidate. My attention was drawn to the Central Planning Organization letter of 31 March 1976 requesting implementation of this project. The project was pending in UNDP's Office. The project would be reactivated by the Resident Representative.
5. Exploratory Mission to assess the possibility of starting Pulp and Paper Industry - IS/YEM/75/029 - In a meeting with the Chief, Loan and Technical Assistance Department of Central Planning Organization for reviewing the pending technical assistance projects, he indicated that this project would be resubmitted to UNDP.
6. Assistance to the Federation of Chamber of Commerce and Industry - I was informed that the government has selected Mr. Kuhilmann (Sweden) for implementing this project.

7. Industrial Promotion Advisory Unit - In a meeting with Mr. V.O. Sharaiha, UNIDO Expert (Industrial Economist), he informed me about his activities and the list of projects identified by his unit. He mentioned that the Government of Yemen has signed a contract with consulting firm: Ghraudour Consulting Firm, (Sudan) and Dar El Handasa, (Lebanon), for preparing 10 feasibility studies within a period of 6 months. He indicated that his Unit would be working independently from the two consulting firms.

8. Assistance to the Industrial Estate - - In a meeting with the Director of Industrial Estate, he indicated that he is intending to have very close co-operation with UNIDO for the development of the Industrial Estate which was initially assisted by UNIDC. An industrial engineer (mechanical) was already assigned by IDB in industrial estate.

He informed me that he would submit a request for financing two experts from the IPF fund as indicated in Mr. Abdelwahab's (SIDFA) report. He informed me about the difficulties facing the Industrial Estate namely, the high estimate for the rent of land made by the World Bank (120 Yemen real per sq. meter) which he believed is very high and would lead to discouraging the potential tenants from moving to the Industrial Estate. It is believe that 30 Yemen Real should be the most realistic estimate rate for renting one sq. meter in the industrial estate.

LIST OF PEOPLE MET IN ARAB REPUBLIC OF YEMEN:

UNDP OFFICE:

1. Mr. C. L. Malhotra, Resident Representative
2. Mr. Ali Bedwi, Assistant Resident Representative

CENTRAL PLANNING ORGANIZATION:

1. Hon. Abdel Karim El Eriani, Minister of State for Development
2. Mr. Saad Mahnous Alkanbashi, Chief, Loan and Technical Assistance Dept.

MINISTRY OF WORKS:

1. Mr. Abdella El Karshmi, Minister of Work

INDUSTRIAL PROMOTION AND ADVISORY UNIT (UNIDO)

1. Mr. V. O. Sharaiha, Industrial Economist
2. Mr. B. .K. Chowdry, Cost Accountant

MINISTRY OF ECONOMY:

1. Mr. Ali El Bahar, Undersecretary, Ministry of Economy

CONCLUSIONS AND RECOMMENDATIONS:

- 1 - The mission achieved its objectives indicated in the introduction of the report. Appreciation for UNIDO's efforts and satisfaction were expressed by government officials and UNDP representatives for its initiative in formulating these project proposals on the basis of which requests for technical assistance would be made and forwarded to UNIDO in due course.

It is recommended that the Sections concerned would elaborate and prepare detailed project descriptions, where necessary for the project proposals which have been tentatively selected by these governments for assisting them in preparing detailed requests and for use in contacts with potential donors;

- 2 - Great interest was shown in the proposed policy and special measures reflected in UNIDO Working Paper No. OED/17 dated 17 May 1976 on formulation of policies and special measures in favour of the LDCs, prepared by the LDCs Section. Suggestions were made emphasizing the importance and need for exploration of new sources of financing outside the UN. Complementary approach and co-operation among these countries was also suggested. Furthermore, UNIDO is urged to introduce the necessary measures to accelerate project implementation particularly SIS projects.
- 3 - The conveying of the Intergovernmental Expert Group Meeting on Industrialization of LDCs scheduled to be held in Vienna, during the period 15 - 24 November 1976 was appreciated and interest in participating in it was indicated by top government officials in all countries visited;
- 4 - Clarification of the situation of Special Measures Fund for LDCs and the other sources of financing, RP, SIS, VC, was made;
- 5 - Some UNIDO experts are not very clear about UNIDO's structure and procedures concerning communications with the Headquarters. Furthermore, they are not fully aware of the technical assistance which UNIDO could provide

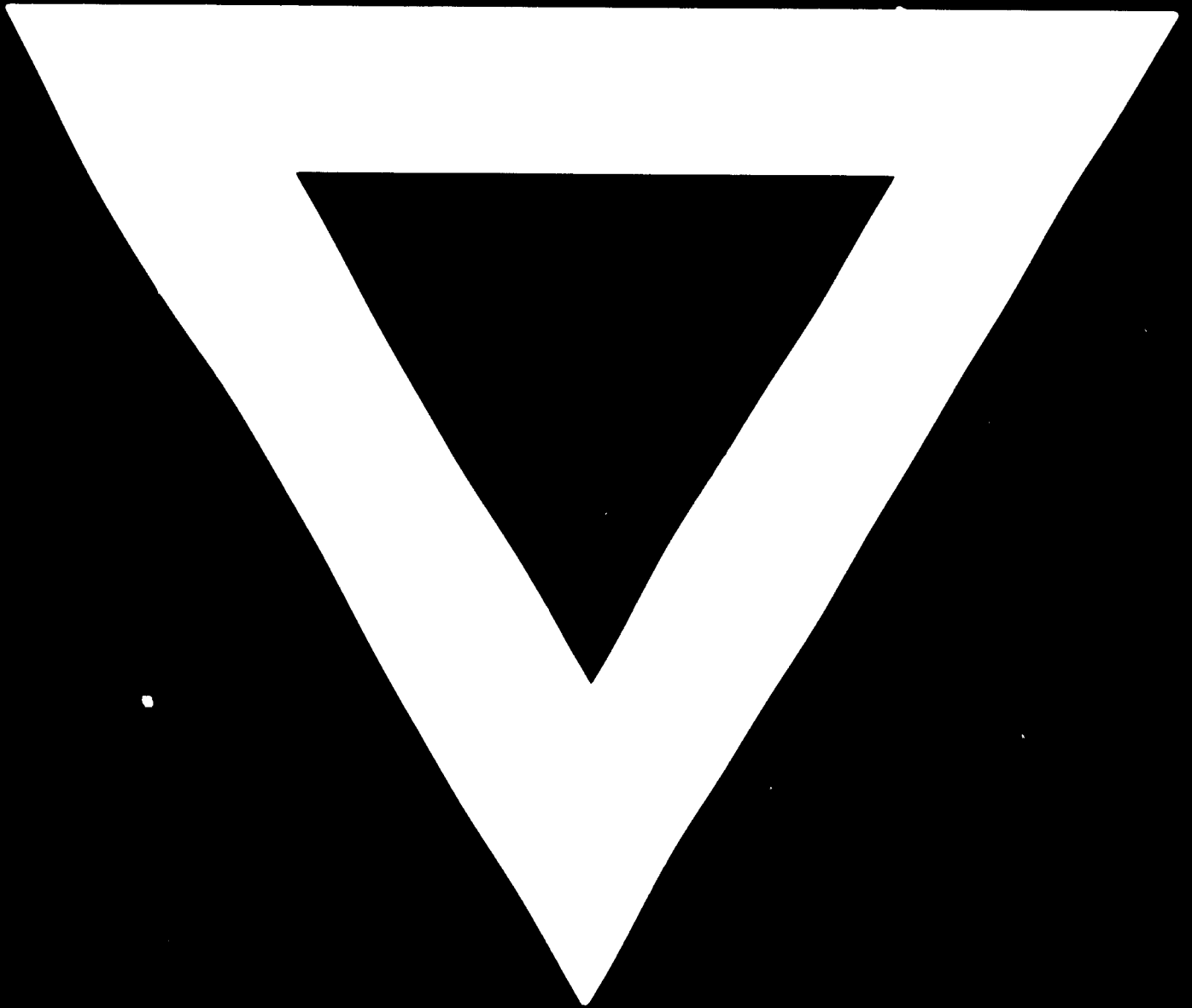
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outside their projects. They indicated lack of quick response from UNIDO to their letters.

It is suggested that some measures should be introduced to keep the experts fully informed about the structure, procedures of work and sources of financing. It is recommended that UNIDO experts be briefed in details about the different funds (guidelines and procedures) to enable them to advise the governments in preparing requests. More attention should also be given to the correspondence sent by the experts concerning substantive and administrative matters.

- 6- Due to the continuous changes in the top management of the ministries of industry in most LDCs, it is recommended that UNIDO programmes and activities be introduced to these countries through Headquarters missions with a view of assisting these countries to benefit from UNIDO's technical assistance.
- 7- It is recommended that in the LDCs countries in which SIDFAS are not stationed, junior professional officers, be assigned in these countries, to assist in follow-up UNIDO's programmes in these countries and draw attention to the needs and requirements in these countries.

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