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SPECIAL PROGRAMME OF TECHNICAL CO-OPERATION FOR
LEAST DEVELOPED COUNTRIES ^{1/}

Mission report to Copenhagen, Denmark
29 to 31 August 1977

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

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I. Purpose of the Mission:

To follow-up the contacts and the discussions made by the Least Developed Countries Section, with the delegations of Denmark, who attended the Eleventh Session of the Industrial Development Board on 23 May to 6 June 1977 with the aim of exchanging views on possible co-operation with the Danish Foreign Ministry (DANIDA) to implement in co-operation with UNIDO a number of technical assistance projects selected by a number of LDCs. These projects were submitted by UNIDO to the Danish authorities under cover of letter No. ID/232/1 dated 27 May 1977 through the Royal Danish Embassy.

II. Denmark Development Assistance:

The mission was arranged through the co-operation and assistance of Denmark Permanent Mission to Vienna.

In reviewing Denmark Development Assistance, the officials of DANIDA (Danish International Development Agency) with whom I met, (Annex I indicates the names of those officials) I was informed that Denmark Development Assistance is arranged on the basis of five year plans. The development assistance is to be distributed equally between bilateral and multilateral contributions.

Denmark deliver assistance in the form of loans and grant assistance to principal recipients countries; namely: Bangladesh, India, Kenya and Tanzania. DANIDA in distribution of the aid on various activities, depends on the priorities which would be indicated by recipient countries, through the special aid missions established in Dacca, New Delhi, Nairobi, Dar es Salaam and Lusaka.

The volume of development assistance programme amounted to about 250 million in 1977. The development assistance is channeled to multilateral assistance and in the form of bilateral grants and loans. The loans are granted only to the developing countries whose GNP is below 300 dollars per capita. Loans to countries with a per capita income of less than 150 dollars are interest free and have a maturity of 35 years including a grace period of 10 years, corresponding to a grant element of 86 percent. Loans to countries with a per capita income between 150

dollars and 300 dollars are also interest free but have a maturity of 25 years including a grace period of 7 years, corresponding to a grant element of 76 percent.

Multilateral assistance amounts to about 50% of Denmark Development Assistance. The main contributions are made to the following organizations: UNDP, IDA, Asian Development Bank, Asian Development Fund, African Development Fund, Inter-American Development Bank, UN/FAO World Food Programme, IFAD (International Fund for Agricultural Development) EEC, UNCTAD/GATT.

In addition to various technical assistance programmes, Denmark extends capital grants to cover mainly contributions in cash to educational, health or financial institutions in developing countries and supply of various equipment for such institutions.

Besides bilateral projects and capital grants, the multilateral projects are included as project assistance. These projects are financed by Denmark but administered by international organizations such as: FAO, ILO, UNICEF and WHO. In channelling some of the development assistance through UN organizations, Denmark would be able to assist countries other than those 4 countries which are receiving the bulk of bilateral assistance, and mainly in the LDCs. The responsibility for implementation and administration of these projects would lie with the involved international organizations and accordingly, DANIDA does not have to enlarge its administrative machinery in Copenhagen.

Danish Development Assistance is geared to assist the countries most in need on the basis of the priorities of these countries. It aims at reaching the poorest part of the population in these countries, by supporting training activities, health projects, rural development, small-scale industries and projects which would benefit solely the women and contribute to improvement of their economic and social situation.

About one fifth of DANIDA's development assistance is utilized in industrial and infrastructure projects. A number of technical schools and tool rooms are supported with the aim of training craftsmen for small scale industries. The following industrial projects financed by DANIDA in some of the main 4 aid recipient countries illustrate the type of technical assistance projects supported by Denmark:

Leather Development Centre (India)
3 Tool Rooms (India)
2 Industrial Training Centre (Kenya)
Construction of Fish Vessels (Bangladesh)

Danish bilateral loans are extended to industrial and technological co-operation with developing countries. Part of the loans have been used for purchase of various kinds of industrial equipment such as: equipment for cement factories, sugar mills, dairies, etc.

III. Outcome of the Mission:

The DANIDA Officials expressed readiness to co-operate with UNIDO since it is their policy to assist more developing countries particularly the least developed countries through multilateral institutions without having to enlarge their administrative machinery in Copenhagen.

As far as the multilateral projects are concerned, DANIDA prefer to co-operate with international organizations through channelling some of the resources to these organizations for implementation of specific projects which fit within the framework and aid policy of Denmark. It was clearly indicated that DANIDA is ready to co-operate with UNIDO in some of the suitable technical assistance projects which would fall within the framework and aid policy of DANIDA, provided that these projects are requested by the developing countries concerned.

In reviewing the LDCs projects submitted by UNIDO, through Denmark Permanent Mission to Vienna, they found a number of these projects in line with their policy, particularly those projects aiming at assisting in rural development and agricultural production and training. Accordingly, DANIDA expressed willingness to co-operate with UNIDO to implement some of these projects. DANIDA officials indicated to me that they would consider the possibility of financing some of those projects during the period 1978-1979. It was clearly stated that it would take DANIDA about 9 months to finalize decision on requested projects of technical co-operation and to start their implementation, since they have to study the projects and thorough investigation has to be made and necessary project documents reflecting plan of implementation and budget have to be prepared and present to the Board who would make the final decision concerning the projects in question. Accordingly, DANIDA is requesting UNIDO to prepare

detailed information in the form of project document supported with project report when possible on each of the projects selected by the Secretariat of DANIDA to enable them to submit them to their Board which may request further details prior to their final approval. In this connection, it was suggested by them that a joint DANIDA/UNIDO mission may be required to collect information and make the necessary investigations concerning some of the projects tentatively selected with the full understanding that fielding such missions does necessarily commit DANIDA to implement the project, since the recommendations which would be made by such missions would be a good base for making final decisions concerning these projects.

It was mentioned by DANIDA that it is not likely that the 4 principal recipients countries who are receiving the bulk of their assistance would benefit from the proposed co-operation between UNIDO and DANIDA pertaining the programme of technical assistance for LDCs. However, they indicated interest to consider including some of these projects as part of the bilateral programme of these countries.

The projects which DANIDA found of interest and tentatively selected from among the projects submitted by UNIDO and which would be considered by their Board for their final approval and implementation in 1978 and 1979, are the following:

- LESOTHO - Establishment of Simple Engineering Products Pilot Demonstration Plant
Three Phases - Estimated Cost: US\$1,599,000
DANIDA is interested to receive from UNIDO detailed information on this project and based on this information, DANIDA is interested to consider financing and implementing the first phase. In this connection, they would like to receive the project report (TF/RAF/74/009).
- YEMEN
ARAB
REPUBLIC - Assistance to Jumaan Factory Product Diversification and Production Expansion
Estimated Cost: US\$ 512,000
Project report or any details available to UNIDO are required by DANIDA.
- do - Establishment of Food Testing and Control Laboratory - Estimated Cost: US\$ 121,000
More details are required regarding training components and other background information and supporting elements for its implementation.
- do - Establishment of Mechanical Workshop, Forgeshop, and Foundry - Estimated Cost: US\$ 740,000
More details are requested on this project particularly training component.

<u>BURUNDI</u>	- <u>Establishment of Food Testing and Control Laboratory - Estimated Cost:</u> Detailed information required concerning this project particularly training component and logistic aspects related to its implementation.	US\$ 121,000
<u>NEPAL</u>	- <u>Establishment of Food Testing and Control Laboratory - Estimated Cost</u> More details required concerning this project particularly training component and logistic aspects requested for implementation of the project.	US\$ 121,000
-do-	<u>Establishment of a Pilot Community Food Processing Centre - Estimated Cost:</u> Detailed information concerning this project is required. In this case, DANIDA referred to the technical co-operation with FAO for establishing a rice processing mill. Accordingly, it is suggested that UNIDO should exchange views with FAO on the rice project in order to obtain further information and consider using it in the preparation of this project.	US\$1,050,000
<u>GUINEA</u>	- <u>Establishment of a Local Pharmaceutical Production Unit - Estimated Cost:</u> It was found out that no training component for this project has been included in the proposed project. Accordingly, further information is required concerning training, building and other facilities. Therefore, detailed information on this project is required.	US\$ 360,000
<u>TANZANIA</u>	- <u>Establishment of a Pharmaceutical Industry in Zanzibar - Estimated Cost:</u> Although Tanzania is one of the principal recipient of DANIDA's development assistance they are interested in this project and accordingly, they would like to receive more information on it.	US\$ 199,000
	<u>TOTAL:</u>	<u>US\$4,821,000</u> vvvvvvvvvvvv

In a final meeting with Ms. S. Rubow, Head of Section, DANIDA, in the presence of Ms. Olsen, a review of technical assistance programme for LDCs was made. Readiness was expressed to co-operate with UNIDO in the specific projects which would fall within the aid policy of DANIDA. It was indicated that the projects selected in principle by DANIDA as mentioned

above would be considered for final approval after receiving requested information. Furthermore, they expressed satisfaction with UNIDO's proposed programmes and projects for LDCs.

It was observed that there are no specific projects included in the programme for LDCs to benefit women in those countries, DANIDA suggested that, UNIDO should consider developing some suitable projects that would benefit women and assist in their integration in development particularly projects which would provide training facilities and have input on their economic and social situation. In exchanging views on this suggestion, I have made reference to UNIDO's proposed regional project for integration of women which was proposed for inclusion in the regional programme for Africa and was kept in abeyance due to UNDP's financial difficulties.

It was also suggested that UNIDO should encourage its field staff at the country level to exchange views with DANIDA missions in Tanzania, Bangladesh, India, Kenya and Lusaka, with a view to developing co-operation at the country level and consider projects which would be of interest to the two organizations.

A list of bankable projects which were identified and prepared during the preparation for Intergovernmental Expert Group Meeting on the Industrialization of LDCs, which took place during the period 15 to 24 November 1976, were presented to DANIDA officials, with the hope that they would consider ways and means of bringing these projects to the attention of potential investors and to consider financing some of them from DANIDA's resources. DANIDA officials expressed interest to consider these projects and advise UNIDO in due course.

I have informed DANIDA officials about the envisaged "Consultative Meeting of Selected Bilateral, Multilateral Financial and Technical Assistance Institutions with Representatives of LDCs, which is scheduled to be held in Vienna from 29 November to 2 December 1977. They indicated their readiness to co-operate with UNIDO in this meeting. At the same time, they mentioned some of the difficulties involved in selecting the institutions concerned from the business community, since there are many organizations and centres involved.

Reference was made to the proposals made by Mr. Padollechia during his last visit to Copenhagen regarding the establishment of Joint UNIDO/Denmark Industrial Co-operation, which is presently being considered by DANIDA.

IV. Conclusions and Recommendations:

1. The mission resulted in better understanding and appreciation of DANIDA's Development Assistance, the opportunities available to them for aiding the LDCs and the various activities undertaken by them in developing countries;
2. DANIDA expressed interest to co-operate with UNIDO to implement projects in the LDCs, particularly those projects aiming at rural development, building of infrastructure and industrial and technological co-operation;
3. A number of projects presented by UNIDO from the special programme of technical assistance for LDCs were found of interest. (The estimated cost of the projects selected in principle amounts to US\$4,323,000);
4. DANIDA is putting special emphasis on the training activities which component has great importance in their programme of technical assistance. They suggested that in elaborating the project documents for the projects selected in principle, UNIDO should put emphasis on the training components.

It is suggested that immediate action should be taken to provide DANIDA with the requested information concerning the projects tentatively selected by them. To provide the required information in certain cases, UNIDO may field headquarters missions or request SIDFAS or experts in the field to prepare project reports and provide the necessary information;

5. DANIDA is interested in channelling more resources to UNIDO from their development assistance funds since at the present time their policy is to avoid enlarging their administrative machinery in Copenhagen for supporting projects. Readiness was expressed to benefit from UNIDO's machinery for backstopping and administering technical assistance projects, to be provided by DANIDA to LDCs, other than the 4 countries which are presently the main recipient of DANIDA development assistance. In this connection, DANIDA indicated that the fact that they do not have enough french-speaking cadres within DANIDA and outside, they have rather limited aid to French-speaking countries and accordingly, they are willing to co-operate with UNIDO to channel more technical assistance to these countries;

6. Furthermore, DANIDA has indicated interest in co-operating with UNIDO in aiding the developing countries and particularly the LDCs, in development of projects of benefit to women. It is suggested that UNIDO should consider submitting the project proposal entitled "Co-operative Pilot Integrated Rural Technology and Development Suited to the Needs of Women of Africa". This project was originally proposed for financing under IPF for Africa Regional. It was not approved by UNDP. It is also suggested that other projects proposals for integration of women in industrial development with emphasis on training component should be developed;
7. Maintaining closer co-operation between SIDFAS and the Danish Permanent Missions in Bangladesh and Tanzania and the other countries where DANIDA has missions should be maintained, with a view to developing closer co-operation at the country level in order to formulate closer co-operation at the country level;
8. As regard the projects requested by the least developed countries which are presently among the principal recipient of Denmark assistance and which were submitted by UNIDO to DANIDA, they would be considered for inclusion in the respective programmes of these countries.

ANNEX I

List of Officials (Danish Foreign Ministry) met during my mission

1. Ms. S. Rubow - Head of Section
Ministry of Foreign Affairs, DANIDA

2. Mr. Niels Lassen - Assistant Head of Division
Ministry of Foreign Affairs
(DANIDA) Development Assistance to
East African Countries

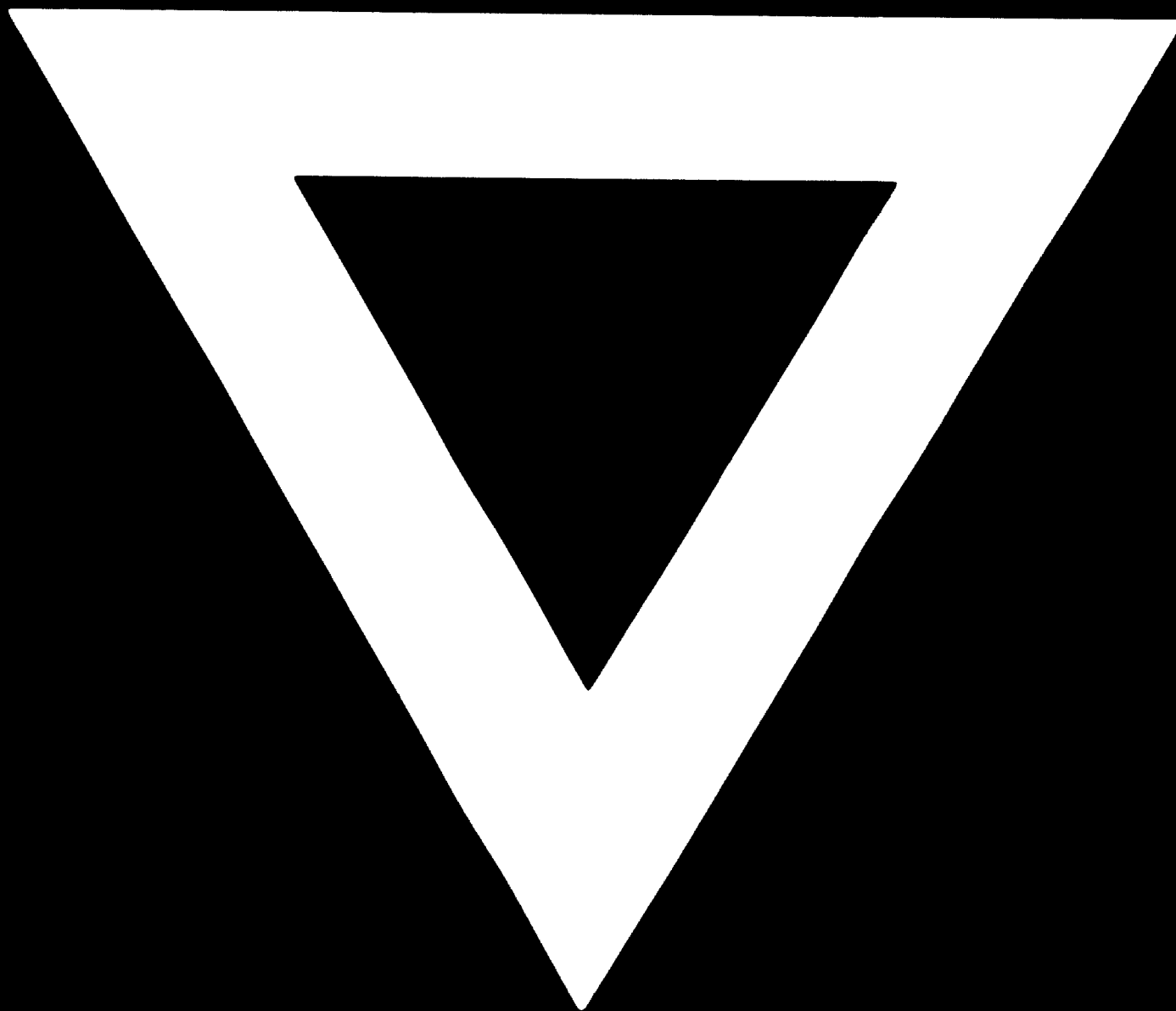
3. Ms. Ulla Holmquist Olsen - Section for combined Multilateral
and Bilateral projects, DANIDA

4. Mr. J.A. Balthazar-Christen Sen - Head of Section
Assistance to Asian Countries



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