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SEMINAR ON SMALL-SCALE INDUSTRY
IN LATIN AMERICA

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A LATIN AMERICAN DEVELOPMENT CENTRE FOR SMALL-SCALE INDUSTRY

Submitted by

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TABLE OF CONTENTS

/FOREWORD

FOREWORD

During the eleventh session of ECLA held at Mexico City in May 1965, the Director of the ECLA/INSTITUTE/IDB Joint Programme for the Integration of Industrial Development had an opportunity to exchange ideas on the subject of a Latin American centre for the development of small-scale industry with a representative of the Government of Holland, a country which, during the last few years, has distinguished itself in the field of international co-operation for the assistance it has given to small-scale industry. This conversation gave rise to the possibility that the Netherlands Government, through the International Technical Assistance Department of its Ministry of Foreign Affairs, might become an active collaborator in the creation of such a centre.

After the official request for its co-operation has been received, the Netherlands Government entrusted Mr. Arend Eisenloeffel with the task of making a preliminary study of the possibilities of the project.

In May 1966, Mr. Eisenloeffel spent two weeks at ECLA headquarters discussing with staff of the Joint Programme the situation of small-scale industry in Latin America and a work programme for the preparation of a report for submission to the Quito seminar. He subsequently visited most of the Latin American countries, interviewing the chief authorities and experts working in the field of small-scale industry. The results are embodied in the present document, in which the conclusions of the author are submitted to the consideration of the seminar.

/OUTLINE OF

OUTLINE OF THE WORK

The present work propounds the necessity of a regional development centre for small-scale industry, defines its scope and activities, considers questions of personnel, location and budget, and examines the way in which this project may best be carried out.

I. INTRODUCTION

That small- and medium-scale industries have as important a part to play in developing as in fully industrialized countries has been sufficiently established in the literature on the subject and in previous seminars.[1/] These industries, however, can make little contribution to the improvement of the standards of living of the country in which they operate unless they have high levels of productivity and modern and efficient processes and organization. It has for many years been recognized that the existence of a thriving small-scale industry is of the greatest importance to the economic development of Latin America and that without external aid it is almost impossible for the industrialists of the sector properly to fulfil their heavy responsibilities. This has made the governments of the region establish promotional policies for small-scale industry and, in almost all Latin American countries, create productivity centres and other organizations for assistance to the sector.

II. THE NEED FOR TRAINING OF CONSULTANTS

It is becoming increasingly difficult to recruit suitable personnel for the organizations concerned in the development of small-scale industry and to improve or maintain the standards of the existing staff.

1/ See the document (page 1, ff.) submitted by the ILO to the Latin American Symposium on Industrial Development held in Santiago, Chile in 1966, under the auspices of ECLA, ST/ECLA/Conf.23/L.14

/These difficulties

These difficulties have been fully recognized by the Asociación Interamericana de Productividad (Inter-American Productivity Association) (AIP). The programme of the fourth and fifth meetings of the directors of the Latin American productivity centres (held in Mexico City, March 1965, and Santiago, March 1966, respectively) considered the necessity of creating a Latin American centre for training experts in the field of small- and medium-scale industry. This question is discussed on page 70 (point 17) of the report of the latter meeting, where it is stated that the AIP, the Organization of American States (OAS) and the Venezuelan Government are jointly promoting the creation of a Latin American centre for training the administrative experts needed for the development of small- and medium-scale industry and, as a complement to the activities of these latter, for carrying out any necessary research in this field. It adds that up to the time of the meeting there had been every indication, especially considering the full support given the project by the two international organizations and the Venezuelan Government, that the centre would be finally constituted within that same year.

The Latin American Symposium on Industrial Development (see note 1/) also discussed the necessity of further measures for developing small-scale industry. One of the Symposium documents says that among the many problems facing the Latin American countries in their efforts to create advisory services for small-scale industry lies the fact that there is a considerable shortage of public administrators capable of formulating, executing and evaluating policies and programmes for the sector. It was also said in the Symposium that there is an urgent need for personnel trained to carry out the work of the extension and advisory services; the training of instructors, including periodical courses for improving their technical knowledge and bringing them up to date with the changing requirements of industry, should thus be one of the first priorities of technical co-operation projects. It was further said that Latin American training services, which would provide a suitable soil for the growth of new development ideas and methods from interchange of experience, would be a valuable complement to national training programmes of this kind.

/In addition

In addition to this the Technological Development Unit of the OAS has carried out a certain amount of preliminary work with regard to the creation of a regional training centre for small-scale industry and has published a report prepared by a mission which visited several Latin American countries during 1966. On pages 31-43 of this report it is proposed that a special centre for assistance to small-scale enterprises be established in Latin America.

It can be seen from this that there already exists a strong body of opinion on the necessity of creating a regional development centre for small-scale industry. In spite of the different names under which the project has appeared, each of the interested parties is agreed on the necessity of establishing some institution of this kind as soon as possible. The OAS's "Latin American centre for the small-scale enterprise", the AIP's "regional training centre for small-scale industry" and the "Latin American development centre for small-scale industry" proposed in the present work all converge towards a common goal.

III. COMPARABLE EXPERIMENTS IN THE PAST

In the world as a whole the idea of establishing international centres for the development of small-scale industry is no novelty. There are already a number of successful institutions of this type, at which many of the experts of this field in Latin America have studied. It is worth mentioning these institutions, all of which are well-known.

1. R.V.B. - Delft: The first international training courses for the development of small-scale industry were provided in 1955 by the Research Institute for Management Science of Delft, Holland (description in annex 2). This gives two six-month training courses every year for extension personnel for small-scale industry.

2. S.R.I. - Stanford: The Industrial Development Centre of the Stanford Research Institute in 1959 and 1960 organized international programmes on small-scale industrial management, intended for managers and consultants of this sector.

/3. S.I.E.T. - Hyderabad:

3. S.I.E.T. - Hyderabad: The Small Industry Extension Training Institute, set up by the Indian Government in Hyderabad (1960), admits foreign trainees to its courses.[2/]

4. A.P.O. - Tokyo: The Asian Productivity Organization regularly organizes a six-month training course in aid of the small-scale enterprise, intended to train instructors and consultants in questions of management and organization of such enterprises. This service has recently been supplemented by a shorter course for public planners and administrators of programmes concerned with small-scale industry.

Although the courses and programmes of these earlier international development centres could hardly be adapted to Latin American conditions without substantial modifications, an intelligent appreciation of their achievements and failures could perhaps contribute greatly to the success of the Latin American centre.

IV. NEED FOR AND ADVANTAGES OF A REGIONAL CENTRE

The officials responsible for developing small-scale industry interviewed by the author in various Latin American countries were unanimously in favour of a regional service to assist and direct national activities in this field. The chief reasons given were as follows:

1. Many of the Latin American development organizations for small-scale industry are too small or too inexperienced to train and to improve the quality of their own experts in the different fields comprised in the development of small-scale industry.

2. Training of new personnel occupies too much of the time of the existing personnel, so much, in fact, that the value of such training being carried out by the organizations themselves is beginning to be considered highly doubtful.

3. The staff of the proposed regional centre could give lectures and assist in the courses of the national development organizations during their periodical visits to different Latin American countries.

2/ See Staley and Morse, Modern Small Industry for Developing Countries, p. 403 ff.

4. As an independent, apolitical agency, the regional centre would be free to act in an advisory capacity with regard to the organization of the national development centres.

5. Its contacts throughout the world would enable the regional centre to collect all useful information on its field, for subsequent distribution to the different countries of Latin America.

6. The regional centre would collect information from within Latin America and would provide a channel for the exchange of such information between the different Latin American countries.

The proposed regional centre would also make a considerable contribution to the training of what are potentially the primary agents for applying the knowledge made available by international experts, that is, the local personnel, whose present deficiencies as regards numbers and quality constitute a serious obstacle to the transference of such knowledge. What often happens now is that the expert carries out in person the work in question, without having a chance to pass on his knowledge to local specialists or to train them to replace him after his departure, which cannot usually be long delayed.

It is often extremely difficult to provide even one local specialist for full-time work under the international expert, a condition normally considered indispensable for the execution of any project. Moreover the proper provision would be at least 3 to 5 local specialists to work as a team under the direction of any trained expert. It is beyond doubt that the effects of many of the projects of the United Nations Special Fund and similar organizations would have been much more lasting if they had been carried out with the assistance of adequate numbers of properly trained local specialists.

While recognizing the excellence of the past and present work of the existing supra-national training courses, it is worth pointing out the particular advantages for Latin America of a regional centre for the development of small-scale industry and for the training of personnel for work in the sector.

/1. These

1. These courses, though less attractive from a tourist point of view, would draw better qualified and trained participants;
2. The personnel trained in these courses would have opportunities for periodically refreshing their knowledge;
3. Language difficulties, especially during the job training periods, would be greatly reduced;
4. The common background, knowledge and experience of the participants would make instruction more effective;
5. It would be possible to include a certain number of industrialists from the host country in each training course, preferably chosen from the enterprises in which the practical instruction of the course will be given;
6. The cost of the training would be less;
7. It would reduce the possibility of trained personnel being offered employment outside Latin America, and thus also the numbers of trained Latin Americans emigrating from the region;
8. The contents of the courses, in particular the case studies, could be suited to the specific needs and interests of the region;
9. However encouraging may be the spirit of universal human understanding developed in the interchanges of participants from every part of the world in such organizations as the R.V.B. - Delft, the importance of developing regional understanding and co-operation should not be underestimated, indeed should perhaps be placed higher.

V. THE TRAINING DEPARTMENT

1. Type of courses

One of the highest priorities and most important activities of the proposed training centre must be the provision of various training courses for personnel who will be concerned in the development of small-scale industry through the extension services required to promote, operate, modernize and develop the industries of the sector. Annexes 1 and 2 mention some of the subjects which could be studied in these courses. As the numbers of students requiring training will be immense and the subjects covered enormously varied, a selection will have to be made on the basis of the time and financial resources available.

/The first

The first training activity of the centre should perhaps be a basic training course in development of small-scale industry, with a maximum number of 17 trainees per course. The duration of this course would be a compromise between the time for which the trainees could reasonably be expected to be away from their work and family under the strain of an intensive study course and the minimum period necessary for them to receive proper training. It is considered that courses of three or four months would satisfy both requirements as long as the carefully selected candidates were previously given full preliminary preparation and provided with the relevant literature and information, and the graduates of the courses were given opportunities to extend their studies in their own countries for some considerable period while beginning to apply the knowledge gained in the centre. The staff of the centre should devote a considerable part of their time to the further training of these graduates in their own countries.

Courses and seminars of a shorter duration and more specialized nature could be given once the basic course had been put into operation. These latter courses could train instructors for specific branches of industry, e.g., produce trained personnel for the modernization of the leather industry, for the textiles industry, for industrial design, for packing industries, for dye factories, for developing new products and techniques, etc. Besides setting forth the specific problems of the branch of industry concerned, the courses should teach management techniques of particular applications to it, e.g., management of co-operatives for that branch.

The centre could be launched with an experimental seminar lasting three weeks for directors and senior officials of national development organizations for small-scale industry. During this seminar the final revision could be given to the basic training course, and the participants could be introduced to the latest advances in their field.

/There is

There is by no means a complete uniformity among the small-scale industries of the different countries of Latin America. The countries are in different stages of economic development, and therefore show corresponding differences in this sector. There are two clearly distinguishable types of small-scale industry:

1. Traditional small-scale industry, otherwise known as artisan industry, producing wearing apparel, footwear, tools, utensils, tourist articles.
2. Modern small-scale industry, which includes sub-contractors of large-scale industries.

The great variety of conditions in Latin America means that training requirements for the development of small-scale industry differ considerably from one country to the next. The proposed centre, therefore, can only give equal assistance to the whole region by providing a similarly varied range of instruction and by establishing forms of co-operation adapted to the needs of each country. On this account it has been proposed that there should be several regional centres specializing in different aspects of the field. The author's opinion is, however, that the advantages of a single regional centre greatly outweigh those which might derive from the establishment of two or more such centres.

2. Participants

The training courses provided by the centre may be expected to attract the following types of participants:

1. Persons responsible for small-scale industry in national productivity and development centres.
2. Officials of national ministries of industry and of other government agencies concerned in creating, promoting or assisting small-scale industrial enterprises.
3. Staff of development banks and other credit institutions concerned with small-scale industry.

Most of these participants would have a university education and at least two years experience in development activities for small-scale industry. Most countries of the region seem to have sufficient supplies of suitable candidates for the courses. It is considered that the training of proprietors

/and managers

and managers of small-scale industries can be more adequately undertaken by the national productivity centres than the regional centre. The latter will therefore make no provision for participants of this type, except as regards the inclusion of a certain number of trainees from local small-scale enterprises, preferably from those in which the on the job training of the second part of the course will take place.

3. Estimated quantitative training requirements

The need for services assisting small-scale industrialists in their daily problems will grow along with the general industrial development of Latin America and the increasing numbers of new small-scale enterprises established; in the first years of their existence such enterprises strongly require the general guidance of trained experts.

A rough estimate of the numbers of trained officials required for effective action in this field in Latin America, must take into account the enormous numbers of small-scale enterprises scattered throughout the different countries of the region, and, further, the fact that it should be the policy of each country to decentralize (geographically) their activities for developing small-scale industry. Considering also the large numbers of administrative problems arising in the different divisions of industry, it may reasonably be estimated that the initial requirement will be for the training of 500 experts, assuming the existence of sufficient funds for financing national organizations involving such numbers. To obtain these 500 experts it will be necessary to instruct at least 1 000 trainees, as it has been shown by experience that a large proportion of graduates from training courses for instructors use their knowledge to start enterprises of their own or are absorbed by other activities.

There are now development schemes for small-scale industry in operation in almost every country of the region, but the gap between the objectives of such activities and the training facilities and experience of the national centres is so great that on a conservative estimate it will need at least five years to bridge it. The proposed centre would emerge from this period firmly established and fully accepted in the region; it would also, through the technical knowledge accumulated during the period, be in a position to provide part of its own financing.

VI. STUDY AND INFORMATION DEPARTMENT

It is clear that training must always remain one of the prime objects of the proposed centre. Nevertheless, as the progress and rapid expansion of small-scale industry depends on many additional factors, including external conditions, it is equally clear that the activities of the Latin American centre should comprise the whole development of the sector, and not merely the sphere of training. Even a small-scale industry having good management, properly organized production processes and modern equipment may be prevented from progressing or even from surviving by external conditions which the industrialist will be powerless to alter by his own efforts. It is here that a study and information department for investigation of the general problems of the sector may have a considerable effect on its development. Its fields of activity would be as follows:

1. Research into external conditions affecting small-scale industry and into improvement of such conditions by, e.g., tax structures designed to avoid duplication of taxes in the extra procedures involved in sub-contracts, import regulations and licenses and customs duties designed to encourage domestic production, credit systems and assistance in securities for credits, provision of financing for development programmes for small-scale industry, hire-purchase schemes for machinery, and programmes for encouraging decentralization.
2. Studies and advisory services for sub-contracting schemes, for establishment and operation of industrial estates, and for co-operatives.
3. Promotion of national professional and commercial associations.
4. Exchange of information and documentary material between different Latin American countries.
5. Research into productivity in Latin America according to different divisions, and distribution of the results of such research.
6. Establishment and maintenance of relations with centres in other parts of the world, and distribution of information obtained from these sources.

/7. Assistance

7. Assistance to national centres, including provision of teaching material for their courses.

8. Contribution to technical and technological assistance by publication of data on small-scale industry.

VII. STAFFING OF THE PROPOSED CENTRE

The staffing of the regional centre will largely depend on its budget. But it is considered that Latin America possesses sufficient quantities of trained personnel of some years practical experience to be able to provide the staff necessary for the proposed regional training centre.

The ideal staff-structure for the centre would probably he highly elaborate and would therefore take a considerable time to establish. However, in view of the urgency of setting up some regional agency of this type, it might be better worth considering the early and rapid establishment of a small centre. In its first stage it would concern itself chiefly with training courses for small-scale industry and with promotional activities in government circles. In this form the centre could begin to operate immediately by calling on the assistance of persons and entities already supporting the project and by making use of the offices and library and secretariat services of existing institutions. Its initial staff need only consist of three permanent international staff and three Latin American staff, while it could make as extensive use as possible of outside lecturers and any international and national experts available in the country where it was established. The fact of the small numbers of the staff would tend during this period to develop their initiative and originality and thus create the dynamic climate required for successful development of programmes and policies in aid of small-scale industry.

Moreover the initial results of these activities, if satisfactory, would provide an excellent basis in which to apply for further funds for the establishment of a larger centre with a wider field of action.

/The executive

The executive director and administrative personnel should be recruited on an international basis, and should preferably be nationals of various different Latin American countries. In its first stages the centre would perhaps be able to make use of consultants from such organizations as the United Nations and the ILO and from similar centres in other parts of the world.

VIII. LOCATION OF THE PROPOSED CENTRE

Previous experience as regards national training institutes for the development of small-scale industry suggests that the following considerations be taken into account in choosing a suitable location for the proposed centre:

1. Since the courses must include training in the practical applications of any subject taught, there should, within reach of the centre, be a number of different kinds of enterprises available for this purpose.
2. For factory training to be fully effective, the language of the country of location should be understood by the participants.
3. The environment of the location chosen should be such as to be acceptable to the participants and, more especially, to the staff. The climate of the location should be agreeable and relatively constant throughout the year. The existence of sufficient and moderately priced housing and schools would constitute an additional attraction for trained personnel having families.
4. It would also be of advantage of the country chosen as the home of the centre was in a central position with respect to the region as a whole. This, however, should not be taken as a decisive factor, since the savings in transport and travel thus obtained would be almost negligible.
5. Any country wishing to be chosen as the location of the centre should be prepared to supply an annual sum in cash for a definite number of years towards the operation of the centre, buildings for the centre itself and for its staff and trainees, secretariat and library services, labour, etc.

/6. Adequate

6. Adequate living facilities at moderate prices for staff and trainees.
7. Availability of local staff and consultants for the centre.
8. Political and economic stability of the country of location.
9. Acceptance of the location by all countries concerned.

It is worth adding that the location of industries or commercial enterprises is often determined by emotional and political considerations, rather than by application of rational techniques to the question at issue, partly because the final decision on such matters usually rests with the persons financing the project.

However, the fact that the proposed centre is an urgent necessity for Latin America means that its establishment should not be delayed by searching for an ideal location, but should be carried out as soon as possible wherever this may be possible, even if the location thus chosen is not in every respect suitable.

IX. ESTIMATED BUDGETS

A regional development centre is by nature a long-term project the costs of which will increase over its years of operation. The financial provisions should, therefore, cover an initial period of three to five years, at least, and should be supplemented by studies of the forms of financing required for the centre to continue in effective operation after this period.

There is at present an extensive need for training and information services, of which there is still an extreme shortage in some of the countries of Latin America. And after this need has to some extent been satisfied the centre will continue to require personnel for ordinary training courses and for special refresher courses and seminars for the older members of its staff. It may be expected that by the time this second stage has been reached the current expenses of the centre relative to its output will be somewhat reduced. It will thus no longer require foreign consultants to assist its regional staff and the numerical relation between instructors and trainees should be more satisfactory. There will be a considerable demand, especially from national development organizations, for its accumulated resources of specialized knowledge. The fees charged for the courses should cover their costs, while it should have become established practice for employers of participants to pay for their attendance. The Delft centre, for instance, charges 1,060 dollars per participant for its six-month international course.

Budget estimates for the centre must vary considerably according to the cost of living of the host country. The budgets of equivalent centres located in countries with an extreme difference in the cost of living of 10 dollars a day would differ by about 60,000 dollars a year, assuming 2,000 staff-days and 4,000 trainee-days a year.

The following sample budget figures are intended, not as exact estimates, but only as providing some idea of the financial scale of the project. The travel and living expenses of the trainees have been included, since if these are paid by the centre it will have considerably more control over the selection of its participants.

/Although during

Although during the first years of the centre scholarships may be provided by the country of origin or the employers of some of the trainees, it will be more prudent to include the whole cost of any trainee in the budget, as also a special provision for regular travel by the staff to every country of the region.

Stage I - training courses for personnel able to continue their studies in a national productivity centre or in the AIP.

		Dollars
1.	Offices, etc.,[3] (3,000 dollars provided by the host country)	
2.	Secretariat services (3,000 dollars provided by the host country)	
3.	Executive director, assistant director, 3 directors of international courses, 3 local staff as counterparts	90,000
4.	Staff travel (4 journeys) [4]	5,200
5.	Travel expenses of participants [5]	18,000
6.	Living expenses of participants [6]	33,000
		146,200

3/ Heading 1 includes offices for directors of courses, use of a conference room for the courses, general services, office equipment and expenses, library, publications, publicity.

4/ Staff travel in the region in aid of further training for graduates would have an estimated cost of 1,300 dollars per journey (500 dollars in actual travel expenses plus living expenses of 20 dollars a day for 40 days i.e., 800 dollars).

5/ Travel expenses of participants are calculated on the basis of 3 courses a year of 15 trainees per course, i.e., 45 flights costing 400 dollars each an average.

6/ The living expenses of participants are calculated on the basis of 15 participants in each of three courses of 100 days, 100 days and 20 days, at 10 dollars a day each participant.

/Stage II -

Stage II - small regional centre, primarily training persons able to continue their studies beyond the course.

		Dollars
1.	Offices, etc.	6,000
2.	Secretariat services (2 persons)	6,000
3.	Director/instructor, international staff, 3 local counterparts	110,000
4.	Staff travel (6 journeys)	7,800
5.	Travel expenses of participants	18,000
6.	Living expenses of participants	33,000
		180,800

Stage III - regional development centre (initial period)

1.	Offices, etc.	15,000
2.	Secretariat services (4 persons)	12,000
3.	Executive director, 4 international staff, 5 local counterpart staff	155,000
4.	Staff travel (8 journeys)	10,400
5.	Travel expenses of participants	18,000
6.	Living expenses of participants	33,000
		243,400

Stage IV - regional development centre (final period)

1.	Offices, etc, including publications	18,000
2.	Secretariat services (4 persons)	12,000
3.	Executive director, 8 regional staff	100,000
4.	Staff travel	10,000
5.	Travel expenses of participants	18,000
6.	Living expenses of participants	33,000
		191,000

/X. EXECUTION

X. EXECUTION OF THE PROJECT

As already been shown, the idea of creating a regional development centre for small-scale industry has a long history and there are numerous organizations which not only favour but are prepared to take part in this particular application of it. This project is, however, too extensive to be carried out with the assistance of any single organization. There are moreover various problems inherent in any project intended to be carried out on a regional basis. Nevertheless the active co-operation of all interested parties should enable the centre to be put into operation within a reasonable term, the following perhaps constituting some of its chief sponsors:

1. The Economic Commission for Latin America - ECLA, an organization which is already actively concerned in the field of small-scale industry, and the joint organizer, with the Centre for Industrial Development and the Bureau of Technical Assistance Operations, of the seminar on small-scale industry in Latin America. ECLA would be able to make valuable contribution in connexion with the general policy of the centre.
2. The United Nations Centre for Industrial Development. This institution, which is soon to become an autonomous organization under the United Nations specializing in problems of industrial development (under the name of UNOID), has recognized the importance of the project and will support any efforts towards carrying it out, especially if it is to take the form of an integrated development centre; the more recent regional projects of the United Nations have been highly successful and there is now a general desire and the beginning of an administrative scheme for the establishment of projects jointly sponsored by several agencies.

The creation of this centre, in that it will train instructors, conduct research, and will have an adequate range of action and length of existence, apparently fulfils all the conditions required for the provision of aid by the United Nations Special Fund (its estimated total cost for its first five years is over one million dollars). For this reason it is proposed that the present seminar resolve to recommend the immediate presentation of the relevant application to the United Nations

/Special Fund

Special Fund. As the process of obtaining aid from the Special Fund will certainly be long drawn out, it would be useful also to explore the possibility of obtaining experts and scholarship grants from the United Nation's Programme for Development and from the Extended Technical Assistance Programme (either as part of the regular programme or from contingency funds).

3. The Organization of American States has already made considerable progress in the preparation of an elaborate project for a regional centre in aid of the small-scale enterprise. The first step towards the realization of this project will be the seminar for officials responsible for promoting small-scale enterprises in Latin America, to be held in Caracas in December 1966. Responsible members of this organization have told the author that it will be extremely willing to take part in any other initiative towards the creation of a regional development centre.

4. The International Labour Organisation has recognized the need for this centre and will perhaps provide aid in the form of experts and scholarship grants. There is also some chance that ILO staff and experts working in Latin America may act as part-time lecturers in the centre's training courses.

5. The Netherlands Goverment may perhaps take part in the project through its International Technical Assistance Department, providing experts and directors of courses. They are prepared to do so, unless they have extreme difficulty in recruiting the necessary personnel.

6. The R.V.B. - Delft is in favour of a regional centre and would made their own experience of the field available in the form of courses, lectures, case studies, etc. They may be able to lend some of their own staff for short periods to demostrate their own training systems. No application for aid has yet been made to the A.P.O. or the S.I.E.T., but it is probable that they would be willing to give it.

7. The Inter-American Development Bank. This organization could perhaps provide visiting teachers for lectures on certain specialized subjects from its present training programme for experts in the field of economic development. It might also consider establishing scholarships for bank officials desiring to attend the training courses.

/8. The

8. The Economic Development Institute of the International Reconstruction and Development Bank could provide visiting lecturers chosen from their own staff.

9. The Government of Israel has a technical assistance programme to which application could be made for the loan of experts. Similar applications could be made to the governments of France, Germany, and other countries.

10. The Ford Foundation could provide long- and short-term consultants and funds for books and equipment, as it did in the case of the S.I.E.T. A similar application could be made to the Rockefeller Foundation.

11. Regional possibilities. Applications for aid for the centre should be made to all national ministries of education and industry, productivity centres and development banks of the region. This aid could take the form of regular annual contributions, and of scholarship grants.

The country of location chosen, should, besides fulfilling the necessary technical conditions, be prepared to make long-term contributions in the form of furnished offices, financing for office expenses and local staff. In connexion with the new centre proposed by the OAS, Venezuela has offered an annual contribution of 60,000 dollars, over and above the offices required for its accomodation. It would be valuable if the other countries of the region were to state the exact nature of their potential contribution to any such centre. Some have expressed a wish to provide a location for the new regional development centre, but have not yet made any official statement of the extent of their contribution.

The main suggestion in this connexion is that agencies and organizations desiring to sponsor the proposed centre in any form should intensify their efforts to establish it as a reality. Since the need for its activities is urgent, the most adequate project is that which can most rapidly be put into effect. In this as in many cases a good thing done soon may be worth more than the best long delayed.

/Annex 1

Annex 1

THE STRUCTURE OF RVB'S SIX-MONTH INTERNATIONAL COURSE ON SMALL-SCALE INDUSTRIES

The course consists of two main parts of about 3 months each, the "General Programme" common to all participants and the "Special Programme" individually executed and drawn up according to the training needs and future activities of each individual participant.

General programme 4/

In the annex to this paper an outline of this theoretical part of the course is given. During this part of the course (about 11 weeks) comprises lecture series I - Management and Structure of Small-Scale Industries, and II - Services for Small-Scale Industries. The list of subjects mentioned in the annex does not indicate the sequence in which the subjects are treated nor the relative importance of each subject. Within this period of lectures, classroom exercises and discussions of case-studies, one week (week 5) is reserved for a team assignment in a small manufacturing enterprise. During weeks 1 to 4 emphasis is chiefly laid on recording techniques (quantitative approach to problems of production management).

During the first 8 weeks the participants are also requested to make an individual literature study parallel to their normal classwork. The subject of this literature study is selected after a personal interview with the participant; an RVB-staff member is assigned to guide and supervise this study.

Special programme

This part of the course consists of individual fieldwork assignments in various industries (about 10 weeks). The fieldwork assignments are determined according to the background, interests and future activities of the participant. The assignments may be such as follows:

- a study of a specific subject in an enterprise, to be chosen beforehand. This may relate to lay-out improvement; choice of machinery; analysis of orders in industry (large orders versus small orders) and their effects on production; the design of a cost allocation sheet; calculation of standard cost rates, etc.;

- this may be supplemented with a study of the possibility of setting up a similar plant or a productivity or training centre, etc. in the country of origin of the participant.

4/ See the outline of this theoretical part of the course in Annex 2.

/This is

This is by no means a complete description of the Special Programme. The assignments may be concerned with a certain branch of industry (dairy, small metal shop, packaging industry) or with a specific subject (production planning and control, costing, work study), or a combination of both. This fieldwork in industry is guided by the staff of the RVB or, if necessary, partly by an outside specialist.

Final seminar

After completion of the fieldwork and on request a number of one-day visits to Dutch industries and/or institutes can be arranged. The final part of the course (3 weeks allowing for typing and copying of the fieldwork reports of the participants covers lecture series III - Introduction to Industrial Development - a one-week group excursion to Dutch industry, a final appraisal of the whole course, an individual evaluation session for each participant and the closing ceremony. At the evaluation session the participant has to defend his fieldwork report (and literature study) before a committee, consisting of an outside expert, (professor of a university, professional consultant, specialist of an extension service, etc.), the director of studies, the coach and, if possible, the manager of the enterprise in which the assignment has been carried out.

/Annex 2

Annex 2

THE GENERAL PROGRAMME OF THE INTERNATIONAL COURSE ON SMALL-SCALE INDUSTRIES

SUBJECTS: The material discussed can be divided into three main groups:

I - Management and structure of small-scale industries

II - Services for small-scale industry

III - Introduction to industrial development.

I. Management and structure of small-scale industries

- Principles of scientific management

- Recording techniques:
  - Process flow chart and process analysis
  - Time and motion study
  - Ratio delay study
  - Study and simplification of work
  - Administrative recording techniques

- Characteristics and basic types of small-scale industries

- Mechanization:
  - Alternative techniques of production
  - Optimum plant size
  - Low cost automation

- Production management:
  - Production planning and control
  - Lay-out and handling of materials
  - Quality control
  - Sampling and interpretation of data
  - Maintenance

- Costing:
  - Organization structure and profitability
  - Costing systems
  - Calculation of savings

- Marketing:
  - Sales organization
  - Market analysis and market covering analysis

/- Financing:

- Financing:
  - Financial structure
  - Financing systems
- Personnel:
  - Training and management development
  - Wage systems
  - Job instruction
- Communication
- Miscellaneous.

II. Services for small-scale industry

- Research, consultation and information services
- Co-operation of small-scale industries
- Student projects and extension work
- Management training for small-scale industry
- Financing facilities
- Costing services
- Industrial estates
- Integrated plant survey
- Co-operatives

III. Introduction to industrial development

- Objectives: relations with over-all economic planning; historical evolution in different countries; the transition from an agricultural to an industrial society
- Development of resources: power, mining and transport
- Development of manufacturing industry: heavy industry; light industry
- Development of industrial manpower: education, training and research
- Financing of industrial development: planning and programming

/TUITION METHODS:

TUITION : METHODS

In addtion to classroom lecturing on basic principles and techniques a number of case-studies (including artificial studies) are introduced to demonstrate the implications of theory in actual situations.

Active participation is fostered by means of classroom and in-plant exercises; these are designed to develop the ability to apply in practice the methods taught and to approach industrial problems correctly.

Ample use is also made of classroom instructions, group study and discussion, illustrative examples, demonstrations and audio-visual aids.

Group excursions provide participants with an opportunity to become further acquainted with industrial conditions and activities in the Netherlands.