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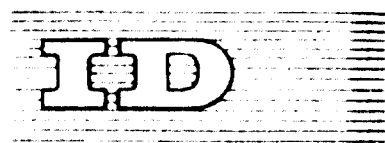
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## INDUSTRIAL DEVELOPMENT IN UPPER VOLTA<sup>1/</sup>

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<sup>1/</sup> The opinions expressed in this document are those of the author and do not necessarily reflect the views of the UNIDO secretariat.

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## INTRODUCTION

Before the 1967-1970 Overall Plan, processing industries were of little importance in the Upper Volta economy. In the modern sector, with gross domestic production estimated at 15,000 million, or 20 per cent of the total production, processing industries accounted in 1965 for only 2,758 million and the gross added value was only 716 million, or 1.1 per cent of the gross domestic production.

There was no industrial development programme as such, but a whole series of industrial projects, some of which it seemed might be able to enter into production during the period covered by the Overall Plan; others, on the other hand, obviously could not be carried out until a later period.

## SITUATION BEFORE THE OVERALL PLAN

There were about 36 industrial plants of the following types:

### Food industries:

An oil and soap works;

A brewery and a pulping plant working well below capacity;

Two commercial bakeries with a rapidly growing output;

A few small undertakings engaged in various activities such as confectionery and the manufacture of yoghurt, etc.

### Textiles:

Two cotton-ginning mills belonging to the C.F.D.T. with an output varying according to the size of the crop.

### Metal processing industries:

Two workshops, one manufacturing beds and metal sheeting, the other processing metals. Both working far below capacity.

### Paper industries:

Three printing plants sharing a stagnant market.

Leather and footwear:

A tannery for leather and skins which has been meeting serious technical and financial difficulties since its establishment;  
A plastic footwear factory working at 50 per cent of capacity.

Wood and building materials:

Two furniture factories;  
One brickworks.

Assembly industries:

An assembly plant for bicycles, also manufacturing inner tubes;  
A workshop manufacturing agricultural equipment and tools.

Vehicle maintenance and repair:

Eight garages and body-repair works.

Most of these industries are of recent creation, following the raising of a protectionist tariff barrier after independence, and the publication of the Investment Code in 1962.

Practically all these firms were dealing with end products and the processing element was very small. Their economic impact was very slight.

THE BACKGROUND: OBSTACLES AND INCENTIVES TO INDUSTRIAL DEVELOPMENT

I. Obstacles

Among the obstacles are some about which nothing can be done in the immediate future, and which are peculiar to developing countries:

The geographical position of Upper Volta, in the interior of continent, far from the sea - which handicaps imports and exports;

The high cost of capital investments and consumer goods;

Lack of hydro-electric power resources;

Lack of mineral resources;

The smallness of the domestic market owing to low incomes;

Difficulties in the supply of local agricultural products through the lack of an adequate commercial infrastructure at the producer level;

Competition from neighbouring countries better placed for external markets;  
The predominance of the public sector as customer;  
Shortage of capital, entrepreneurs, managers and skilled manpower;  
The low level of inter-industry trading.

Development will probably be held back, however, unless some obstacles are removed and certain prior conditions are met:

#### Industrial estates

There is virtually no problem at Bobo-Dioulasso, but at Ouagadougou the industrial estate is now full and a new estate is in process of being set up.

#### Electric power

The installed capacity of the Diesel generating stations at Ouagadougou and Bobo-Dioulasso seems to be sufficient to meet the demand from new industries. The problem is in the scale of charges, too high to encourage new plants which try to produce their own electricity. Power is expensive because there are not enough consumers.

#### Supply of water for industry

The execution of the Upper Volta industrial development programme may be held up unless arrangements are made in due time to place the water supply they need at the disposal of new units.

In this connexion, arrangements have been made for:

Installing a water supply at Koulogou;

Doubling the water-main bringing water from the river at Bobo-Dioulasso, or making new borings;

Installing a water supply at Ouagadougou.

#### Supply of petroleum products

The shortage of fuel problem should be solved by the construction at Ouagadougou of a small tank of 30m<sup>3</sup> capacity for this purpose. A solution will have to be found for Bobo-Dioulasso.

### Industrial training

Although the number of jobs provided by the processing industries is small, quite a few foreign workers from Africa and Europe are to be found among the skilled labour force and supervisory staff. The effort to provide technical and vocational training for manpower should be maintained as required. The private sector's contribution to training should take the form of providing in-service training periods in industrial undertakings for pupils from technical colleges and vocational training centres. The labour force must be trained.

### INCENTIVES

#### Measures for promoting industrial development

Measures for promoting industrial development are mainly the various benefits, especially tax benefits, granted under the Investment Code drawn up in 1962. The benefits granted are very substantial.

In addition to these measures the Mutual Aid and Loan Guarantee Fund of the Conseil de l'Entente, which has been operating since 1966, should be mentioned. The Fund for New Industries created in 1961 is not functioning because it has not received any credits.

The objectives of the Plan and the guidelines to be followed were defined in accordance with the foregoing brief study of production and of the situation before the overall Plan.

### INDUSTRIALIZATION POLICY IN UPPER VOLTA

Circular No.004/PRES of 2 January 1967, defining the general guidelines for the 1967-1970 Overall Plan gives the highest priority to activities designed to increase the productive capacity of the Upper Volta economy.



## Objectives

With regard to the increase in productive capacity, the main effort is to be concentrated on expanding output in the rural sector, the principal motive force in the economy. The primary sector accounts for 94 per cent, the secondary sector for 3 per cent and the tertiary sector for 3 per cent.

After this high priority for rural expansion, the general guidelines for industry are as follows:

Industrial expansion is to be pursued by promoting industries processing local raw materials or producing equipment goods for the rural sector or for mass consumption. Industries creating jobs and added value for the national economy are to be particularly encouraged. Prospecting for mineral wealth is to be continued and intensified.

These efforts aim above all at reaching the main objective of the Overall Plan, namely, the doubling of net added value as compared with 1966, raising it to around 600 million CFA francs, and approximately doubling (secondary objectives):

- Added value;
- Number of wage-earners;
- Wages paid;
- Taxes and duties.

## GUIDELINES

The guidelines may be summed up as:

- Giving priority to industries processing local raw materials and supplying goods and services to the primary sector;
- Allowing the private sector the fullest possible freedom of action in industrial expansion and following a liberal policy with regard to investments; this does not mean a policy of laissez-faire.

## IMPLEMENTATION STATUS OF THE OVERALL PLAN

### Implementation of the Plan

Projects completed up to now:

- The Ouagadougou brickworks (Volbriceram);
- The Ouagadougou match factory (SONICC);
- The Bobo-Dioulasso cigarette factory (NAVOCI);
- Koudougou cotton-ginning mill;
- Second cotton-ginning mill at Bobo-Dioulasso (C.F.D.T.);
- Agricultural equipment factory and fertilizer processing station at Ouagadougou (SONICA);
- Manufacture of soft drinks at Kouбри;
- Footwear factory (BATA);
- Koudougou textile mill;
- Banfara cane sugar complex;
- Paint, dye and varnish factory at Ouagadougou;
- The Ouagadougou industrial estate;
- The investment code.

### Still at the project stage

Bicycle-tires factory at Bobo-Dioulasso. The Michelin company is interested in this project and it is expected to be set on foot in 1970; the output will be marketed in Upper Volta and the Ivory Coast;

- Milk processing plant at Ouagadougou;
- Paper industry at Ouagadougou;
- Flour mill for wheat and local cereals;
- Electric dry battery factory at Ouagadougou;
- The oil works envisaged as part of the metal building-components factory at Ouagadougou, and the extension and modernization of the old oil and soap works at Bobo-Dioulasso;
- Factory for the treatment of urban refuse, at Bobo-Dioulasso and Ouagadougou.

### Long-term prospects

The exploitation of mineral resources mainly concerns the Tarbao manganese deposits, where the reserves are estimated at seven million metric tons, and the limestone at Tin-Hrassan, which could be used to supply a possible cement works.

Industries for exploiting agricultural products are also envisaged.

### WAYS AND MEANS

The resources needed to carry out the industrial development plan are primarily financial and human. There are also political and psychological means of improving the climate for industrialization.

The facilities at the disposal of the Government are in particular:

The Industrial Development Authority (Direction du Développement Industriel) and its activities will include:

- Publishing a new Investment Code adapted to the situation;
- Contending against the obstacles to industrial development in order to increase the country's agricultural production;
- Exploiting the country's mineral resources;
- Establishing new industries;
- Drafting a publicity brochure to make known the conditions for establishing industrial undertakings.

In this way the Industrial Development Authority will thus fulfil its dual function of promotion and information.

### Financial resources

Financing for industrial investment amounts to about 4,500 million CFA francs, distributed as follows:

#### Annual Summary

1967	358 million
1968	1,733 "
1969	1,385 "
1970	1,022 "
	<hr/>
	4,498 million

Summary by category

Land and buildings	1,366 million
Equipment and machinery	2,806 "
Rolling stock	79 "
Working capital and stocks	247 "
	<hr/>
	4,498 million

Summary by source of finance

State or local authority	130 million
National Development Bank	101 "
F.A.C. or C.F.C.E.	463 "
F.E.D. or B.E.I.	990 "
Local private sources, companies or banks	75 "
Foreign private sources, companies or suppliers' credit	1,901 "
Miscellaneous	680 "
International organizations	58 "
	<hr/>
	4,498 million

Human resources

The number of jobs corresponding to the industrial projects carried out under the Plan and to be filled before the end of 1970 amounts to 1,035, distributed as follows:

Distribution by category

A. Senior grades	6
B. Intermediate grades and technicians	23
C. Supervisory	50
D. Office workers	60
E. Skilled workers	89
F. Semi-skilled workers	341
G. Unskilled labourers	469
	<hr/>
	1,035

### CONCLUSION

From this brief survey of Upper Volta industry, it appears that in order to promote industrialization it is vital to concentrate on the foreseeable difficulties if certain inadequacies in the general factors of production are not corrected in time.

Obstacles arising from underdevelopment must be reduced. Efforts must be made, in most cases immediately, with regard to industrial zoning and to problems of power and water supply, so as to eliminate these obstacles to progress as speedily as possible. The training of skilled manpower and future industrial cadres must be continued and intensified. A revision of the Investment Code is necessary, as is the publication of a propaganda brochure designed to draw the attention of possible investors to the opportunities that exist in Upper Volta and to inform them of the conditions the country offers for enabling them to establish industrial undertakings there.





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