



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.



D03097



United Nations Industrial Development Organization

Distr.
LIMITED

ID/IG.109/6
10 September 1971

ORIGINAL: ENGLISH

Expert Group Meeting on Industrialization
in Countries at Early Stages of Development
with Special Reference to Small-scale Industry

Vienna, 6 - 10 December 1971

PROBLEMS OF INDUSTRIALIZATION IN DOMINICA ✓

by

Werner G. K. Voeth

Small Business Loans Officer

Caribbean Development Bank, Barbados

formerly UNIDO Expert in Dominica

✓ The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the Secretariat of UNIDO. This document has been reproduced without formal editing.

DOMINICA

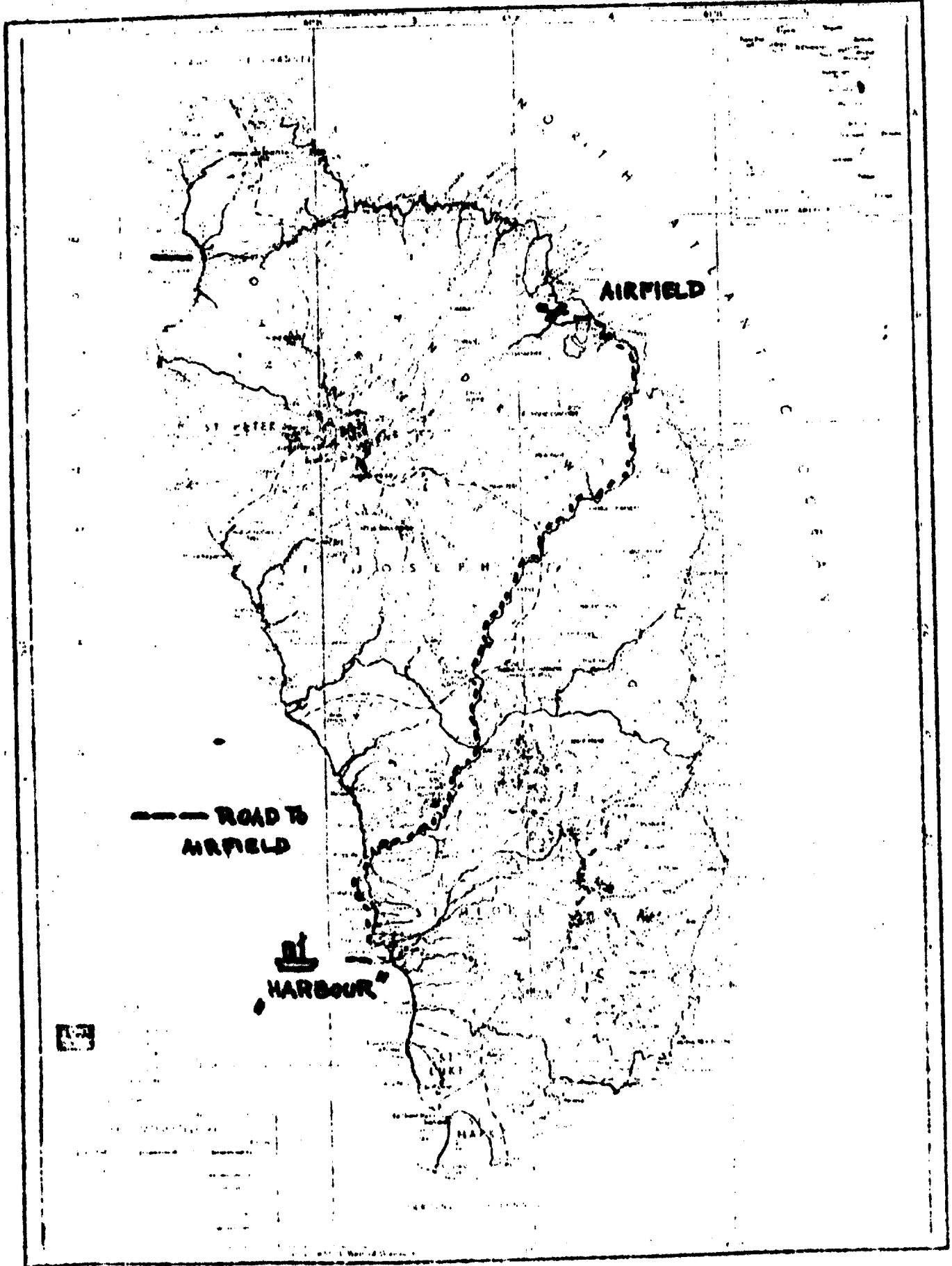


Table of Contents

1. Description and basic Figures on Dominica W.I.

1.1 Geographical Situation

- 1.1.1 Distances
- 1.1.2 Topography
- 1.1.3 Population
- 1.1.4 Traffic Connections

1.2 Economic Situation

- 1.2.1 Basic Figures of Economy
- 1.2.2 Industry
- 1.2.3 Agriculture
- 1.2.4 Tourism
- 1.2.5 Consumers Supply, Trade and Commerce
- 1.2.6 Banking and Insurances
- 1.2.7 Electricity
- 1.2.8 Communication and Information
- 1.2.9 Natural Resources

1.3 Political Structure

- 1.3.1 Government
 - 1.3.2 Education
 - 1.3.3 Medical Service
 - 1.3.4 Religion
 - 1.3.5 Taxes
- Table I

2. Forms and Reasons of Underdevelopment (Synopsis)

2.1 Sector of Human Resources

- 2.1.1 Labour and clerical Staff
- 2.1.2 Local Industrial Entrepreneurs

2.2 Schooling and Education

2.3 Economic Infrastructure

2.4 Structure of Industry an Economy

2.5 Supply of Raw-Materials for Industry

2.6 Markets and Tourism

Annex I

3. Strategy of Development

3.1 Fields of Development, Scopes and Requirements

3.1.1 Infrastructure

- 3.1.1.1 Roads
- 3.1.1.2 Deep Water Harbour
- 3.1.1.3 Jet Airport
- 3.1.1.4 Electricity
- 3.1.1.5 Water Supply

3.1.2 Education

- 3.1.2.1 Primary and Secondary Schools
- 3.1.2.2 Basic Technical Education
- 3.1.2.3 Vocational Training and Industrial
Apprenticeship
- 3.1.2.4 Management Training
- 3.1.2.5 Situation of Teachers

3.1.3 Health

3.1.3.1 Birth Control

3.1.4 Housing

3.1.5 Agriculture

3.1.5.1 Choice of new Products

3.1.5.2 Marketing of agricultural Products

3.1.5.3 Storage / Packing / Shipping

3.1.6 Tourism

3.1.7 Handicraft

3.1.7.1 Existing Products

3.1.7.2 Potential new Products and Design

3.1.7.3 Forms of Production

3.1.7.4 Training Facilities

3.1.7.5 Marketing and Transport

3.1.8 Community Development

3.1.9 Industry, Conditions and Scopes

3.1.9.1 Infrastructural needs

3.1.9.2 Government Assistance

3.1.9.3 Scope for new Productions

3.1.9.4 Educational Needs for Labour

3.1.9.5 Existing Artisans

3.1.9.6 Supply of Raw Materials

3.1.9.7

3.1.10 Search for new Mineral Resources

3.2 Choice of Priorities

3.2.1 Selection Principles

3.2.2 Evaluation of Effects

Table 2 and 3

4. Measures for the Development of Small Scale Industry

4.1 Basic Principles

4.2 Structural Components of Production, Table 4

**4.3 Development Agency: Industrial Development Office
Tables 5, 6 and 7**

4.4 Relations to the existing Establishment

4.5 Corporative Forms of new Industries

4

4.5.1 Private Companies

4.5.2 Public Companies

4.5.3 Cooperatives

4.6 Functional Patterns of new Industry

4.6.1 Service Industry

4.6.2 Processing Industry

4.6.3 Assembling Industry

4.6.4 Cottage Industry

4.6.5 Agriculture based Industry

4.6.6 Construction Industry

4.7 Pre-Investment Studies and Assistance

4.7.1 Product Studies

4.7.2 Raw Material

4.7.3 Market Study

- 4.7.4 Sites for Industry
- 4.7.5 Adequate Production Equipment
- 4.7.6 Layout and Construction of Workshops
- 4.7.7 Operations Funds
- 4.7.8 Feasibility Studies
- 4.8 Financing
 - 4.8.1 Local Capital
 - 4.8.2 Government Participation
 - 4.8.3 Regional Development Bank
 - 4.8.4 Foreign Capital
 - 4.8.5 Contribution of Suppliers
 - 4.8.6 Factoring
- 4.9 Government Assistance
 - 4.9.1 Political Necessities
 - 4.9.2 Laws and Regulations
 - 4.9.3 Infrastructural Assistance
 - 4.9.4 Tax and Duty Incentives
 - 4.9.5 Trade Policy
 - 4.9.6 Programmes for external Assistance
 - 4.9.7 Local Industrial Development Office
 - 4.9.8 Industrial Estates
- 4.10 Entrepreneurs
 - 4.10.1 Motivation
 - 4.10.2 Classification of potential Entrepreneurs
 - 4.10.3 Promotion / Information / Cooperation
- 4.11 Training Systems
 - 4.11.1. Training By Settlement of trained Aliens
 - 4.11.2 A new Form of Local Taining Company
 - 4.11.3 Training in Factories outside the Country
 - 4.11.4 Training of Entrepreneurs & Managers
- 4.12 Assistance in Production Table 8
 - 4.12.1 Cooperation in local Industry
 - 4.12.2 Foreign Management
 - 4.12.3 Help of Machine-Suppliers
 - 4.12.4 Repair and Maintenance
- 4.13 Farming out to Specialists
 - 4.13.1 Farming out Accountancy
 - 4.13.2 Farming out Cost Accounting
 - 4.13.3 Farming out Purchasing
 - 4.13.4 Farming out Factoring
- 4.14 Marketing and Presentation
 - 4.14.1 Sales Policy
 - 4.14.2 Sales Representatives
 - 4.14.3 Prices and Discounts
 - 4.14.4 Own Sales Outlets
 - 4.14.5 Packaging
 - 4.14.6 Exclusivity Contracts
 - 4.14.7 License Contracts

5. Technical Assistance

- 5.1 Assistance in the Country
- 5.2 Cooperation with Overseas Assistance Institutes
- 5.3 Fellowships
- 5.4 Follow Up

1. Description and basic figures on Dominica W.I.

Independant since 1967 in association with Britain, Dominica is unfavorably located in the tropical Caribbean between the two french islands Guadeloupe and Martinique,

1.1. Geographical situation:

1.1.1. Distances:

| | | | |
|----------|-------------|----------|------------------------------|
| New York | 2,300 miles | Trinidad | 950 miles |
| London | 4,200 " | Barbados | 220 " |
| Jamaica | 1,000 " | | (next trans-shipping centre) |

Size: 298 square miles

Capital: Roseau 20,000 inhab.

1.1.2. Topography: Volcanic, rugged and mountainous, peaks up to 4,700 feet no sand beaches, dense tropical forest, many streams. High humidity, high, often torrential, rainfall (70 - 300 inches).

1.1.3. Population: Appr. 70,000 inhabitants, 99% african origin. Appr. 238 per square mile (average in Caribbeans 450).

Increases: appr. 2,5% per year.

Structures: appr. 65% of the total under 25 years. 15-20% unemployed.

Emigrations: to UK., USA., Canada. Brain Drain.

1.1.4. Traffic connections:

Roads: Since 18 months, complete system of narrow roads, difficult to maintain

Seas: No deep water harbour, no regular connections to South America, Miami, few to other Carifta islands.

Airs: 4 "Liat" flights daily. Airport 1 1/2 hours car drive from capital.

1.2. Economical Situation

1.2.1. Basic figures of economy: Carifta - Member.

Per Capita income: 197.- Doll. US (Trinidad 690, St. Lucia 157.-)

Exports: 7 million doll. US/per year. Import 10 mill. doll. US/year.

Table 1.

Wages: Agriculture: skilled worker 12-17 US dollars per week

Constructions: " " 2,5-4,5 US dollars/day

Industry: " " 3 - 5 " " day

1.2.2. Industry: Some industry, employing 2,5% of total population. See table 1.

1.2.3. Agriculture: 55% of the farmland are big estates, 45% small farmers.

Main crop bananas, about 80% of total.

Others: limes, coconuts, citrus fruits, cocoa, coffee, vanilla, other spices, perfume plants.

Fishing is inefficient with small boats close to the shore.

Table 1

| | | | | | | | | | |
|-----------------|---------|------|--------|----|-----------------|---------|-----|--------|-----|
| <u>Export</u> | UK | 84% | ECM | 2% | <u>Import</u> | UK | 33% | ECM | 13% |
| <u>Partners</u> | Carifta | 7.5% | Can | 1% | <u>Partners</u> | Carifta | 10% | Can. | 10% |
| | USA | 3.5% | Others | 2% | | USA | 15% | Others | 10% |

Major contributions: to export

| | | | | | | | |
|-------------|-----|------------|------|-------------|------|------------|------|
| Bananas | 70% | Bay oil | 3.5% | Coconut oil | 3.5% | Pumice | 1% |
| Fresh fruit | 5% | Lime " | 3% | Cocoa | 2% | Floor mats | 0.5% |
| Coconuts | 1% | Lime juice | 1.5% | Lumber | 2.5% | Others | 6.5% |

Under the laws for companies exist about 100 public companies of which:

| | |
|---------------------------|------------------------------|
| 25% in trade and commerce | 15% in agriculture |
| 25% in land development | 7% in hotels |
| 15% in industry | 13% in miscellaneous fields. |

| <u>Type of industry</u> | <u>Empl. approx.</u> |
|---|----------------------|
| Lumber-mill with exclusive logging rights | 200 |
| Fruit packing and preservation & distillation | 350 |
| Coconut products (oil and soap) | 90 |
| Pumice mining | 80 |
| Bakery and biscuit factory | 80 |
| Furniture ind. | 40 |
| 3 garages | 120 |
| 3 textile (garment) factories | 60 |
| Tobacco Industry | 40 |
| Broiler, eggs, milk | 60 |
| 5 construction companies | 500 |
| 4 handicraft companies | 120 |
| Total approx. | 1,740 |

i.e. 2.5% of the total population without employees in transportation.

- 1.2.4. Tourism: Is in initial stage. Appr. 50,000 guest nights per year in 1969 including commercial traffic. 8 hotels of significance.
- 1.2.5. Consumers supply, trade and commerce: 3 modern supermarkets, two owned by 2 Lebanese families, also main importers of construction material, consumer goods, automobiles, commodities and machinery, dominating the commerce on the island. Basic food is cheap and easily available except proteins.
- 1.2.6. Banking and Insurance: 3 commercial banks, 2 are branches of foreign major banks. One is a Dominican Cooperative Bank, One mortgage finance company (foreign), 6 insurance companies (foreign).
- 1.2.7. Electricity: Hydro electric power in and around Roseau and Portsmouth.
- 1.2.8. Communication and information:
Telephones: by Cable+Wireless Ltd. good over the island and overseas.
Radios: sub-station of Radio Antilles.
Television: In some parts Martinique can be received.
Newspapers: 3 local papers once a week; overseas papers are 2 days old.
- 1.2.9. Natural resources: generally very poor.
Pumice: considerable deposits. Limestone: small deposits.
Electricity: Hydro and Thermo electric potential.
Timber: on a 60 years reforestation cycle 12 mill board feet/year capacity.
- 1.3. Political structure
- 1.3.1. Government: Governor General - Premier-Cabinet: 4 ministers (Trade, Industry and Finance, Education and Health, Communications and Works, Home Affairs) carried exclusively by Labour Party.
- 1.3.2. Education: Approx. 50 primary schools, 5 secondary schools and 1 basic technical wing. Teachers salaries very low.
- 1.3.3. Medical Services: 1 hospital, (300 beds), 14 medical practitioners.
- 1.3.4. Religion: Almost exclusively Roman Catholic.
- 1.3.5. Taxes: Income tax from 4% - 50%. Company's tax 37 1/2%.
Tax incentives: "Pioneer" industries have 5 years (Hotels 10 years) tax holidays and duty-free import and export of raw materials and finished products and equipment.

2. Forms of under-development

Reasons of under-development

2.1. Sector of Human Resources (General Pattern)

2.1.1. Labour and Clerical Staff

Negative attitude towards work, especially in the fields.

Lack in systematic, consistent thinking and working and in sense of order and punctuality.

Efficiency in work is low. Lack in skilled labour, low versatility.

Little to no sense for the idea of maintenance and repair, defect equipment is regarded as dead.

Thinking ahead is unknown

Trade unions have an extremely high influence on the workers and also in political life.

Static orientation to life.

Good clerical staff is hard to find for industry. No shorthand.

The trauma of slavery is still very active. Work especially in the fields equals slavery.

Population is used to outdoor living, collecting food at random, no training in primitive order systems.

Climatical reasons, reminiscences of slavery, no tradition in serious work, no basic training (technical education or apprenticeships) high illiteracy.

Without historical background of manufacturing tools and machines they are dead objects, traded against money that -if they don't work anymore - are worthless in total.

Tradition. By climatical conditions (no winter) Functionaries, trained abroad, easily manipulate workers in a social climate, marked by former slavery and unbalanced distribution of fortunes.

Missing ambition and a certain fatalism.

The "status symbol" is work with government or a Bank. Lack of fundamental education, no special training facilities.

2.1.2. Local industrial entrepreneurs

Lack of knowledges in business administration, management, cost accounting, industrial and incentive planning, technology, production, priorities and systematic work. Profit margins are expected as high as in trading, which is prohibitive to competitive prices.

Production has been started by entrepreneurs without training or tradition who, by merely commercial or farming experience, or as Civil Servants, knew of products, markets and prices for import substitution and had the necessary funds to start. They do not depend on their profits in manufacturing as landowners.

Needless expenses for unnecessary equipment, like vehicles are heavy loads on budgets and often too big to be profitable.

Entrepreneurs still think in terms of "cheap labour" instead of "efficient labour" and offer wages that are not attractive to people who are not starving. The results in spite of a high unemployment, often the necessary amount of labour cannot be found.

There are only few direct overseas contacts and no information on modern processes, equipment, and comparative qualities.

There is a complete lack of middle management, that is willing to take responsibilities, functionally in production units and sociologically as a middle class and delegation is difficult.

Foreign management is hard to get and often resented. Training of local people on the job takes a lot of patience and tact. Working permits are difficult and political.

.2 Schooling and education

High illiteracy. The curriculum of primary schools is not coordinated with the practical demands of a developing economy.

Most local entrepreneurs tend to have some "status symbols" like trucks or machines to prove that they "think big" in order to outdo the old-established (white) companies.

The experience, to evaluate the real price and cost of labour as the salary divided by output, is by tradition, not known in the commercial and plantation enterprises. The underpaid labour will not try and produce more and better due to the lack of incentives. Consequently, productivity does not improve, and wages cannot be increased due to competition.

Lack of money for individual travelling, no general information on trade fairs and expositions. No government support.

No traditional training in professional skills. Taking responsibility means exercising authority, which is unpopular. Only few have the courage and strength to be unpopular. To understudies, the patron is the only authority.

Unless in foreign companies, foreign management personnel will not work in Dominica due to low payment. Foreign management personnel being white will be resented a priori (slavery complex.)

Old English pattern, low standard of teachers who are underpaid and without special training facilities. Primary school is compulsory, attendance hard to control.

It is difficult to attend secondary school, for unprivileged children so there is no uplift in general formation.

Technical education is done in one "Technical Wing". Equipment is poor, teachers are inadequate and not enough. Low image. No connection to local industry.

There is no regular apprenticeship combined with vocational training.

Training facilities for management personnel don't exist. Without money to go abroad or relations to get a scholarship is no chance to be trained.

2.3 Economical infrastructure

Road conditions are poor. Maintenance is a problem. For only 1/2 years a rudimentary road system links all settlements on the island. Normal vehicles last for 2 years.

Bad communications to South America, Florida and other Carifta islands by sea. High cost of loading and manipulation.

Air transport is limited to one airline operating between neighbouring islands.

Electricity supply to bigger settlements is decentralised. capacity is limited.

Secondary schools are not numerous enough due to lack of funds and teachers. They are exclusively in the capital, boarding is difficult and expensive. Few scholarships.

Technical education was regarded a resort for failures in the arts sector. No funds for machinery. No trained personnel in metalwork, woodwork, automobile-mechanics, electricians work, due to payment. No support from industry for jobs to the graduate.

Industry can not yet "afford" to have apprentices and vocational training cannot be done due to the lack of teaching personnel.

The "established" people (accountants, technicians etc.) have no interest to proliferate their "sacred" knowledges. Scholarships are a matter of political or religious relations.

No road system has been built before. The economy was in balance, using the most primitive transport method; men carrying cargo on their heads. Boats were replacing roads. Torrential rains and steep slopes make maintenance difficult and costly.

No deepwater harbour, 3 jetties on the Caribbean side of the island, one in Roseau and 2 banana loading points. Boats anchor outside and are loaded and unloaded by barges.

Mountainous formation makes a big jet-airport impossible. Landing is dangerous, no big airline wants to take the risk.

A central plant does not pay due to difficulties and high cost of transmission lines.

Water supply, in the capital is insufficient, settlements in the country have no water systems.

The growth rate of GNP is fluctuating between 10% and 4% in the last three years.

2.4 Structure of Industry and economy

Unbalance in distribution of fortunes. No well-to-do middle class.

Agricultural products are prevailing with 80% of the total national product (West Germany 3.6%), one product (bananas 75% of export) dominating means high vulnerability.

Agriculture works for subsistence not production.

High diversification of production instead of intensified concentration.

Limited investment funds are prohibitive for raising productivity.

There are a few small branches of foreign manufacturing units (soft drinks). Foreign capital is hard to get for investment in local industry.

Foreign companies concentrate on trading and exploitation of natural resources at favourable conditions, granted by government.

Local production is regarded inferior to imports in quality.

One small pump station feeds the fresh water line to the capital.

The GNP is depending in a country with a monopoly of one agricultural product (bananas) on the fluctuation of its prices.

Feudal structure still predominant. Small farmers working more for subsistence than production.

Tradition is concentration on one agricultural product and periodical change. Obsolete sugar mills replaced by lime juice factories which are replaced by bananas for a fast cash return are examples.

Small farmers, former slaves have no training. "Gentlemen farmers" are without serious interest.

No basic concept about market possibilities or feasibility. No experience in a special technology for small scale production nor in cost accounting.

Public funds go into infra-structure. Private banks - without financial information and projections - take high securities and interest rates.

Due to a low purchasing potential on the island and the bad situation of communications for export to other islands. Lack of information, projections and control for invested foreign funds.

Electricity is British. Pumice Mining is American. Logging is Canadian, Banana and lime trade is British.

In initial stages this reputation originated by not enough preproduction work.

Local industry wants governments help for protected markets.

Production methods and equipment are not coordinated and very inefficient in industry.

Pressure of prices from imports, without special production methods hard to meet.

To produce an item is already a performance. Overseas suppliers often dump obsolete materials on the Caribbeans and give no information and advice.

.5 Supply of raw materials for industry.

Supply from abroad is difficult, expensive and inconsistent with long "lead" times.

Supply from abroad ties up fund for long periods.

Quality and price information are hard to get.

Transport of local materials take time and cost. Stocks and storage exceed normal standards to meet shortfalls.

Goods have to be shipped to Trinidad or Barbados and transferred to small boats. Correspondence takes weeks.

Suppliers ship against prepayment with order, as an optimum on a Bank draft or documents against cash. Claims take months which increases stock reserves

Turnovers being small, there are no regular visits by suppliers representatives on the island.

Due to distances and road conditions to rainfalls, labour, seasons and prices, supply of local material is inconsistent.

.6 Markets and Tourism

Local markets for a newly built local industry are limited.

Export markets in to Carifta are difficult to conquer. There are no old established connections.

Overseas export except agricultural goods is minimal, often done only through agents that take up to 30% commission.

Tourism is only in initial stage.

A per capita income of 197 US Dollars, high unemployment and few inhabitants.

Carifta represents a market of 6 million people. The more industrialised partners have a better start in transport, communications, supply, also in investment facilities. In marketing they are established.

Few direct contacts to overseas' customers give no knowledge of potential markets and their demands for highly paid specialities. There is no Dominican trade mission.

There are no sand beaches. Landing facilities for cruise ships are bad. The island is in a "in between" stage, unfavourable for tourism: not primitive enough to be a sensation and not developed enough to have snob-appeal.

3. Strategy of Development The total complex of developing the country has several fields, as shown in Chapter 2 which have to be defined in their requirements and evaluated against each other. Substantial propositions for new small scale industry are made.

3.1. Fields of Development. Scopes and requirements.

3.1.1. Infrastructure

3.1.1.1. Roads. Since the basic system of roads exists, a plan, in what pace and priorities these roads and feeder-roads should be completed, is necessary. A foreign company with obligation to employ native workers should do it. Good experience in quality/work being the result.

3.1.1.2. Deep water harbour. A feasibility study has been made for this highly political point of government's programme. Costs are estimated at 8 million dollars E.C. which represent almost the total of assistance that can be expected for the next 5 years from the regional Developing Bank. It would be advantageous for tourism, import and export of industrial products but the question is, if a modern harbour for such a small community (70,000) would pay or be a white elephant and status symbol.

3.1.1.3. Airport The same applies to the question: New jet airport. An intensified schedule - guaranteed by government - could be sufficient with the old airport.

3.1.1.4. Electricity Since electricity is in private hands, the necessary increase of capacity and security is only a matter of pressure by the Government, also combined with certain guarantees.

3.1.1.5. Water supply A water collecting area has to be marked and protected for Roucou and surroundings and the existing pipe system has to be adapted. In small communities central water supply and pipe lines have to be built for the increasing population. An improved fire protection (wooden houses!) is necessary.

3.1.2. Education

3.1.2.1. Primary and Secondary schools The curricula of primary schools have to be tuned up generally, government's subsidies for secondary schools augmented for more and cheaper secondary schools also outside the capital; (To meet population increase).

3.1.2.2. Basic technical education A new school should serve the northern district. The existing school must be equipped with adequate machinery and competent teachers and should be separated from the "grammar school". It could be combined with:

3.1.2.3. Vocational training and industrial apprenticeship. The government has to provide these facilities and legalise a system of one year abridged apprenticeship in some professions. Practical education and vocational training during this time

must be compulsory and fees be payed by entrepreneurs who should be in contact with "their" school. Also a wing for female students for shorthand and typing should be attached.

3.1.2.4. Management training It can be done in full-time and in evening courses, by a private institution, subsidised by government and sponsored by manufacturers.

3.1.2.5. Situation of teachers The financial conditions of teachers have to be improved. It is impossible that a teacher has to live on 120.- E.C. per month, compared to 200 E.C. for agricultural work. The knowledge and science standards have to be improved.

3.1.3. Health. The general health condition of the population is good, but still there are a few important problems, such as: - a new hospital in the northern district of the island for the growing population - medical facilities and hygienic conditions at the existing hospital have to be improved - medical care and medicaments have to be made financially available to the entire population - Improving training and financial status of nurses - a training programme for mothers in baby nutrition (protein deficiency) - a programme against wide spread venereal diseases.

3.1.3.1. Birth control Inspite of the resistance of church a family planning system has to be established by the government to save the island from the catastrophe of a population explosion.

3.1.4. Housing The constant growth of population and generally minimal income calls for a large low cost housing programme. Wooden prefabs could be manufactured on the island very cheaply, provided substantial production. Crown land has to be made available for this purpose as well as financing possibilities by tax preferences to building societies or government participation.

3.1.5. Agriculture Regarding the big share in national product, a separate ministry would be advisable rather than the Ministry of Trade and Industry. Agricultural products processed on the island are excellent possibilities for small scale industry. Labour in agriculture is a big problem (see 2.1.1.). As the example of western Germany, where the same problems existed, shows, it is easier to find a "tractor driver" than a "field-worker". This, transferred to the Caribbeans, would certainly work and calls for a certain amount of machinery, that has to be financed initially.

3.1.5.1. Choice of new products in context with processing and markets A central agricultural planning unit can direct the choice of these products in cooperation with existing agricultural stations. Extension plans + methods for subsidising seeds, plants and fertilisers would be found. A specific machine technology has to be executed.

3.1.5.2. Marketing of Agricultural products The already existing "agricultural marketing board" needs expert help from government in establishing new marketing connections, if possible overseas.

3.1.5.3. Storage/Packing/Shipping The same organisation must have in the long run a possibility for cold storage. The waste in the fields is high due to short + vehement crops and limited packing and shipping facilities. A cold storage facility would extend the time of cropping. The existing fresh fruit packing plant must be remodelled.

3.1.6. Tourism in an island like Dominica is problematic since only a very small percentage of the incoming money stays in the state, the rest being re-exported. On the other hand modern tourism brings bad social tensions.

- Sites on crownland must be made available for hotels, cottages and parks.
- Tax and duty incentives must be extended.
- Sales of land (house lots) to foreigners must be regulated, excluding land speculation, to raise foreign currency.
- Residence permits to foreigners have to go along.
- Promotion of tourism by government must be coordinated and extended.

3.1.7. Handicrafts

3.1.7.1. Existing products Main products are: verti-cert grass mats (export 70,000 doll. E.C. inland sales being as high). Carib-baskets out of bark, straw hats, bags, stitched items and dolls. No wooden items, no ceramics, no weaving.

3.1.7.2. Potential new products and design. Labour intensive, good quality production of grass mats is still lacking behind the markets requirements due to lack of grass that grows everywhere and is braided now in unorganised cottage industry. It is proposed to increase grass production by agricultural stations - the roots being the basis for most valuable perfume oil-and have cottage industry not only braiding but also making basic standard elements - squares and rounds - to get more employment into the country and increase interest. Wooden turned and carved items are a natural product for a wood covered country. A new industry for these is initiated, hardly to be differentiated from handicraft. Ceramics are possible by clay deposits on the island. A production is being set up. Weaving with existing material (banana straw) has a scope, being trained right now. For all these new products a cautious advisor is needed to find good local designs.

3.1.7.3. Forms of production The biggest producer is the "Government handicraft school" an industrial enterprise with 50 employees. 3 more industrial companies are competing in the same field. Individual handicraft is done in the Carib-resort being a separated community of 700 within the country. Dolls, Banana weaving and ceramics will be done by small industrial corporations.

3.1.7.4. Training facilities are offered within the existing companies. In schools and community development centers, braiding is taught, low income people however, reduce interest. Banana weaving is being introduced and taught by Jamaican instructor

3.1.7.5. Marketing and Transport Marketing is to be seen in the context of industry as a whole. A new market in Roseau will contain a big area for local handicraft. Marketing assistance has to be given to the Caribs and local handicraft be promoted with tourist promotion.

3.1.8. Community Development Approximately 100 centres exist already in the country run by the nuns in Roseau. Additional funds are necessary to provide libraries and adult education as well as to intensify handicraft training.

3.1.9. Industry, conditions and scopes

3.1.9.1. Infrastructural needs Of the infrastructural needs described in 3.1.1., the following points are essential for industry:

Roads The existing mainroads will be sufficient if they are completed, also if new industry would settle far from Roseau.

Deep water harbour: This would be valuable regarding regular supply of materials and for the transport of finished products. New supplies by direct shipping and even a processing industry could develop and the construction of this harbour could give strong impulses to local industry including repair work on boats etc.

Airports: The existing airport is sufficient, provided frequency of flying is increased.

Electricity: An extension in capacity and consistent voltage is vital.

Water supply: is no problem in Dominica now to industry, nor sewerage.

3.1.9.2. Government assistance has to be given in capital and financing - in preparing industrial estates and sites - in tax and duty incentives - in feasibility and marketing studies - in technology and production methods - in promotion of foreign investment.

3.1.9.3. Scope for new productions In Dominica a good scope for new industry can be seen in:

A cement factory - limestone and electricity available and market.

Simple agricultural machines - market for adequate types in the country.

Furniture and woodwork - timber available, market existing.

Woodturning and carving - " " " "

Fruit crates - timber, waste material available - market existing.

Iron work and furniture - market all over, even export.

Ceramic pipes and accessories - clay deposits existing and market.

Fruit canning or deep freezing - fruits and market existing

Fruit preserves of high purity - " " "

Banana chips - " " "

New bay oil distillery - bay leaves and individual distilleries existing.

Rigger Cassava mill - small production existing - market.

Verti-vert oil distill. Big demand on world market.

Garments - substituting imports, now at 450,000 doll. EC.

Livestock and chicken feed - local demand - cocomeal available.

Service industry likes: radiator repair, tyre retreading, auto-electrics, electric motor rewinding, sand blasting and painting, body repair, welding, repair in mechanics, electrics, radio, making and repair of wooden barrels, standard wooden door and window frames.

3.1.9.4. Educational needs for labour As already lined out in 3.1.2.2. and 3.1.2.3.

3.1.9.5. Existing artisans Most of Dominica's small industry are actually artisans who can by intensive management training be developed into bigger units, other artisans will automatically increase their business with growing general development into service industry. A few of them, if they are willing to give up their independence, might join industry as foreman.

3.1.9.6. Supply of raw materials The ideal basis of raw material for industry in Dominica is bananas, fruit, citrus, coconuts, perfume plants, timber, clay and limestone. The consistency of supply is to be developed.

3.1.10. Search for new mineral resources. The intensified research for new deposits (copper is underway) is a vital requirement for development.

3.2. Choice of priority

3.2.1. Selection - principles In order to group the different fields of development into priorities they have to be checked in a very poor country against the following principles without regarding strictly political interests:

| | |
|----------------------|-----------------------------------|
| Basic survival | Unemployment |
| Physical welfare | Balanced distribution of fortunes |
| Economical standards | Tax income - States Finances |
| Political stability | Higher standards of education. |

3.2.2. Evaluation of effects (quantitative analysis). Table 2 shows a simplified approach to a quantitative analysis of effects. The main development fields (vertical) are shown with their effects on the main principles (horizontal). It shows that, provided each principle is given the same importance, Agriculture and Birth Control are the two most important development fields (7 points). Industry is in the third position with 6 points, followed by schools, Vocational training and other fields. Table 3 shows the reverse investigation i.e. the four most important fields of development are shown horizontally whereas vertically all the development fields are shown. Whenever one of the four most important items has an influence on or requires another field, it is marked. This table shows that the development of Industry is the most demanding but also most effective item in development policy on an island like Dominica. Besides: experience in Caribbeans shows, every new job in industry provides another indirect job.

Measures for the development of small scale industry.

- 4.1. Basic principles Development must be organical and seen in long range. With all necessary planning of industry, private initiative must be predominant. In a small isolated country cooperation inside and information outside is vital. Small scale industry is not just a blown up handicraft nor a reduced normal production; it needs passion and a detailed complying with as a complex entity to find specific production methods, equipment or even technologies. On top: solutions of industrialised countries cannot always be transferred, they don't fit, coming out of a long process of innovation, evolution and specialization, whereas in developing countries factors like unemployment, skills, efficiency, markets and investment structure have to be included, to arrive at a competitive price.
- 4.2. Structural components of production is shown in Table 4 and self explanatory.
- 4.3 Development agency: Industrial Development Office. In an area such as Carifta, industrial planning must be centralised in Carifta Secretariat or the regional Development Bank to avoid duplications, but there must be a local agency for implementation (administrative) and financing (operational). A fully staffed minimal IDC takes 50,000.- EC doll. capital and 170,000.- EC Doll. years recurrent expenditure which is prohibitive for a small island. An industrial development office (IDO) filled by an industrial economist in government will not cost more than 20,000 EC doll/year, coordinates political and economical aspects and provide necessary information. This office (table 5 and 6) works directly under the premier as part of the central planning unit together with an existing section for infrastructural planning and social development. It checks with the advisory board entrepreneurs and propositions under consideration, orders feasibility studies from the regional Devel. Bank and does simple ones on his own. If prospects are good, the project is checked under infrastructural and socio-political aspects and is given a priority. (Administrative) The decision made, implementation is handed over to specific, already existing, bodies and financing will be done (if necessary) by an inevitable local finance institution like an industrial and agricultural Bank, an Operational unit, in close connection to, partly refinanced by, or even a branch of the regional Development Bank (table 7). Instructions come from Ind. Dev. Off. on account of the best possible information to minimise losses. This system is preferable to a concentration of all activities in the Bank which can never include political aspects.
- 4.4 Relations to the existing economical establishment The established economy, based on trading imports, will see in new local industry competition, particularly when based on substitution of imports. It is vital to involve this establishment by information, proposals for distribution, supply of raw materials, and even financial assistance.

Primary Effects of Development Fields

Table 2

| Principles Fields | Survival | Physical Welfare | Political Stability | Economical Standards | States Finances | Unemployment | Balanced Fortunes | Better Education | Total |
|----------------------|----------|---------------------|------------------------|-------------------------|--------------------|--------------|----------------------|---------------------|-------|
| Roads | | M | | M | | M | M | | 4 |
| New Harbour | | | | M | M | M | | | 3 |
| New Airport | | | | M | M | | | | 2 |
| Electricity | | M | | M | | M | M | | 4 |
| Water | X | M | | M | | | | | 3 |
| Schools | | | M | M | | X | M | M | 5 |
| Vocat. Training | | | X | M | | X | X | M | 5 |
| Health, General | X | X | X | | | | | | 3 |
| Birth Control | | X | X | X | X | X | X | X | 7 |
| Agriculture | X | X | X | X | X | X | X | | 7 |
| Tourism | | | | M | M | X | | | 3 |
| Housing | | X | X | X | | | | M | 4 |
| Handicraft | | | | X | X | X | X | | 4 |
| Community Develop. | | X | X | X | | X | | X | 5 |
| Industry | | | X | X | X | X | X | X | 6 |
| New Resources | | | X | X | X | X | | | 4 |

Requirements and Influence of the most important on other Development Fields.

Table 3

| Principal Fields | Industry | Agriculture | Schools | Birth Control |
|------------------|----------|-------------|---------|---------------|
| Roads | X | X | X | |
| New Harbour | X | X | | |
| New Airport | X | X | | |
| Electricity | X | X | X | |
| Water | X | X | | |
| Schools | X | | | X |
| Vocat. Training | X | X | | |
| Health, General | X | X | | X |
| Birth Control | X | | X | |
| Agriculture | X | | | |
| Tourism | X | | X | |
| Housing | X | | X | X |
| Handicraft | | | | |
| Community Devel. | | | X | |
| Industry | | X | X | X |
| New Resources | X | | | |

STRUCTURAL COMPONENTS OF PRODUCTION

| PRE-INVESTMENT | EQUIPMENT | RAW MATERIAL | LABOUR | MANAGEMENT | PRODUCT |
|--------------------|--|--------------|-----------------|------------------------|---------------|
| POLITICAL STRATEGY | CHOICE OF PRODUCTION METHODS | SUPPLY | EXISTING LABOUR | EXISTING MANAGEMENT | MARKETING |
| INFRASTRUCTURE | CHOICE OF EQUIPMENT | AVAILABILITY | SKILLS | FOREIGN MANAGEMENT | SALES POLICY |
| INCENTIVES | LAYOUT OF WORKSHOPS | PRICE | READINESS | TRAINING | SALES SYSTEMS |
| PRODUCT-CHOICE | INFORMATION ON EQUIPMENT, PERFORMANCE, PRICES, TERMS, CONDITIONS | QUALITY | TRAINING | FARMING OUT | PRESENTATION |
| FEASIBILITY STUDY | | TRANSPORT | IMPORTED LABOUR | PRODUCTION SUPERVISION | PRICING |
| FACTORY SITES | | STORAGE | WAGES | COST CONTROL | INLAND SALES |
| CAPITAL | | DUTIES | INCENTIVES | LICENSE CONTRACTS | EXPORTS |
| FOREIGN INVEST. | | | | MAINTENANCE | |
| AID PROGRAMMES | | | | | |

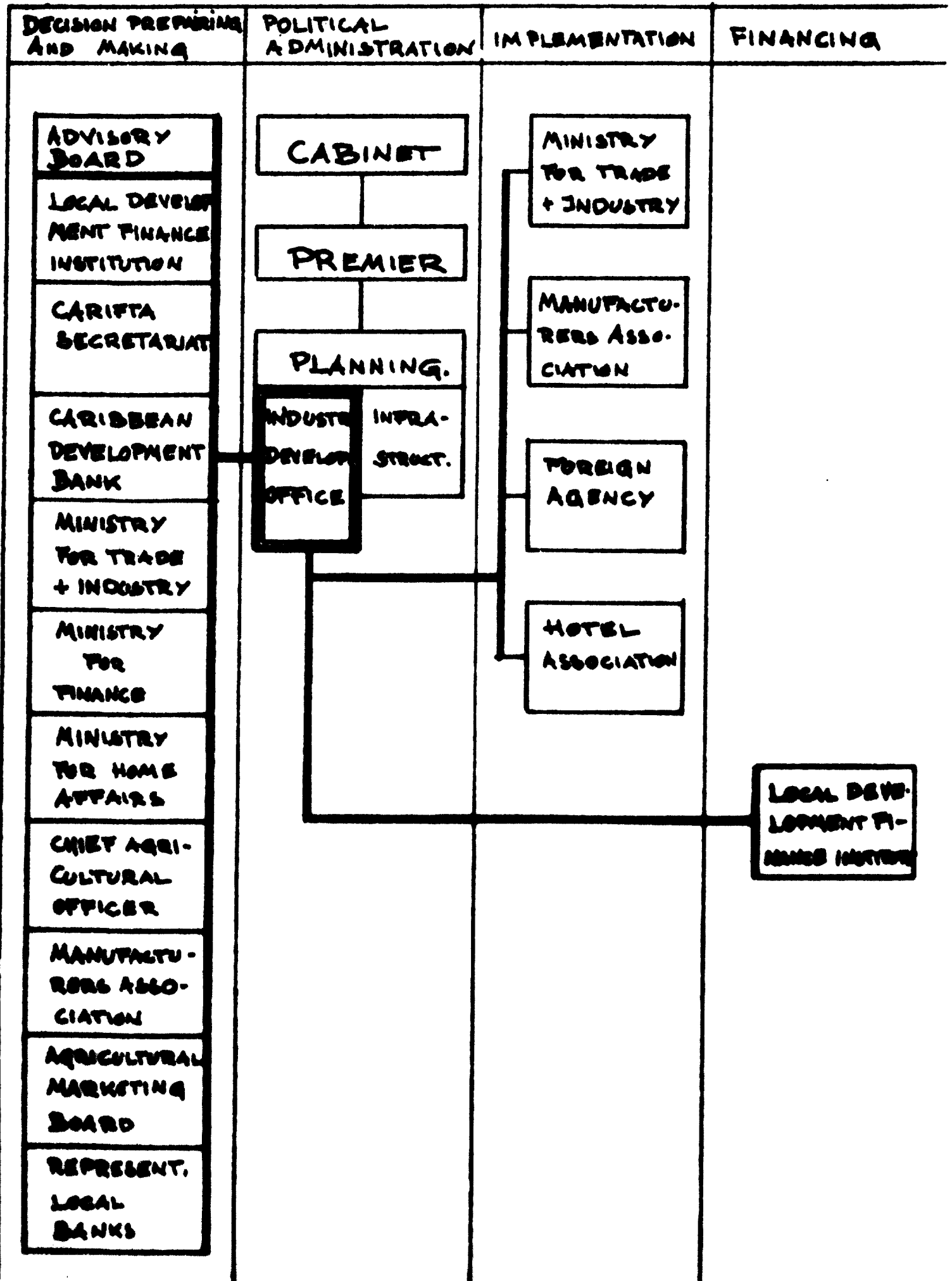
Structural Components of production

Activities to be done by Ind. Dev. Office

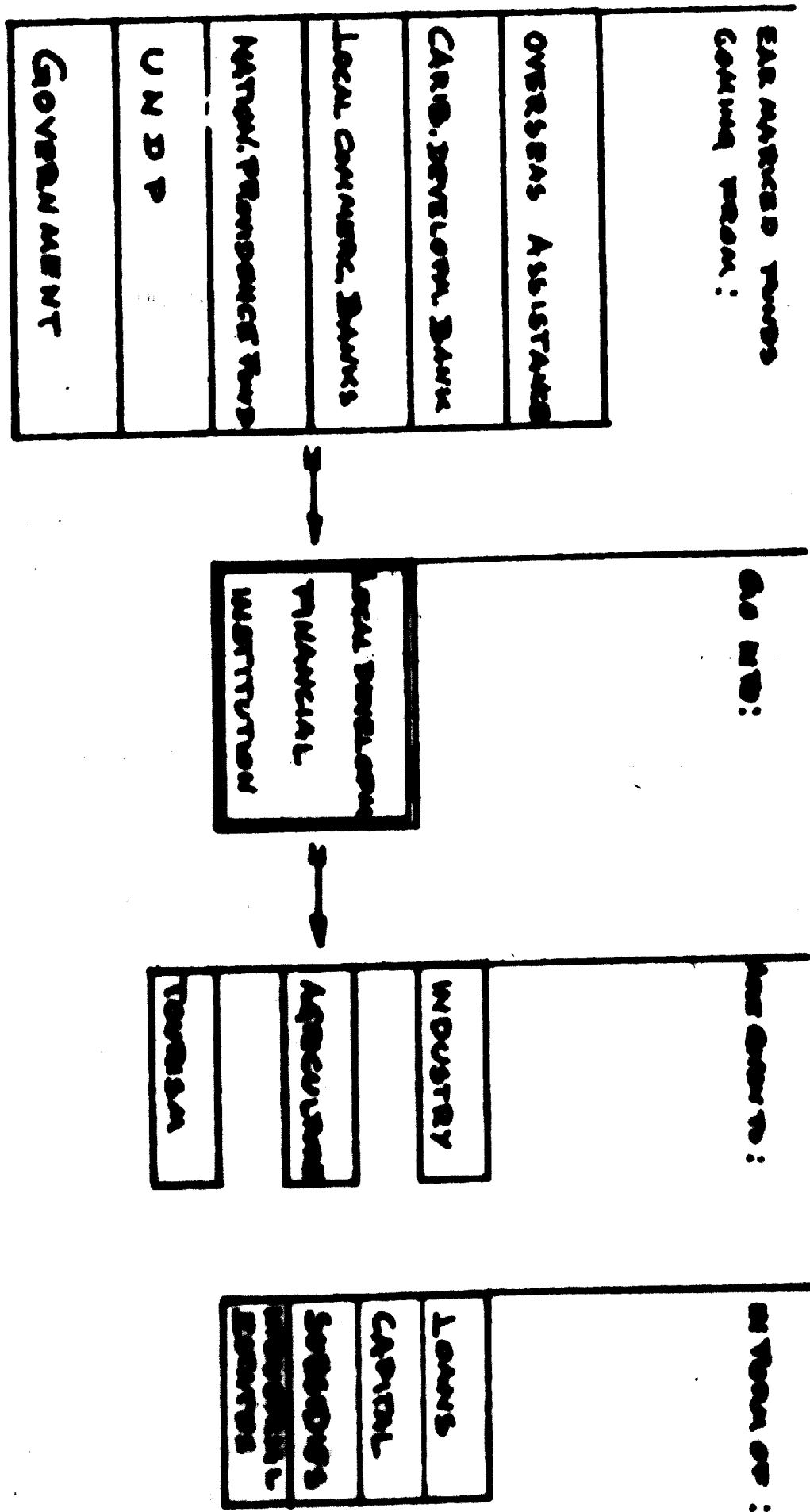
For implementation to

| | |
|---|------------------------|
| Setting priorities of projects | Develop. Office |
| Recommendations to local finance institution | Develop. Office |
| Recommendations for pioneer status | Develop. Office |
| Making and checking feasibility studies | Car. Dev. Bank |
| Industrial promotion general | Min. Trade + Ind. |
| Industrial Estates development + rent. | Min. Trade + Ind. |
| Assistance + training in technology + management. | Manuf. Association. |
| Assistance in cost accounting. | Manuf. Association. |
| Assistance in marketing - market survey | Manuf. Association. |
| Direct export contacts | Manuf. Association. |
| Hotel promotion | Hotel Association |
| " development | Hotel Association |
| " Training programmes | Hotel School Trinidad. |
| Public relations overseas | Agency/Extern. Aff. |
| Promotion foreign investment (Indus. + hotels) | Min. Trade + Industry |
| Promotion of tourism + local handicrafts | Develop. Office. |

Working Scheme of an Industrial Development Office



Working Scheme of a Local Development Financial Institution



4.5 Corporate forms of new industries.

4.5.1. Private companies: Wherever funds allow, this form is best with the clear structure and personal responsibility of the entrepreneur.

4.5.2. Public companies: They offer the best security and varieties in financial combinations, provided well known businessmen are forming it and a clear prospectus is given to the potential shareholders. Preferences in buying shares can be given to suppliers of material, transporters and distributors.

4.5.3. Cooperatives: especially for industry, processing agricultural products, or sales and purchasing organisations for cottage industry, since a practically unlimited number of involved members can participate. In critical times a cooperative is not easily manouvrable.

4.6. Functional patterns of new industry Since unemployment presents the biggest problem, a labour intensive industry is preferable wherever possible. This calls also for special manufacturing methods (see 4.12) but first of all, the new industry has to be competitive.

4.6.1. Service industry Garages, prototypes of service industry, are growing with car sales. Training of labour is mostly done overseas. Other fields are following this pattern: sales agent, service outfit, training abroad. They are: refrigeration, sewing machines, tractors, outboard motors. There is good scope in some general fields, as named in 3.1.9.3. Partnership between existing artisans and technical dealers have to be promoted.

4.6.2. Processing industry. Good boat or flight communications to close industrialised countries are preconditions to this type. Also skilled efficient labour. None of these conditions exist in Dominica.

4.6.3. Assembling industry The small market in Dominica gives no scope for it.

4.6.4. Cottage industry After the road system is finished, Dominica is well suited for it. Two additional projects are under way: weaving of rounds of banana straw, the backside of the stem of banana leaves, and woodcarving, which will be taught and executed (see 4.11.1). The supply of raw material and delivery of finished goods can be combined with the existing agricultural transport and purchasing organisation.

4.6.5. Agriculture based industry. Agriculture can provide for industry: products to be dried, distilled, canned, deep frozen, packed and processed in different ways. The system of co-packers, developed in USA, would give a good production volume without marketing problems. Agricultural production needs simple machinery, geared to production volume and terrain. This machinery designed or copied in agricultural stations, also crates and vehicles, can be made by local industry. Industry offers to agriculture: better marketing, long range extension planning, price stability,

extended harvest time, incentive for less wastage by processing and packing its products. This type of industry is ideal for Dominica, as the example of Coconut Prod. shows/especially public companies or cooperatives, farmers holding shares. It can be situated right in the country.

4.6.6. Construction industry as a different type has to be planned entirely to the demands. Misinvestment and too small units are the danger.

4.7. Preinvestment studies and assistance. The first approach to find new products for industrial production is to check on available raw materials. The second, to check on import statistics, for substitution of imports and additional export. Special future demands from government should be incorporated in these figures, government being compelled to "buy local". The third source is propositions from foreign companies or indigenous entrepreneurs. For a comprehensive planning, these projects must also pass through the "Development Office".

4.7.1. Product studies The composition, quality and performance of the product must be defined and made to meet the demands of the market within and outside the country, including packaging and possibility for modifications for special (government) purposes. Adequate methods of production have to be found and examined, raw material, manufacturing times and equipment required.

4.7.2. Raw material Availability, transport, storage, price and qualities have to be defined and scrutinised under the aspects of clearing, strikes, general policy etc.

4.7.3. Market study. In extension to 4.7.1. product study an intensified market study has to investigate the points: competitive products: price, presentation, quality, existing market volume: possible extension by future needs, influence of price on volume. Possible markets: within the country, export, government. Presumable ways of distribution: direct, wholesale, indirect by Trading Company or marketing centre.

" cost " " advertising, transport, samples.

" own sales volume : future evolution.

Possible price structure : ex fact, wholesale, detail.

Projection of production : volume.

4.7.4. The sites of industries. In accordance with general (also socio-political) planning and infrastructure, the site has to be found on criteriae like transport, availability and cost of labour, power, taxes, cost and availability of land, existing offers. Alternatives: renting in a prepared industrial estate.

4.7.5. Adequate production equipment Under the special situation of a developing country (see 4.12.), knowing production volume and process, optimal equipment must be selected.

4.7.6. Layout and construction of buildings Buildings in their extension, construction and condition (ventilation) are designed for the layout of production, and

4.7.7. Operating funds. Calculation/Intelligent guesswork gives the amount of necessary funds resulting from production costs, stocks in raw materials and finished products and initial cost.

4.7.8. Feasibility studies. With these above determined facts including preproduction costs like training, shipping and housing of personnel, fees etc. a feasibility study will show the financial aspect of the future operation. Sometimes immediate profit of a new venture is not given, but the repercussions might influence other economical fields (e.g. cement factory) in this case government has to guarantee.

4.8. Financing the Industrial Development Office operates in subsidizing

4.8.1. Local capital with a good feasibility study and incentives under the authority of the Develop. Office by public advertising and personal contacts to provide funds.

4.8.2. Government subsidizing can be initial capital on shares that will stay in the hand of government or be sold later on. Guarantees for credits. Land for industry. Collecting foreign aid funds. Activation of trade unions for industry promotion.

4.8.3. Financial arrangements Part of the contribution must be arranged for industry through the government and the local finance institutions.

4.8.4. Local capital must be collected through promotion (newspapers, agencies, brokers) with good feasibility studies and incentives.

4.8.5. Contribution of suppliers in the export of materials are under exclusive supply contracts for equipment or raw material (especially foreign) or by extending loan term upon credits on supplies.

4.8.6. Financing done by banks gives fast return and reduction of necessary working capital.

4.9. Government assistance

4.9.1. Political arrangements are often the decisive means to promote a project, contact to nearby governmental offices, a local industry. Development has to live with a good lobby is important.

4.9.2. Law and regulations business cases, working time, as well as laws for preferential conditions (e.g. import duties), working permits for aliens, permits for them to hold local shares and own land must be prepared.

4.9.3. Administrative assistance The points 3.1.7.1. need implementation, through Indust. Dev. Office and pushing the competent officials.

4.9.4. Tax and duty incentives Tax and duty regulations for industry must be uniform to all Carifta partners, a simplified but selective system of application for "planner status" introduced through Ind. Dev. Off. Tax reductions can be offered: for exports, for funds given as loans to industry, for creating additional employment. Duties must be waived for imports of equipment and raw material. The loss in tax revenue can be compensated by higher taxes on "luxury goods".

4.9.5. Trade policy. Substituting imports from Carifta means duplication and protective import quotas or protected markets jeopardising the quality standards of local production and the spirit of cooperation in Carifta. The "big islands" have better initial conditions and volume, so Dominica can not compete. But her exotic quality products produced on small scale have a good scope in affluent countries for appeal to luxury and snobism. This market aspect calls for a trade mission, that can be financed by a 3% contribution of the 4 mill export in industrial goods. It will also take care of orders from Dominica overseas and general promotion and give information on overseas markets demands. All government supply must be bought locally if available.

4.9.6. Programmes for external assistance Coming on different systems from different countries on limited funds, they need central coordination to avoid overlapping (Ind. Dev. Office) and preparation with clearly defined programmes, involving manufacturers.

4.9.7. Local industrial development office. It is the indispensable center for industry development (see 4.3). A showroom for local products and a technical library (catalogues) should be attached.

4.9.8. Industrial estates. Industrial sites must be planned by Government. The development of these into estates will be done by the Ind. Devel. Office through local development Bank to be rented on long term. Prefabricated factories are a big advantage in a poor country saving capital expenditure. Since heavy industries in Dominica are excluded in a tropical climate, standard buildings that are built cheaper in quantities in advance, can easily be adapted to specific needs.

4.10. Entrepreneurs.

4.10.1. Motivation (types) Two basic types exists: One interested in production primarily (former artisans) another with impact on selling (commercial background).

4.10.2. Classification of potential entrepreneurs Businessmen,
Being in trades: Planning industrial production or service.
Being in Industry: planning extensions or new productions
Being in Farming: Planning processing.

They mostly have funds and experience to start with.

Another group:

Being employees: Planning own business.

being artisans: planning industrial operation.

They are mostly young with dynamic ideas and no funds.

Foreign companies, starting branches in production.

4.10.3. Promotion, information, cooperation. For local entrepreneurs without funds, government can start initially a small enterprise managed by the potential entrepreneur who will take over the shares-if found capable - on a long range schedule out of profits. The formation of a local manufacturers association is vital. It can provide training (see 4.11.4) and is the center for information on suppliers, maintenance facilities and production experience, cooperation with marketing organizations, government, and regional institutions; assistance in correspondence and legal matters. It can provide foreign specialists on facts to his members in cost accounting, designing, packaging etc. It also does the lobby for industry.

4.11. Training systems- apart from apprenticeship, school + vocational training there is:

4.11.1. Training by settlement of trained aliens. To start a new unknown industry, the most economical way is to settle a few alien specialists (artisans) on the island, who will proliferate their special knowledges. It is being done in:

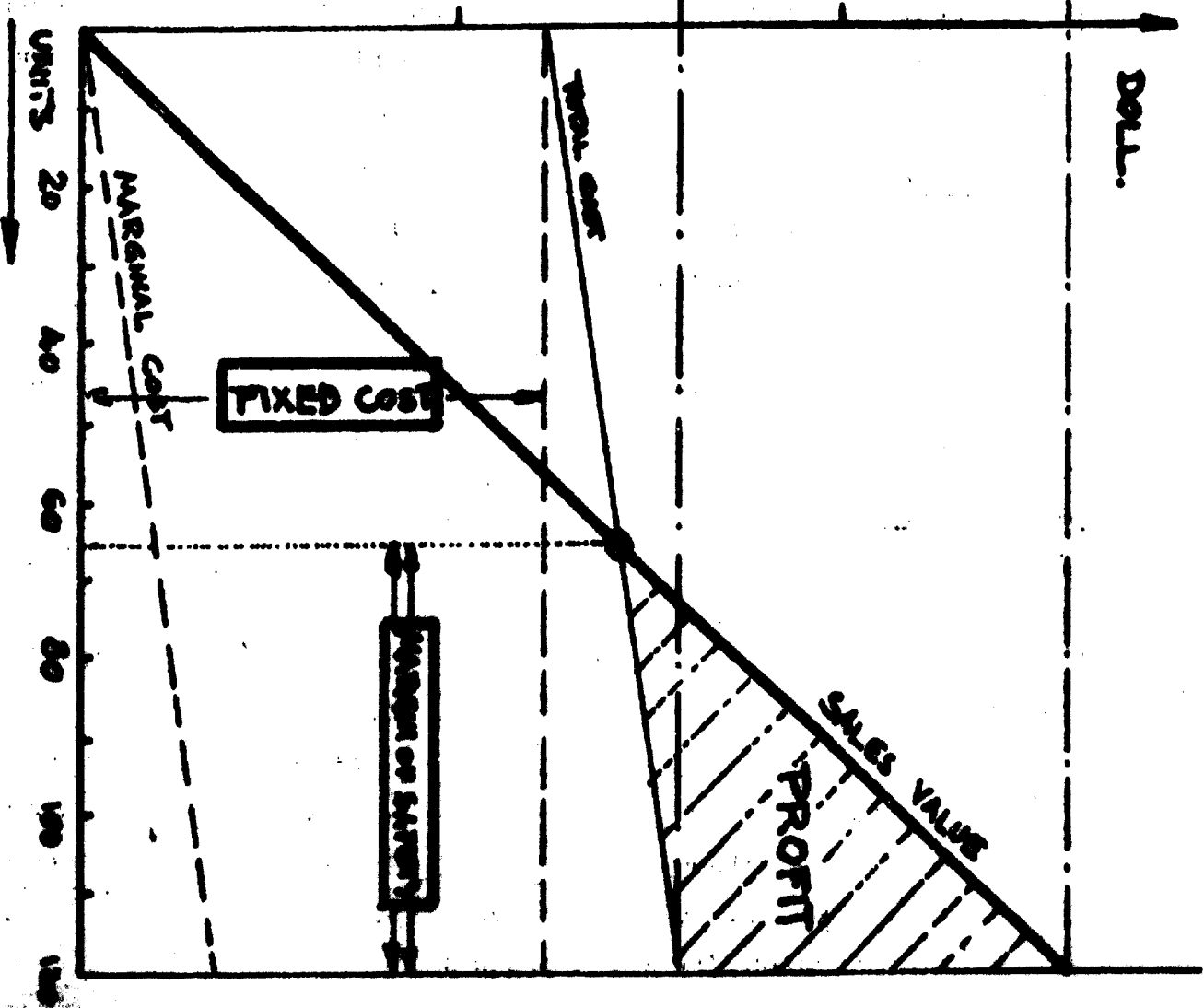
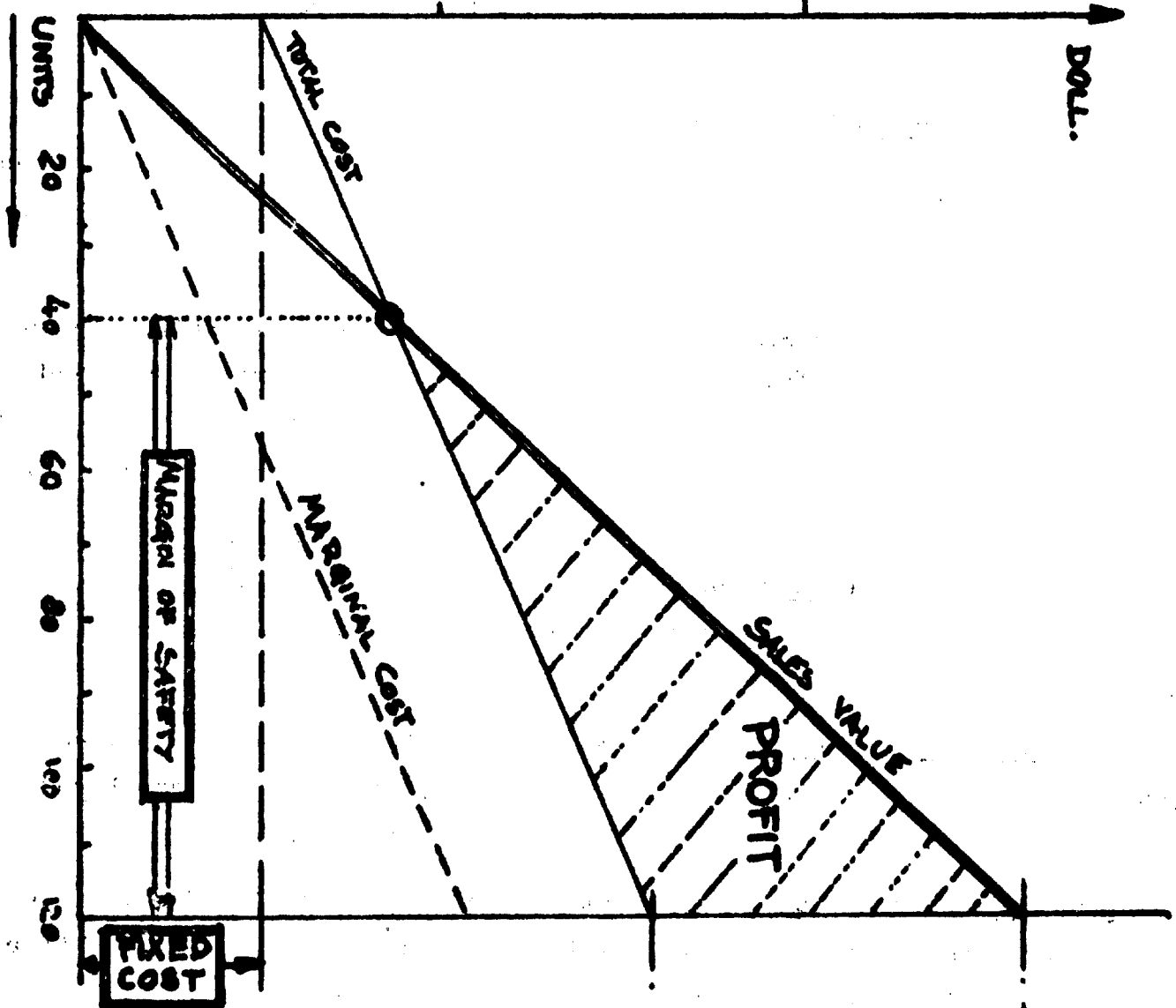
4.11.2. A new form of local training company. Schools and training institutions don't work in the Caribbeans. A public company will employ in productive work 3 specialised aliens in woodcarving and turning (Haftiens). They have 10 trainees who are paid from the first day on a mounting scale for their more and more refined work; after 26 weeks they go on their own (cottage industry) 10 new apprentices replacing them. Cottage workers stay with the company which supplies material and guarantees minimum prices for finished products that are marketed by the company. Initial capital is given by government, Shares being for sale especially to the cottage workers as members of the later cooperative. Projections are favourable.

4.11.3. Training in factories outside the country. This should be done wherever possible. Reasons: foreign experts are expensive, working with low efficiency (climate, workshops, students attitude at their home). Sending trainees abroad is cheap (boat, accomodation) they are minority and will work better, learn also basic things (workshops, discipline, quality standards, equipment). Regulations to secure their return are important.

4.11.4. Training of entrepreneurs and managers. Ind. Dev. Off. and manufacturers association will take care of training in management, planning, technology, marketing and cost accounting.

4.12. Assistance in production It starts with preinvestment studies. Production that is built up with a minimum of fixed cost is less vulnerable than on high fixed cost (table 8, showing safety margins in identical productions with different character). A central institute in the region will be important to assist.

Margin of Safety in relation to relative fixed cost



4.12.1. Cooperation in local industry, through Manuf. Assoc. will help with tools, skills, auxiliary materials and controls.

4.12.2. Foreign management. Provided he comes from small scale industry, a foreign manager will pay not only in initial stage, training at the same time under-studies to replace him, but also in a permanent position. Government should not be shortsighted with permits.

4.12.3. Help of machine suppliers Through the Ind. Dev. Off. contacts with machine suppliers must be established for training and demonstration courses and good information on performances of their machines. Often trade associations from abroad can help. Good ^{used} / machines will often be better than ultramodern ones (versatility and price).

4.12.4. Repair and Maintenance must be built up with industry, including suppliers. Standardisation of equipment can be done by Manuf. Association, also special training programmes.

4.13. Farming out to specialists. To make the best use of existing special knowledges and machines and to fill functions for which trained personnel and machinery is scarce in the factory, this is the best solution.

4.13.1. Farming out accountancy The factory does only paying and receiving, all documents go to the contractors. They will keep records of ledgers, debit and credit accounts and give a report each month on expenditures and income.

4.13.2. Farming out cost accounting The above figures presumed, a simple but very essential cost accounting can be added or done with figures, acquired from a financial accountant in the factory.

4.13.3. Farming out purchasing A service office (also by Ind. Dev. Off. or Manuf. Ass.) can take care for fees of all purchasing for an industry, pooling orders for good prices, efficient clearing; even stock control and automatic ordering can be done.

4.13.4. Factoring Already mentioned in 4.8.6. it can also take care of billing according to delivery papers and price lists and of accounts receivable.

4.14. Marketing and presentation

4.14.1. Sales Policy Depending on the relation of inland sales to exports, this policy is determined by volume of production and personality of the entrepreneur. For inland sales only with good personal contacts, marketing can be done directly by the producer, small volume provided. However, it ties up funds for vehicles and priceless time which should be invested in production. A trading company even small, would be cheaper, saving both, using their contacts and ways of distribution and collection, especially for bigger volumes. A marketing centre is not recommendable for inland marketing, but for export, especially overseas, where it can cooperate through the projected trade mission directly with existing organisations overseas

taking care of all specific products of the island and facilitate cooperation with foreign assistance (see 5.2). For export within Carifta at all volumes a Trading Company is recommendable, since commissions are not too high and regular sales efforts with existing customers in the scope of a collection give the best results. Overseas marketing through a Trading Company is normally too expensive and slow, direct contacts are preferable, for which the Trade Mission is indispensable.

Another good marketing approach would be: manufacturing for overseas companies under their brand - if possible not exclusively - be it to own or foreign specifications.

The advertising of the product (Choice of medias, form, slogans) should be done in cooperation with the marketing organisation.

4.14.2 Sales Representatives. If the company decides on own marketing, representatives with a fixed salary plus commission are easier to be controlled and more efficient, then working only on commission. For inland sales a sales representative will always be advisable.

4.14.3 Prices and Discounts. Prices must be made up in accordance to sales policies, including possibly necessary discounts on volumes, commissions, transport cost etc and have a clearly determined system. The ex factory price, realistically built up on cost, volume and a reasonable profit margin at one hand and existing competitive prices on the other are the two boundaries for the price, that should by no means be made up just by adopting import prices, as it is mostly done.

4.14.4 Own Sales Outlets pay only for consumer goods or food with big production volume and when combined with supplementary sales of products in the same field.

4.14.5 Packaging must be competitive with overseas designs and is most important. The packing itself can be done however with simple techniques.

4.14.6 Exclusivity Contracts with foreign agents should be made with all necessary reserves for financial security, include minimum sales obligations, a duration limit and a clear definition of the products quality.

4.14.7 License Contracts. Wherever possible, they are an excellent way to promote new industry and get cheap "know how". Quality of production must be especially supervised and enough time for adaptation included.

5. Technical Assistance

To prevent, that missions of foreign assistance become academic, it is important, that foreign experts are introduced to existing institutions like Regional Institutes, Trade Unions, local business establishment for a good cooperation. A good secretary, seconded from regional UNDP, could increase the efficiency especially of short term missions, saving the experts valuable time. Although adapted to local conditions, the objective

of any expert-assistance in industry must be, to teach the counterparts realistic, tough business, in order to be competitive and to survive, an attitude, which normally does not exist in the Caribbean. Therefore also private industry should pay to the Government a minimal fee for the foreign experts services in individual consultancy, to increase the effect. The best way to assist is: Guiding by Asking. If a local producer answers an experts proposition: "I thought of it already", the expert has succeeded and can be shure, that this point will materialise.

5.1 Assistance in the Country. Foreign advisors are needed in the Fields:

- | | |
|---|--------------|
| Taking over the Industr. Develop. Office in Government | - long term |
| Doing feasibility studies in regional institutes | - long term |
| Doing vocational training as teachers in techn. schools | - long term |
| Building up the Marketing Center, including product evaluation and design | - long term |
| Taking over the Trade Mission | - long term |
| Doing in-job training, time and motion studies, checking on adequate machinery and tools | - short term |
| Doing special programmes on maintenance and repair | - short term |
| Supervising and improving processing in special fields | - short term |
| Running a programme on Management Training in: small scale business administration, cost accounting, planning, marketing | - short term |
| Advising on Packaging and Presentation incl. design of labels and connections to adequate suppliers | - short term |

5.2 Cooperation with Overseas Assistance Institutions.

Unctad/GATT would be helpful to find overseas customers for special exotic products directly.

UNIDO Expert Product Programme could assist in the same field

UNIDO Industrial Technology Division could help in food processing

UNIDO Industrial Policies and Financial Section could assist in setting up the local Development Finance Institution.

Connections to big international companies like Nestlé for assistance in marketing and processing will be helpful. Most important would be a regional agency to procure contacts with suppliers of raw materials and equipment at interesting conditions adapted to local conditions.

5.3 Fellowships. A cost accountant, being trained on a fellowship, could very well use his knowledges within the scope of the Manufactures Associat.

5.4 Follow Up. To secure and check the effect of a mission it must be followed up after a certain time preferrably by the same expert, to check on or correct the implementation of his original suggestions.

Social structures and conditions

Marriage is regarded as an upper class institution. Children, often from different men, stay with the very young mother. Men are proud to have children from different girls and pay alimnts but are reluctant to bind themselves by marriage. Relatives to a far degree stick together (aunties!).

Birth rate is very high, (2.5%) family planning is not done so population increase is inevitable. 65% of population is under 25, 45% under 18 years old.

The standard in values of social reputation is influenced by foreign images resulting in inadequate even grotesque investments beyond existing means. (fancy clothing, cars etc.) A false pride prevents people from accepting subordinate plain work on the island.

There is a steady brain-drain through emigration. 14 medical practioners only are on the island.

Extreme difference between small "upper" and big "lower" class.

Houses other than the luxurious "villas" are over crowded.

There is no free moving around of labour in the Carifta area. Emigration is difficult.

Historically slave owners separated pregnant females from the potential fathers to prevent any formation of a family. Children stayed with the mothers who still are more responsible than men. Marriage involves cost. Children, also present a certain old-age pension scheme to the mother after the tough time of bringing them up. "Family" is an extensive idea. Relationship gives a feeling of security, important in finding personnel and jobs.

Infant mortality being reduced and omnipotent Catholic church being in strong opposition to family planning. Youth unemployed is a problem, but if trained a potential.

Through mass media also illiterates can be manipulated. They are especially susceptible out of psychological reasons to the temptations to "upgrade" themselves. Prestige thinking is backed by the importing commerce, to get a market. This is a heavy load on the economy that should concentrate on vital imports.

Working conditions and remuneration abroad are better. Hospitals can not exist unless currently subsidised, patients being unable to pay.

No middle class exists through slavery and colonialism and forms very slowly.

Population increase, low income, "family" thinking, trend to capital town.

The fear of a strong migration from "poor" to "rich" islands prohibits migration. US and UK restrict immigration of untrained labour.

A complete administrative machinery has to be paid for only 70,000.

Efficiency in Governmental work is comparatively low. Actions are slow and without impact.

The existing black government is "reactionary" and conservative which gives trouble with radical "black power" groups, who fight for a chance for the ordinary black man in a new political system. Government often has to introduce ephemeral short term solutions, out of a general line of policy and costly.

The basic laws are not geared to an evolutionary handling of a modern economy.

No overall coordination in planning and setting priorities in general development policy.

Foreign investors need a licence for owning shares in local enterprises.

Only in the last 2 years statistics vital for planning industry, are being built up.

Personal relation from worker to senior manager directly.

Working women bring their children along to work who play around and help out in simple operations.

Functions are the same as in a big state so a minimal amount of administrative bodies has to be provided.

Ministers are political, no experts. The permanent administrative staff restrained by political constellations needs training.

The security of the government depends due to the lack of a middle class on the good will of the established wealthy group which, for good reasons, has no interest in improving the general standards of education.

The radical's pressure by strikes and riots however, is very strong since the population is generally uneducated in function of democracy so that Government has to balance the situation by giving in.

Laws emerged from old colonial times adapted to the British law. They were basically civil laws and for agriculture and commerce.

Every minister has to please his personal supporters. As a result, each has his pet project for development.

Foreign funds are necessary to build up local industry but to sell out the country to foreigners must be prevented.

There were no reasons nor forms to collect information and no trained staff to evaluate them in the 7 years of independent administration.

Historically the patron on top, the former slave-master, is the only authority.

This is due to lack of supervision. It is a primitive system of apprenticeship.

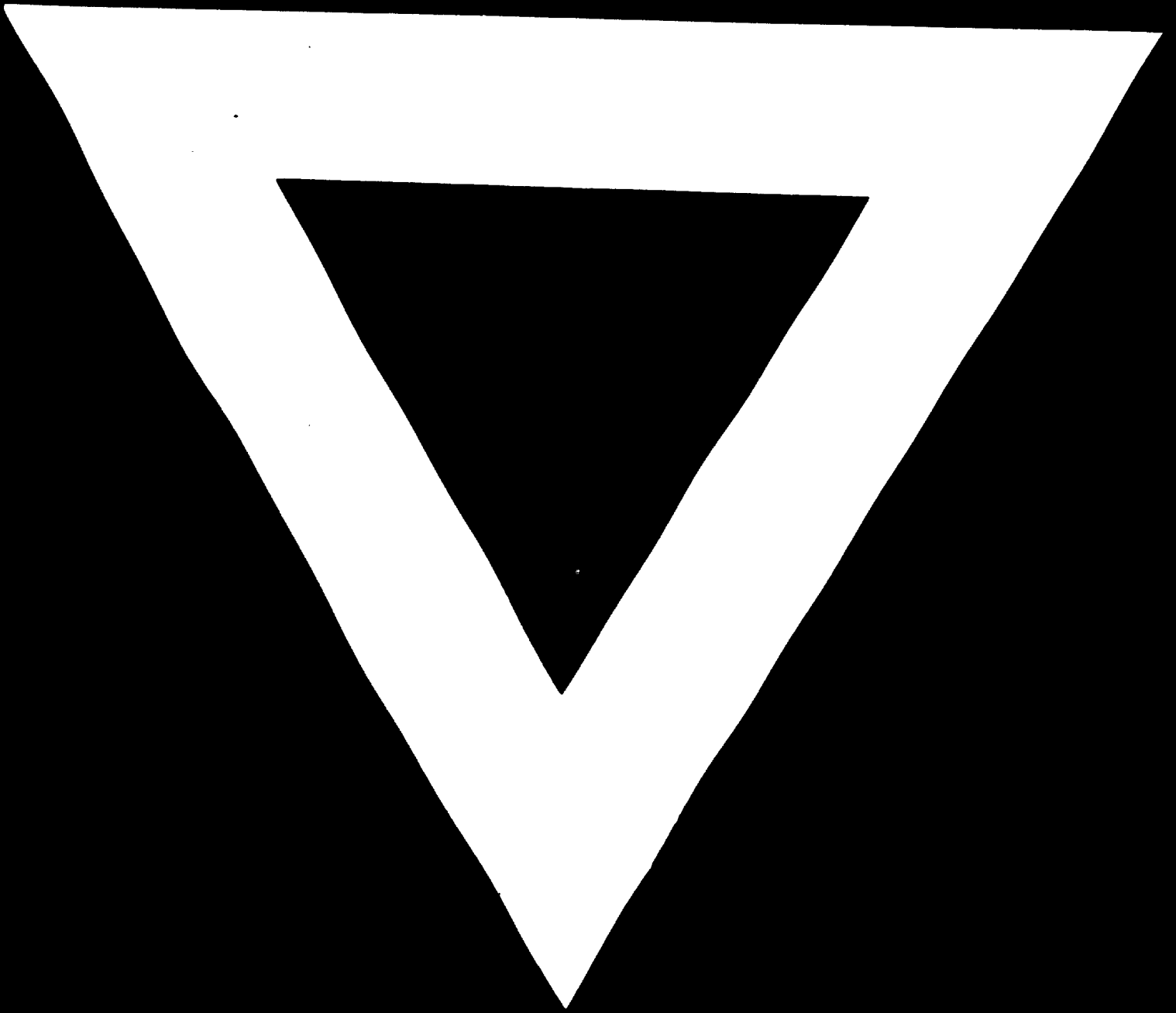
No cooperation between entrepreneurs in exchange of facilities and experience.

Art expression also in handicraft and decoration is primitive and inarticulate. Taste generally is bad to European standards except Carib-handicrafts which is still genuine and could form the nucleus of an indigenous art.

With difficult communications in the past, the spirit of cooperation could not develop. Also a natural aversion to show lack or different standards of knowledge prevents cooperation.

There are almost no facilities in these fields to learn or to collect experience by comparing with good style. Most of imported products and designs are left-overs dumped on the artistically undeveloped by countries, whose general consumer taste is still bad and will ruin good indigenous designing out of false "prestige"-thinking.





8 . 8 . 7 3