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Group Training Programme on  
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Industries in East African Countries,

Nairobi, Kenya  
12 - 23 May 1975

Technical Co-operation Activities of UNIDO  
in the Small-scale Industry Field in East Africa, <sup>1/</sup>

prepared by

the secretariat of UNIDO

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UNIDO has been active in the small industry field in East Africa for several years. Practically all the countries of the region have been assisted in some way in the development of small industry programmes. In some cases the projects have developed into major operations involving the supply of teams of experts and equipment over a number of years to support institutions whereas in others the activities have been of a more limited nature such as single experts studying the feasibility of establishing an industrial estate or identifying opportunities for new small industries.

In general UNIDO's role has been primarily the provision of expert assistance with the following aims:

1. Advising countries on policies and programmes for small-scale industries. Somalia, Ethiopia and Tanzania have benefited from assistance of this kind. Usually the help is given to the Ministry of Industry as to which measures can be undertaken to stimulate small industry development;
2. identification of opportunities for small enterprises and preparation of feasibility reports. This type of assistance may often be given within the framework of large projects as has been the case in Uganda in the past and presently in Zambia and Ethiopia, or may in certain cases be single projects such as the sending of an expert to assist the Nairobi City Council to identify opportunities for small industries in relation to the Dandora urban development scheme;
3. establishing or strengthening institutions for small industry development. Currently such a project is being carried out in Tanzania where UNIDO is helping in support of SIDO (Small Industry Development Organization). Other projects of this nature that could be cited are in Zambia - support of RUCOM -, Botswana working with BEDU (Botswana Enterprise Development Unit) and Swaziland, where UNIDO together with ILO is providing assistance to SEDCO - the Swaziland Enterprise Development Corporation;
4. assistance in carrying out industrial estate projects. Sometimes the industrial estate project is part of an overall scheme in industrial development. For example, small industrial estates, hardly more than workshop clusters, are a feature of the projects being helped by UNIDO in Botswana,

- Swaziland and Zambia. However, in other cases, industrial estates have been the focal point of large-scale projects, such as was the case in Uganda from 1968-1972. In the early days of the Nairobi industrial estate some assistance was given by UNIDO in the planning and management of the project;
5. assistance in the setting up of an advisory or extension institute, aimed at giving technical and managerial advice to small industries. Two experts are currently helping the Centre for Entrepreneurship and Management in a project of this type. Technical and management advice is also a feature of the service given for the small enterprises in Botswana, Swaziland and Zambia.

The above are the main forms of assistance being given by UNIDO in the East African region. There are in other parts of the world additional fields in which UNIDO is active. In some cases help is sought on development of a programme of financial assistance to small industries which is a feature of the programme in Tanzania. More and more, UNIDO is endeavouring to link its programme of technical cooperation to small industries with financial assistance projects carried through by international institutions or bilateral donors. The programmes of institutions such as the World Bank are now aimed to an increasing extent at providing wider credits to the small enterprise sector. A large project has been proposed for Nigeria and UNIDO and the World Bank will work closely together in combining the programmes for financial assistance with technical cooperation.

In certain other cases, a close relationship has been established with bilateral donors, for instance the project of assistance to the Botswana Enterprises Development Unit is carried out in close cooperation with SIDA, the Swedish International Development Authority, who are providing funds for small-scale enterprises as well as certain technical specialists. There are at the moment negotiations proceeding for links with the World Bank as well as bilateral programmes of Sweden, India, UK and other countries in the financing of industrial estates in Tanzania. It is possible that industrial estate projects, prepared by UNIDO experts in Tanzania, will in fact be financed by bilateral donors.

As has often been stated, most of the East African countries are in very early stages of industrialization and an indigenous industrial sector hardly exists. This together with acute scarcity of professional qualified, experienced personnel, has made necessary new approaches to the whole problem. This has taken the form in some countries of establishment of corporations operated in a business manner. Such corporations construct workshops, lease machines and engage in the bulk purchasing of materials and marketing of products. An example of such a corporation is SEDCO (Swaziland Enterprises Development Corporation) in Swaziland which also engages directly in manufacturing operations if no suitable entrepreneurs are available. It also provides financial assistance to entrepreneurs when necessary. This approach certainly has a great deal to recommend it in countries at the very early stages of creating an industrial sector.

Another factor which has affected UNIDO's Programme of Technical Cooperation in this field is the desire of many African countries to do more for the rural and non-metropolitan areas of the country. One of the first projects in this direction was that in Zambia. RUCOM (Rural and Commercial Properties Ltd.) a subsidiary of INDECO (Industrial Development Corporation) was established in the 1960's to promote economic development in rural areas. Its early activities consisted of small business promotion but it soon began to plan and execute small-scale industrial projects in the rural areas. At the same time it has built workshops in several provincial towns and leased them to small-scale metal-working and wood-working enterprises. UNIDO has provided assistance since 1970 to RUCOM, in particular in the strengthening of the rural workshops and in establishing and operating some special rural enterprises which are directly operated by the Corporation. These have included a woodworking factory, a brick-making plant, game-skin tanning operation and a cannery. Assistance has varied between direct management by UNIDO personnel to advice on marketing problems.

The project in Tanzania in the assistance to SIDO has also laid great stress on developments outside the metropolitan areas of Dar-es-Salaam. A UNIDO expert has prepared studies and plans for a number of industrial estates at different provincial locations. The

project which is now being expanded envisages assistance in various types of small-scale agro-industries.

In Ethiopia, an attempt is also being made to initiate rehabilitation of an industrial estate in the Tigre province. UNIDO's assistance has been sought in putting into operation a number of industrial projects in this area.

Both the projects in Botswana and Swaziland have also included assistance to various locations. The approach in these countries has been concentrated on workshops in a single sector at specific locations. For instance in Swaziland all the workshops in the Manzini estate are engaged in metalworking while those on the estate at Pigg's Peak are all from the wood-working Sector. This concentration has proved successful in the case of these two industrial estates but less so in the attempt to develop a leather-based estate at Hlatikulu. This policy is now under review but it has had the advantage of being able to provide valuable central common facilities. A well equipped machine shop at Manzini has provided such services and at Pigg's Peak a number of more sophisticated woodworking machines have been made available as a common facility. At Manzini UNIDO is now helping in the development of a foundry which will work closely with the small metalworking establishments in Botswana, where the project is at a much earlier state. Metalworking and woodworking will be concentrated at a small estate at Francistown and garment working in Gaborone with leather work and semi-precious gem processing in Mochudi. A similar programme was planned for Lesotho but this has so far not materialized. However a UNIDO expert working for more than two years in the country set up crafts and small industries centres at Maseru, Ficksburg Bridge, about 40 kms to the North.

The lack of a Large Industry Sector in most countries has prevented any appreciable work by UNIDO in fostering links between small and larger industries which has been a feature of UNIDO assistance in other countries. However there has been some interest in the possible development of subcontracting relationships in Tanzania and to a more limited extent in Swaziland. It is hoped that more activities in this direction will be developed as industrialization in these countries progresses.

Most of the projects in East African countries and indeed most developments within the small industry Sector have been related to industrial estate projects. This was the case in the first UNIDO assistance programme to East African countries, particularly in Kenya and Uganda. As far back as 1969 detailed plans were prepared in Uganda for an industrial estate at Ntinda but for many reasons the actual construction of the estate was delayed. When the estate was finally constructed in 1973, the UNIDO team had already left the country.

Such examples show the long delays usual in carrying through an industrial estate programme. In many cases projects require more than 5 years in order to reach full implementation. It is also apparent from the experience of these projects that industrial estate projects developed without appropriate technical assistance programmes do not achieve their objectives.

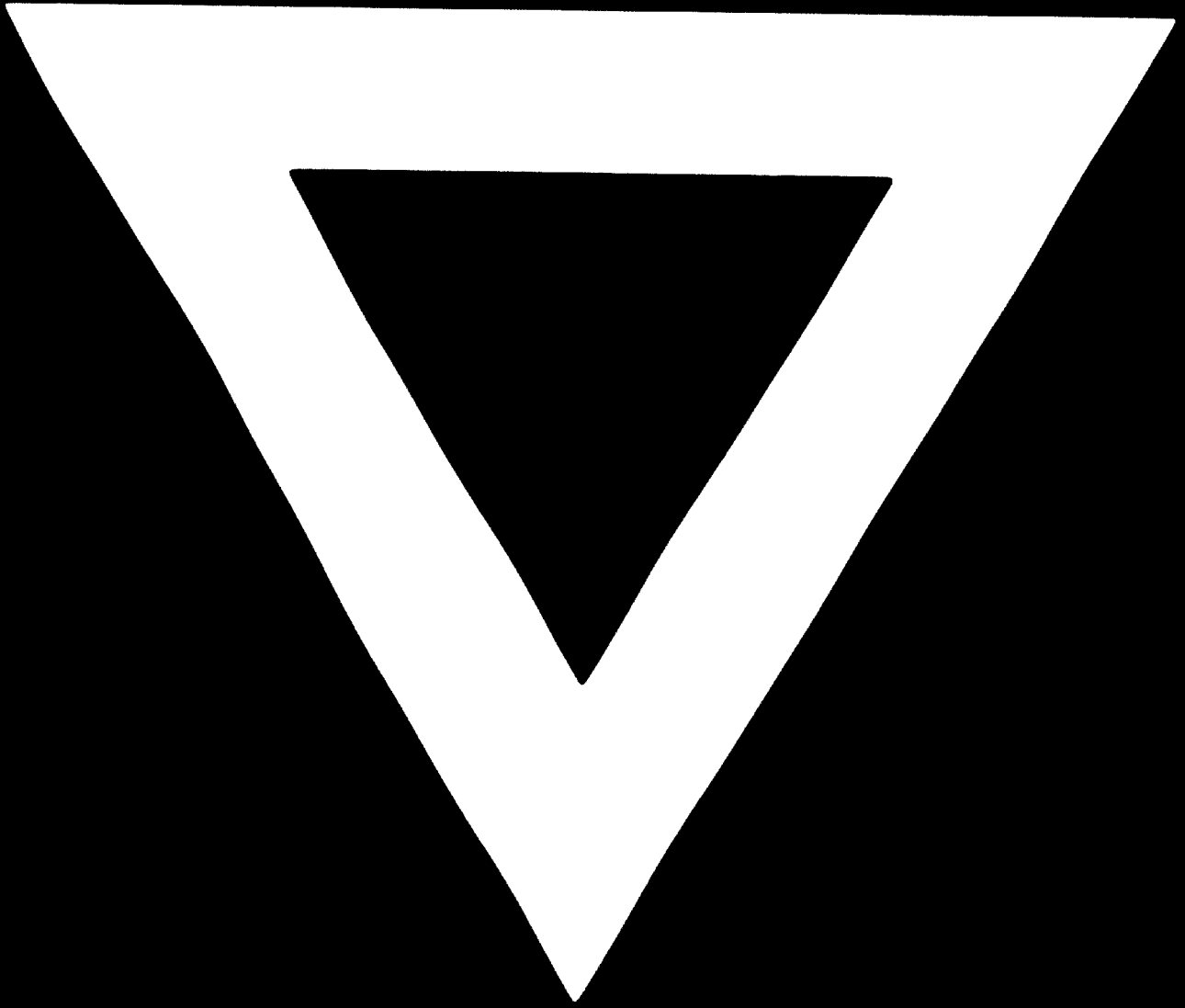
It is clear that the requirements of East African countries in the field of small-scale industry development call for larger integrated programmes in which assistance is given at the same time in all fields: - financing of small industries, technical assistance, promotion of new small industries, subcontracting and industrial estate development. Only in that way can substantial progress be made. It is also clear that such programmes need to be planned over a longer period from 5 to 10 years.

Some preliminary efforts have been made by UNIDO to help directly in the establishment of new small industries through finding suitable partners in industrialized countries who are prepared to offer assistance and training to small enterprises who wish to go into production in similar lines. A few examples have already been implemented although there are many difficulties in bringing such partnerships into being.

Finally there are some forms of assistance that might be considered on a regional basis. Little has been achieved in this direction until now but undoubtedly some regional initiatives to assist small industry development programmes will be encouraged by UNIDO in the future.







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