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UNITED NATIONS INDUSTRIAL
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(R) CONVERSATIONS WITH STAFF OF
THE ECONOMIC CO-OPERATION OFFICE
OF ECA ON THE INDUSTRIAL PROJECTS OF THE MULFOC OF GISENYI .

Addis-Ababa, Ethiopia, 6 - 10 March 1978 .

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Objectives of the mission

From 6 to 10 March 1978, I made a stopover at Addis-Ababa in conjunction with my mission to Madagascar and Yaounde to review with Bax Novemté, Chief of the Economic Co-operation Office of ECA, the draft terms of reference of the two industrial projects of the Multinational Programming and Operational Centre (MULPOC) of Gisenyi and exchange views with the competent ECA divisions about the organization of the agroindustrial survey to be conducted in the Ruzizi Valley.

Background

The Gisenyi MULPOC is a member of a family of five MULPOCs in Africa consisting of the Lusaka-based MULPOC for countries of Eastern and Southern Africa, the Niamey-based MULPOC for the West African countries, the Tangier-based MULPOC for the Central African countries and the Gisenyi-based MULPOC for the Great Lakes countries (Burundi, Rwanda and Zaire).

The MULPOCs could be essential instruments for economic co-operation in Africa and should be assisted by specialized agencies for the two main reasons outlined below.

MULPOC promotes intercountry co-operation through identification and implementation of multinational, multisectoral programmes and operational projects.

In the past, specialized agencies have been engaged in carrying out multinational projects, each in its specialized field, but there has been no integration of these projects. The MULPOC programmes are prepared and executed on an interdisciplinary basis. The specialized agencies are invited to participate in a multinational and multisectoral programming exercise so that each can play a leading role in identifying projects within its field of competence. The benefit of this integrated approach can be illustrated by the programme of the MULPOC of Gisenyi.

The low degree of industrialization of the Great Lakes countries is due to their isolation from the neighbouring countries. For a long time, no rational industrialization programme could be conceived for these countries

because the market potential of the area was insignificant and the export of industrial products manufactured in the area to neighbouring countries and to other external markets seemed not feasible because of the high cost of transportation.

The programme of the MULPOC of Gisenyi envisages a project on transport on Lake Tanganyika and the completion of the Trans-African highway and an energy project, consisting of the linking of the electricity networks of the three countries using both existing and planned production units. Thus, it is now possible to set up a viable multinational industrial programme for the area.

The second reason why the specialized agencies should support the MULPOC programmes is that their projects are elaborated and adopted by the meetings of representatives of the countries concerned at the highest level. The permanent committee of officials who are responsible for development planning in the member countries prepares a detailed work programme, which the Council of Ministers then adopts. The ministers decide from the basket of projects scrutinized by the experts which projects should be chosen for inclusion in the MULPOC programme.

The selection of priority projects should depend on their degree of backward and forward linkage. Importance should be attached to sectors having high backward and forward linkage. However, since the ECA strategy of multinational industrialization is based on the expansion of subregional markets, to increase their self-sufficiency more attention should be paid to industries having high backward linkage, since these industries would be solely oriented towards the regional markets.

To analyse the physical linkages among projects, it would be useful to construct a simple matrix showing relations among projects. This matrix would involve only new projects, since the industrial structure of the countries is almost non-existent.

The objectives of the survey would be to fill the empty boxes.

Exchange of views with ECA on the two Gisenyi industrial projects

My mission was due to last only two days, 6 - 7 March 1978, in Addis-Ababa, but ECA requested a prolongation until 10 March by telex MISC 1471, so that a meeting on the project entitled "Agroindustrial survey of the Ruzizi Valley"

could be held. The meeting took place on 9 March 1978, with the following divisions participating: agriculture, transport, energy, trade, training, industry, and the office for economic co-operation. The meeting, considering that an agroindustrial development programme could be set up only after the existing and potential agricultural production in the area had been assessed, decided that the survey should be divided into two phases: an agricultural survey of the main agricultural outputs that could lead to agroindustry development, and an agroindustry survey.

The agricultural survey team would include an agronomist, a specialist on soils, a water-resources engineer, an irrigation engineer, a transport economist and an agro-allied specialist.

ECA would finance the agricultural survey, which would be carried out under the leadership of the ECA/FAO Joint Division. The experts would be in the field for four to six weeks. ECA requested that UNIDO provide the agro-allied specialist to help in selecting four or five agricultural products, the processing of which would accelerate the economic development of the Great Lakes countries.

During the second phase, the strategy would be centred on sectoral industrial development, not on isolated industrial projects. The four main tasks of the experts would be:

(a) To prepare sectoral projections for 10 years on the four agricultural products selected for processing. The projections would cover the production of agriculture, the consumption of industrial products in the subregional market and the possibility of exporting the final products to external markets;

(b) To prepare a programme for extending existing industries and determining the feasibility of new industries to be established, specifying their place of location and their capacity of production, in order to meet the above sectoral targets. Once the location of industry has been set, the surrounding area can specialize in producing the agricultural raw materials the plants need;

(c) To study the need in the Ruzizi Valley and other agricultural areas for insecticides (kaolin of the region of Bujumbura), fertilizer (gas methane of Lake Kiwu) and equipment. The development of the insecticide, fertilizer and agricultural equipment industries would strengthen the industrial structure of the area. These industries would develop proportionally as more agroindustries are installed in the valley;

(d) To prepare detailed prefeasibility studies on the selected projects and to plan the execution of the various activities leading to the establishment of the projects.

This industrial survey approach to development of the valley was accepted by the meeting.

From the discussions I had with Mr. Noventé, ECA is willing to entrust the specialized agencies with the execution of the projects included in the MULPOC programme in their specific areas of competence under the following conditions:

(a) The project documents would be cleared by ECA and sent to member Governments for their approval. The approval would be given by the Chairman of the Council of Ministers;

(b) Each agency would provide financial support to the project it wishes to carry out;

(c) The agencies would associate ECA in the backstopping of the project; the expert would be briefed and debriefed by ECA;

(d) ECA could request that African experts and consultants be recruited to fill certain posts;

(e) Copies of the reports would be sent to ECA and to the specialized agencies for comments;

(f) ECA could invite the agencies to discuss specific problems and decide on action to be taken.

Before my departure for Vienna, the two project documents were reviewed and a plan for implementing the agroindustrial project was prepared.

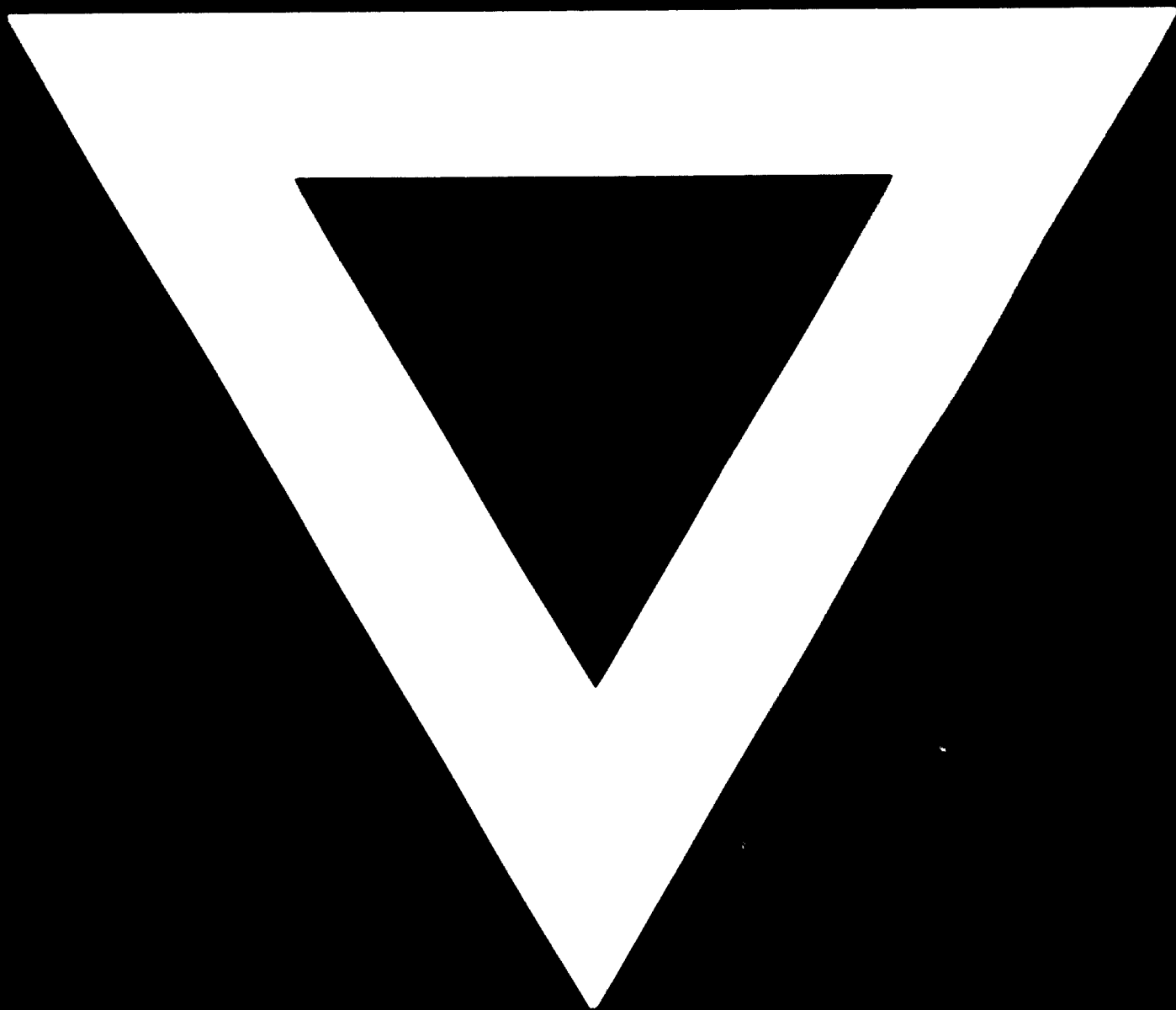
The Executive Secretary of ECA was anxious to see that the project would be executed for the reasons stated above. It was also decided that priority should be given to the agroindustrial survey of the Ruzizi Valley.

ECA expressed hope that UNIDO would make money available for the implementation of phase II of the project. It was understood that the completion of phase I would be the prerequisite for beginning phase II. ECA would finance six experts for the total of 9 m/m during this phase, and UNIDO would contribute an agro-allied expert for four to six weeks.

Mr. Noventé will visit UNIDO during June to have more detailed discussions on the general framework of collaboration between UNIDO and ECA in implementing the project.



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