



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> 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](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://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.

**UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL**



Distr.  
GENERAL

E/CN.14/AS/III/1/1  
16 September 1965

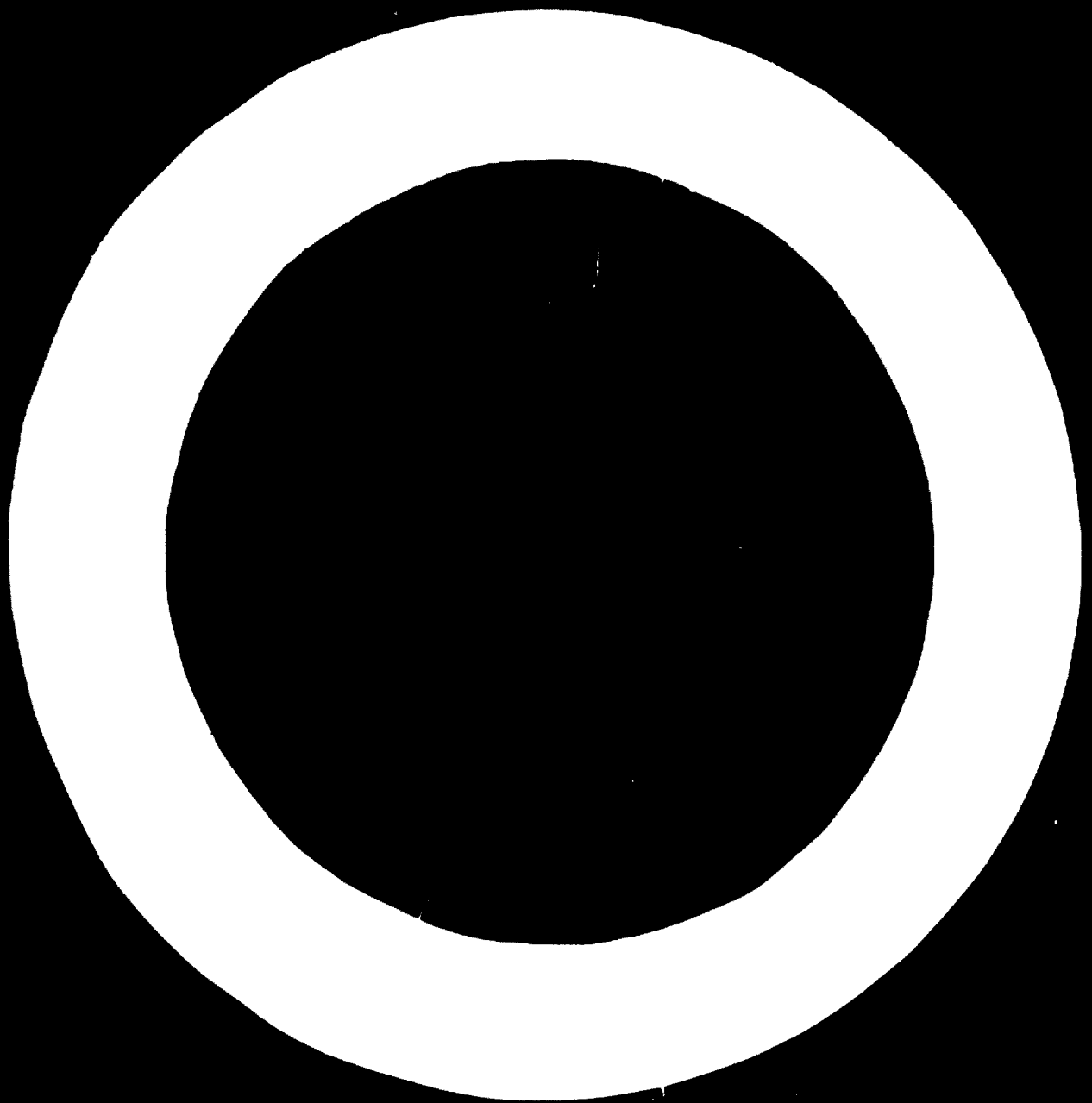
Original: ENGLISH/FRENCH

ECONOMIC COMMISSION FOR AFRICA AND  
CENTRE FOR INDUSTRIAL DEVELOPMENT  
Symposium on Industrial Development in Africa  
Cairo, 27 January - 10 February 1966

D04649

**REPORT ON SMALL AND MEDIUM INDUSTRIES OPERATING IN BECHUANALAND**

(Presented by the Government of  
Bechuanaland)



THE PLANNING AND PROMOTION OF SMALL AND MEDIUM  
INDUSTRY IN AFRICA

Report on Small and Medium Industries  
Operating in Bechuanaland

1. The development of industry in Bechuanaland is still in its early stages. The slow progress of this sector of the economy may be attributed principally to adverse climatic conditions which result in large areas of the country being virtually uninhabited, the comparatively small population (about half a million) spread over 225,000 square miles (which is about the same size as Kenya), the general difficulty in obtaining water, and the absence of any wholly proved large scale economically exploitable mineral deposits except for coal, the justification for the extraction of which is dependent on the development of secondary industry. This combination of circumstances, together with a measure of political uncertainty and a built-in dependence on industrial South Africa, has effectively retarded investment in all but a few industrial enterprises, and it is only now, as Bechuanaland nears independence with a clearly defined political future, that interest in investment is quickening.

2. In anticipation of this a properly planned industrial area was included in the new capital town of Gaborone to which the Government moved (from Mafeking in South Africa) in February 1965. Industrial sites, varying in size from half an acre to over four acres, all have rail and/or road access, and if a particularly large area is required more than one site can be purchased. About one-quarter of the available sites at Gaborone, including most of the larger plots, have already been taken up, and the number of enquiries received from other potential investors is encouraging. Nonetheless, the fundamental disadvantages of establishing an industry in Bechuanaland remain to be surmounted, namely the small size and wide dispersal of the local market, the fact that industry is well established to the north and south close to the principal markets, the lack of indigenous skilled labour, the dependence on external (mainly South African) capital on account of the lack of local capital, the absence of attractive living conditions for

imported skilled labour and lingering doubts about the political future of the country. To offset these factors the only advantages are an abundance of comparatively inexpensive unskilled labour and the fact that Bechuanaland is slightly nearer certain Central African markets than most of the industrial centres of South Africa.

3. It is considered therefore that the scope for industrial development lies in three fields. small import substitution industries serving what minor viable markets exist in Bechuanaland; processing industries based on locally produced raw materials; and industries deriving their raison d'etre from their label of origin (for boycott and other political reasons). In view of the fact that, for the reasons listed above, private investment has been slow to recognize and explore the potential, consideration is being given to the notion that the public sector should play a more active role in this field through the agency of a national development corporation to pioneer small industry development, to conduct surveys, to promote and to share risks with private entrepreneurs. Short of this, it is in the meantime the Government's policy to encourage investment and industrial enterprises by every reasonable means. To this end industrial sites at Gaberones are sold for as little as £100 an acre and comparatively inexpensive power and water supplies are available. In recognition of the increasing interest being shown in establishing industry in the north, based principally on mineral deposits which are still being investigated, a second planned industrial area is to be established at Shashi which is well served by road and rail and where plentiful water supplies can be provided. The promotion of industrial development by means of fiscal measures is inhibited by Bechuanaland's dependence on the U.K. Treasury for budgetary aid, but to the extent that this dependence is in future reduced, which is as politically as well as it is economically desirable, so will the country's freedom of action in this sphere increase.

4. A further factor affecting industrial development in Bechuanaland concerns the customs agreements to which Bechuanaland is party. With Basutoland and Swaziland, Bechuanaland is a co-signatory to the 1910 Customs Agreement with the Republic of South Africa, now subject to renegotiation,

which creates a common market of the four countries and South West Africa. This agreement, though it brings many benefits for Bechuanaland does, however, eliminate the possibility of manipulating the external tariff structure to provide protection for infant industries established in Bechuanaland. Bechuanaland also enjoys customs agreements with Malawi, Zambia and Rhodesia which permit the free flow of locally manufactured commodities between these four countries. Thus, although Bechuanaland does not have recourse to the popular tariff policies adopted by many developing countries to encourage local industrial development, it stands in the unique position of commanding the largest single market in Africa for locally manufactured or produced goods. This market, consisting of eight countries and including some of the richest states in Africa, will accept Bechuanaland's exports free of import duty.

5. Bechuanaland's principal industry is dependent on the 1,300,000 cattle population and, in view of the fact that it is unduly susceptible to the influence of climatic and economic factors, diversification of industry is an important aspect of over-all planning. The Abattoir was opened in 1954 and financed on the basis of 50 per cent Colonial Development Corporation, 25 per cent Government and 25 per cent Livestock Producer's Trust. The C.D.C. act as managing agents and also hold about £200,000 interest in debentures. In 1964 108,000 carcasses were exported, the highest figure ever, with exports of by-products likewise at record levels. As a result of recent extensions to the Abattoir throughput is currently running at the rate of over 1,000 head of cattle a day. In 1963 a canning factory, owned 60 per cent by the abattoir and 40 per cent by private enterprise, was opened next door to the abattoir, and by 1964, the export of canned meat had more than trebled in volume over the first year to  $3\frac{1}{4}$  million lbs per annum. Together the value of these exports amounts to over £ $2\frac{3}{4}$  million. The principal export market for whole carcass meat is Johannesburg which takes about 48,000 carcasses a year. The balance of 60,000 carcasses is broken down into high quality packages of boned beef and exported to the United Kingdom. Consignments of canned meat are exported to the United Kingdom, South African and West German markets.

6. The remaining industries in Bechuanaland are too small to exercise a marked influence on the economy. Many of them make use of a local product. In and around Francistown in the north of the country there are a creamery, a bone meal factory and a tannery, the last two dealing mainly in the bones and hides of game animals, of which Bechuanaland has an abundance. Butter production figures in respect of the creamery are as follows:

1958/59	340,782 lbs.
1959/60	197,924
1960/61	433,982
1961/62	123,287
1962/63	167,519
1963/64	242,710

The wide fluctuations caused by changing climatic conditions from year to year are clearly revealed in these figures. In addition to the abattoir and cannery in Lobatsi in the south, there is a mill producing maize meal and malt for local consumption. Most of the whole maize for milling has to be imported from South Africa. A small cap and helmet factory has also been built at Lobatsi but has not yet gone into production and a training programme for operatives is at present being undertaken.

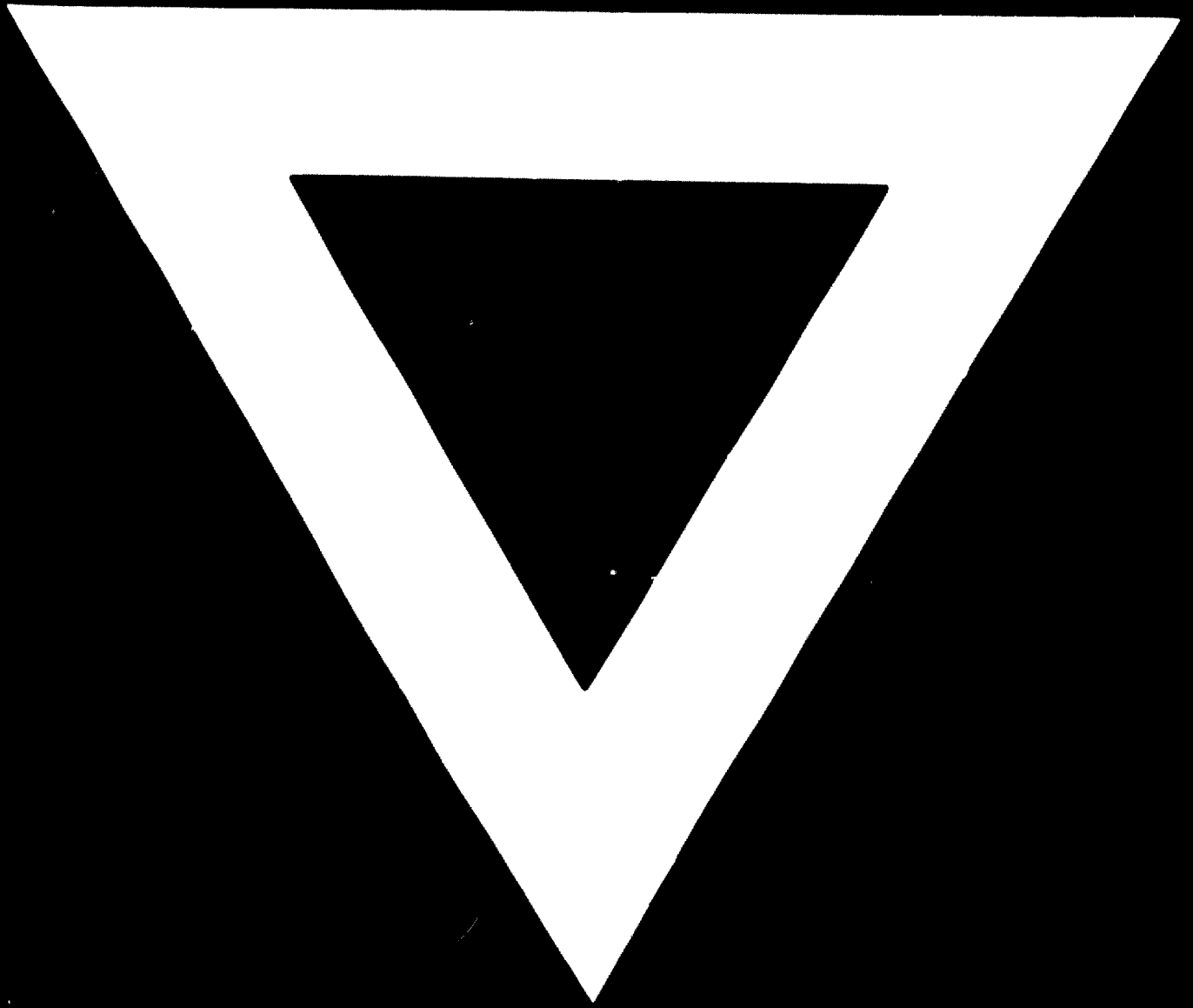
7. In so far as industrial promotion is concerned, the main interest centres at Gaborone where there are proposals to establish a brewery to produce African type beer, a mineral water factory, a plant to bottle wines and spirits imported from South Africa, a tyre retreading plant and a sheetmetal works. Businesses already established include the building contractor of international repute who was awarded the contract for building the new town of Gaborone, the local branch of a United Kingdom firm specializing in borehole equipment, and one of the major oil companies. At Shashi there are similar plans for establishing a second brewery together with an outdoor malt plant and a sorghum milling plant, in both cases making use of local products. Within the next two or three years it is expected that industries in connection with the extraction of salt and soda ash and copper will be established.



8. Elsewhere in the country the quality and quantity of cotton production is encouraging the idea of establishing a small ginnery. Production at present is running at the rate of over 6,000 lbs. of seed cotton per annum and it is understood that the minimum figure required to interest a private entrepreneur is 9,000 lbs. per annum, though twice this quantity is probably desirable. The fish potential in the Okavango Swamps in the extreme north west of the country has recently been evaluated with most promising results and a private investor has already applied to establish a fish meal plant. In the same region a small Sansevieria decorticating industry is operating, and there are good prospects for the establishment of a jute industry, the jute being grown under irrigation from the swamps.

9. Reference has been made earlier in this report to the shortage of capital and the plentifulness of unskilled labour in Bechuanaland much of which cannot at present be gainfully employed. Industrial promotion is to some extent therefore dictated by this unemployment problem in that labour intensive investments are preferred to enterprises which rely mainly on imported capital equipment. This is not to say that the latter are actively discouraged, only that the former are preferred.

10. In connection with this aspect there is scope for developing the cottage craft industries of woodcarving and the making of skin mats and karosses. The standard of woodcarving is somewhat lower than is found in East Africa and although some of the work on skin mats and karosses is of a high standard there is much room for improvement. To this end Bechuanaland is seeking an expert who can advise the Government in regard to these matters and, even more important, organize these embryo industries on a rational basis. Figures of existing production are regrettably not available.



**28.3.74**