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United Nations Industrial Development Organization

Distr.
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9 April 1973

ORIGINAL: ENGLISH

Third Regional Seminar on UNIDO Operations
for the Least Developed Countries in Africa
in co-operation with ECA

Addis Ababa, Ethiopia
29 January - 8 February 1973

REPORT

OF

THIRD REGIONAL SEMINAR ON UNIDO OPERATIONS FOR THE
LEAST DEVELOPED COUNTRIES IN AFRICA
IN CO-OPERATION WITH ECA

Addis Ababa, 29 January - 8 February 1973

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Corrigendum

Page 19, paragraph 44(3), subparagraph (a), line 3

After equipment; replace semicolon with comma and insert
process, design, know-how, technical management and markets.

Page 19, paragraph 44(4), subparagraph (a), line 2

After industrial estates; delete semicolon and insert and
industrial zones.

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Notes

The United Nations system of organizations has given full attention to the special situation of the least developed among the developing countries and to this end, a number of resolutions have been adopted to facilitate assistance to be rendered to these countries. Among these resolutions are the following:

Resolution Number

Organization

ECOSOC

- | | |
|-------------|--|
| 1628 (LI) | Identification of the least developed among the developing countries |
| 1726 (LIII) | Identification of the least developed among the developing countries |

GENERAL ASSEMBLY

- | | |
|--------------|--|
| 2724 (XXV) | Identification of the least developed among the developing countries |
| 2768 (XXVI) | Identification of the least developed among the developing countries |
| 3036 (XXVII) | Special measures in favour of the least developed among the developing countries |

UNCTAD

- | | |
|----------|--|
| 62 (III) | Special measures in favour of the least developed among the developing countries |
|----------|--|

UNIDO

- | | |
|---------|--|
| 31 (VI) | Assistance to the least developed among the developing countries |
|---------|--|

List of Abbreviations

CIDA	Canadian International Development Agency
ECA	Economic Commission for Africa
ECOSOC	Economic and Social Council of the United Nations
FAO	Food and Agriculture Organization of the United Nations
IDA	Industrial Development Authority, Ireland
ILO	International Labour Organisation
ISVS	International Secretariat for Volunteer Service
OAU	Organization of African Unity
SIDA	Swedish International Development Agency
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNIDO	United Nations Industrial Development Organisation

I. INTRODUCTION

A. Purpose of the Seminar

1. The Seminar on UNIDO Operations for the Least Developed Countries in Africa, organized by UNIDO in co-operation with the Economic Commission for Africa (ECA), was held in Addis Ababa, Ethiopia, from 29 January to 8 February 1973. Its purpose was to define the specific problems and immediate needs of the least developed countries in Africa in the field of industry and to draw up a programme of action for implementation by UNIDO in co-operation with Governments, specialized agencies in the United Nations system, other international organizations and bilateral donor countries.

B. Participation in the Seminar and Election of Officers

2. The following countries were represented: Botswana, Burundi, Chad, Dahomey, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, Somalia, Sudan, United Republic of Tanzania, and Upper Volta. Guinea and Uganda had been invited but did not send participants.

3. The United Nations Development Programme (UNDP) and the International Secretariat for Volunteer Service (ISVS) were also represented.

4. During the preparatory work, the following organizations showed interest in the seminar and were invited on an ad hoc basis: The Canadian International Development Agency (CIDA), the Industrial Development Authority (IDA), Ireland, and the Swedish International Development Agency (SIDA). Their participation was extremely valuable in reflecting views and possible interest of bilateral sources in rendering assistance.

5. The Ambassador of Austria to Ethiopia, Mr. E. Libsch, also attended as an observer. The Swiss evaluator, Mr. H.E. Stettbacher, attended the seminar on behalf of the people (and not the Government) of Switzerland, in order to make an objective evaluation of the results and report on them to interested parties in his country. He accordingly took part in all the work of the seminar, including both plenary meetings and meetings of smaller committees and the Secretariat.

6. Mr. Gaspard Harelimana, Minister of Education of Rwanda, was elected Chairman of the seminar, and Mr. Gebre-Michael Paulos, Director-General of Industry in the Ministry of Commerce, Industry and Tourism of Ethiopia, was elected alternate Chairman.

C. Summary of Statements at the Opening Session

7. The opening session was addressed by the Ethiopian Minister of Commerce, Industry and Tourism, Ato Ketema Yifru, the Executive Secretary of the Economic Commission for Africa (ECA), Mr. R.K.A. Gardiner, the Ambassador of Switzerland to Ethiopia, Mr. H. Langenbacher, the Assistant Administrative Secretary General of the Organization of African Unity (OAU), Mr. P. Onu, and the Secretary of the Industrial Development Board (IDB), Mr. A. Sylla, on behalf of the Executive Director of UNIDO.

8. In addressing the participants, the Ethiopian Minister of Commerce, Industry and Tourism, Ato Katam Yifru, referred to UNCTAD resolution 62 (III), entitled "Special measures in favour of the least developed among the developing countries" and drew attention to the comprehensive action programme that had been defined at the Third Session of UNCTAD. The Minister commended UNIDO for taking appropriate follow-up on the above resolution by convening the present seminar with a view to formulating a concrete programme of action for industrial development.

9. The Executive Secretary of ECA, Mr. R.K.A. Gardiner, observed that the problems faced by the least developed countries were largely the result of geographical and ecological factors. He stressed the need for these factors to be assessed realistically and for devising suitable approaches to resolve the problems.

10. He also stressed that there was a need to conceive industrial development programmes and projects within integrated development programmes. For example, such assistance was being provided by ECA in the Iptako-Gourma area which embraces parts of Mali, the Niger and the Upper Volta. The promotion of multinational co-operation was also of special significance for the solution of the problems of industrial development faced by the least developed countries. In that context, the United Nations Development Advisory Teams (UNDATS) were set up by ECA and the United Nations Headquarters to assist countries with planning and plan implementation.

11. The Ambassador of Switzerland to Ethiopia, Mr. Langenbacher, referred to the experiences of his country in promoting industrialization and drew attention to some of the factors that were instrumental in achieving the objectives of industrialization in his country. African countries could benefit from the experiences of Switzerland in promoting their industrial development. The Ambassador stated that his country had financed a series of seminars on UNIDO operations, being convinced of the benefit that could accrue to African countries from an exchange of views on their respective problems and from an evaluation of the operations of UNIDO in the field.

12. The Assistant Administrative Secretary-General of the Organization of African Unity (OAU), Mr. Onu, pointed out in his address that there was no substitute for self-reliance as a sound basis for economic and social progress in African countries. He stressed the important role of the United Nations system of organizations as well as of intergovernmental organizations, such as the African Development Bank (ADB), in initiating and implementing special measures for the least developed countries in Africa. Special measures should facilitate the tapping of additional resources for the development programmes of the least developed countries; such measures should not lead to a competition with existing resources.

13. On behalf of the Executive Director of UNIDO, Mr. Sylla expressed the hope that the seminar would provide a platform for a frank exchange of views on problems and on assistance needed in the field of industry. He felt sure that a critical review of UNIDO's technical assistance operations, to be conducted during the seminar, and the ensuing discussions would be helpful in the elaboration of an action programme for the least developed countries. On the basis of identified priority needs, it should be possible to stimulate a greater flow of assistance from the industrialized countries to the least developed countries, as for example, in the form of setting up pilot plants, by transferring or relocating certain industries or by assisting in the training of national personnel and establishing suitable training institutions.

II. PROGRAMME OF ACTION

14. In the course of the discussions, participants from fourteen least-developed countries presented short statements on the industrial situation in their respective countries. Priority projects for each of these countries, for which technical and financial assistance would be required, were also drawn up. These projects had been identified during the committee meetings with the assistance of UNIDO Industrial Development Field Advisers. The sequence of the listing does not imply any order of priorities, and the roughly estimated costs of the projects will have to be revised by the substantive sections of UNIDO and the requesting Governments (see project data sheets).

A. At the Country Level

BOTSWANA

State of industrialization

15. Up to now, very few industries were established in Botswana; however, during the current plan period (1973-1978) more attention will be devoted to the industrial sector. The representative of Botswana stated that some of the revenue accruing from the exploitation of mineral resources will be invested in development projects, particularly those in rural areas. In creating new industries equal emphasis will be given to import substitution and export orientation. The membership of Botswana in the Southern African Customs Union places it in an advantageous position to achieve these objectives. Industries to be established in Botswana would still face competition from those in South Africa, particularly from border industries. The Government, therefore, has set up the Botswana Development Corporation which is to assume an active role in promoting joint ventures and in stimulating the participation of domestic entrepreneurs. A Botswana Enterprises Development Programme was launched recently to encourage Botswana entrepreneurs to establish and administer commercial and industrial enterprises. Local entrepreneurs will also be offered special facilities in industrial estates at very low rents.

16. In elaborating his statement, the representative of Botswana also observed that some 15,000 to 20,000 persons join the labour force each year; to absorb them in productive employment will require massive financial resources currently beyond the resources of the country. During the current plan period, emphasis will be placed on projects that maximize employment. One of the functions of the Botswana Development Corporation will be to identify and promote labour-intensive projects. The Government of Botswana supports inter-African trade and intends to intensify trade links with its northern neighbours. Botswana had already concluded a trade agreement with Zambia; beef was the major export to that country.

Priority projects

<u>Number</u>	<u>Name of project</u>
BOT 1/1	Limestone processing plant
BOT 2/1	Quarries
BOT 3/L	Gypsum processing and utilization
BOT 4/J	Toiletries, cosmetics and pharmaceuticals plant

<u>Number</u>	<u>Name of project</u>
BOT 5/H	Foundry, with machine shop
BOT 6/J	Plastic-ware factory
BOT 7/K	Ready-made garments factory
BOT 8/E	Integrated leather industry
BOT 9/L	Coarse clay products
BOT 10/H	Radio assembly plant (pilot project)

BURUNDI

State of industrialization

17 The economy of Burundi is based on subsistence agriculture. Export crops are coffee (accounting for 85 per cent of the export earnings), cotton, hides and skins. The objectives of the Five-Year Development Plan are to improve the primary sector and to introduce canning and processing facilities for agricultural products. At present the industrial sector consists mainly of flour mills, dairies and breweries, all of which cater for the domestic market.

18. The representative of Burundi stated that the problems faced by his country in promoting industrial development were similar to those of other land-locked countries. Burundi had not succeeded in attracting external financing for industrial development; it could therefore benefit considerably from assistance of UNIDO in obtaining external financing.

19. The sole criterion for securing such financing, however, should not be the viability of the industrial project; account should also be taken of the country's long-term potential for servicing debts. Assistance was particularly required in the identification and preparation of investment projects. Burundi could benefit from the supply of reconditioned machinery and equipment from the industrialized countries, especially if these were outright gifts. UNIDO could provide useful assistance in selecting such machinery and equipment and in providing expert services for their installation and operation as well as for the training of local personnel in their use. The representative of Burundi recommended that the payment of local costs by the recipient countries, as a condition for technical assistance, should be waived in the case of least developed countries. The requirements for providing counterparts should also be relaxed in cases where a country was unable to provide such personnel.

Priority projects

<u>Number</u>	<u>Name of project</u>
HDI 1/A	Industrial promotion and development centre
HDI 2/L	Treatment of kaolin and ceramics pilot factory
HDI 3/D	Preparation of insecticides
HDI 4/F	Industrial utilization of peat
HDI 5/L	Demonstration centre for terra-cotta products
HDI 6/L	Calcium hydroxyde manufacture

CHAD

State of industrialization

20. The representative of Chad stated that one of the main difficulties in promoting industrial development was that his is a land-locked country; the nearest seaport being some 2,000 km from Fort Lamy. To date there were only a few industries, although there were opportunities for establishing small- and medium-sized ones in certain sectors. The absence of local entrepreneurs constituted an important constraint. Chad was also facing the presently unresolvable problem of providing the required counterparts to the experts of the United Nations, owing to the limited number of qualified personnel at its disposal. The Government was taking appropriate measures to resolve the problem. These measures included the creation of an Office of Industrial Promotion, the drawing up of a new investment code, the creation of a large industrial zone in Fort Lamy and the setting up of a school of business management.

Priority projects

<u>Number</u>	<u>Name of project</u>
CHD 1/A	Industrial promotion bureau
CHD 2/D	Malt factory
CHD 3/D	Sugar factory
CHD 4/D	Oil and soap factory
CHD 5/D	Processing of karité nuts

DAHOMÉY

State of industrialization

21. The representative of Dahomey outlined the status of industrial development in his country and noted the small share of industry in its gross domestic product. The existing enterprises in Dahomey were industries with low or negligible value added. Two problems in channelling financial resources to industrial development were the lack of bankable projects and the propensity of capital holders to invest in real estate and the service sector. The function of the Development Bank of Dahomey was to assist the Government in the financing of industry by promoting viable investment opportunities and by stimulating a greater flow of savings towards industrial investment.

22. Dahomey and Nigeria had established a bilateral trade agreement that enabled Dahomey to export certain products to Nigeria. The Government of Dahomey was considering the establishment of new and larger industries that could benefit from inter-industrial links.

Priority projects

<u>Number</u>	<u>Name of project</u>
DAH 1/A	Reinforcement of the <u>Centre d'études et de promotion des entreprises dahoméens (CEPED)</u>
DAH 2/B	Industrial estate

<u>Number</u>	<u>Name of project</u>
DAH 2/B	Fishing-boat yard
DAH 4/A	Industrial-equipment fund
DAH 5/D	Tomato-concentrate factory
DAH 6/D	Citrus-fruit processing factory
DAH 7/B	Manufacturing of enamelware
DAH 8/D	Cassava mill
DAH 9/L	Manufacturing of plastic building materials
DAH 10/D	Manufacturing and maintenance of agricultural tools and machinery

ETHIOPIA

State of industrialization

23. The representative of Ethiopia outlined the structure of industry in his country. He noted that the public sector, through statutory bodies, had played an important role in the recent growth of industry. Ethiopian industry mainly catered for the domestic markets, but efforts were being made to promote suitable export industries. However, certain problems were faced in reaching that objective, especially the lack of industrial research facilities in the country.

24. The Government of Ethiopia was conducting a survey for the promotion of small-scale and handicrafts industries. It was hoped that, as a result of this survey, new investment opportunities would be identified and the development of local entrepreneurs encouraged. With the assistance of the International Labour Organisation (ILO) providing services to small entrepreneurs on a continuous basis, a Centre for Entrepreneurship and Management (CEM) had already been established.

Priority projects

<u>Number</u>	<u>Name of project</u>
ETH 1/B	Pilot industrial estate in Addis Ababa
ETH 2/B	Salvage of industrial estates in Mekele, Tigre Province
ETH 3/A	Strengthening of the Ministry of Commerce, Industry and Tourism
ETH 4/E	Development of hides, skins and leather products industries
ETH 5/D	Dehydration of vegetables (feasibility study)
ETH 6/L	Development of the ceramics industry
ETH 7/K	Improvement of the operation of textile wool factory in Debro Berhan
ETH 8/D	Vegetable oil and ghee project (feasibility study)
ETH 9/M	Quality control testing centre
ETH 10/F	Geothermal plant

LESOTHO

State of industrialization

25. The representative of Lesotho pointed out that industrialization in his country was a recent phenomenon. In 1967, the Government set up the Lesotho National Development Corporation (LNDC) for the purpose of, inter alia, promoting industrial development, particularly medium- and large-scale industries. During the last five years, the LNDC has assisted about fifteen manufacturing establishments, some of them on a joint-venture basis. Other projects were at the planning stage. Shortly after the establishment of LNDC, the Government set up a full-fledged Department of Commerce and Industry which, apart from its normal administrative and legal responsibilities, has paid particular attention to the promotion and development of small-scale and handicraft industries. The question of reconciling and streamlining the relationships between LNDC, the Department of Commerce and Industry and the Central Planning and Development Office was under careful consideration.

26. In attempting to industrialize its economy, Lesotho was facing the same kind of problems, different in degree, as had been encountered by other least developed countries with longer experience in the industrialization process. The problem areas were: natural resources and raw minerals, transport and communications, technical skills and training, finance and credit, and import controls and tariff protection. Although the customs agreement with Botswana, South Africa and Swaziland yielded certain benefits, it also gave rise to certain difficulties. Measures will be taken and specific projects drawn up for solving these problems.

27. A list of 29 feasible and potential industrial projects had been identified by a UNIDO industrial survey mission in 1969. The Government of Lesotho attached high priority to the development of industry and was determined to take appropriate measures. Assistance already received was highly appreciated, but there was need for further assistance in overcoming the problems encountered and putting the country on the road to industrialization and self-sufficiency. UNIDO assistance was badly needed to strengthen the operations of the Department of Commerce and Industry and the LNDC.

Priority projects

<u>Number</u>	<u>Name of project</u>
LES 1/K	Blanket factory
LES 2/K	Knitted garments factory
LES 3/J	Soft-drink factory
LES 4/J	Liquor bottling and distribution plant
LES 5/H	Foundry, with machine workshop
LES 6/L	Brick and tile factory
LES 7/K	Ready-made garments factory
LES 8/E	Wool and mohair processing plant
LES 9/E	Integrated leather factory
LES 10/A	Crafts and small enterprises development centre

MALAWI

State of industrialization

28. The problems faced by Malawi in developing its industry include lack of an efficient network of transportation, inadequate domestic skills and insufficient resources for locating investment opportunities as well as for the preparation and implementation of projects. Assistance was thus required in solving these problems, especially with regard to training.

Priority projects

<u>Number</u>	<u>Name of project</u>
MLW 1/A	Assistance to Ministry of Trade, Industry and Tourism
MLW 2/A	Industrial export development unit
MLW 3/D	Expansion of agricultural implements production and marketing
MLW 4/C	Establishment of the rural industrialization centres

MALI

State of industrialization

29. Being a land-locked country, Mali shared the same problems as Chad and Niger. Therefore, the development of transport and communications facilities was of crucial importance. There was also need for developing cheap sources of energy. Multinational co-operation was necessary to overcome the problem of the size of the market required for setting up modern industries. Mali has taken the initiative within the framework of the Organization for the Development of the Senegal River (OMVS) and the West African Economic Community as well as other steps to promote and implement joint ventures with neighbouring countries.

30. The representative of Mali stressed the need for assistance from bilateral and multi-lateral donors to speed up the industrialization programme. In view of the limited resources available to Mali within the UNDP country programme, ECA and UNIDO could provide much needed assistance in locating external financial sources for industrial development. In this connexion he mentioned that the Government of Mali had had to cancel a number of major projects under the UNDP country programme, as the value of on-going projects exceeded by far the allocation of Indicative Planning Figures (IPF) for the country as a whole.

Priority projects

<u>Number</u>	<u>Name of project</u>
MLI 1/A	Industrial Development Centre
MLI 2/B	Three industrial zones (feasibility study)
MLI 3/J	Glass factory
MLI 4/F	Industrial exploitation of salt
MLI 5/I	Aluminium processing (techno-economic study)

<u>Number</u>	<u>Name of project</u>
MLI 6/E	Meat cannery
MLI 7/K	Textiles for export (feasibility study)
MLI 8/E	Completion of slaughter house at Kayes
MLI 9/I	Packing materials factory
MLI 10/D	Manufacture of boards from vegetable fibres
MLI 11/D	Chemical treatment of phosphates (factory)
MLI 12/D	Cottonseed-oil factory
MLI 13/D	Starch and glucose factory
MLI 14/H	Gramophone records industry
MLI 15/I	Production of quicklime
MLI 16/D	Fruit and vegetable cannery

NIGER

State of industrialization

31. The Niger shared the problems of the other land-locked countries and, consequently, its economy was handicapped by high costs for transport and energy. The representative of the Niger noted that, notwithstanding the problems faced by his country, the medium- and long-term prospects for industrialization appeared to be encouraging. The steps taken by the Government of the Niger to promote industrial development included the creation of a National Management Corporation, the establishment of a management training centre in co-operation with ILO and the adequate reformulation of the investment code so as to attract private capital for financing industrial projects. Steps were also being taken to develop infrastructural facilities (such as navigation on the river Niger and electrical power from the Kaindji Dam in Nigeria) and to promote multinational projects within the West African Economic Community.

32. The representative of the Niger also expressed his concern about illicit trade between neighbouring countries. He noted that unchecked trade of that kind was particularly detrimental to the industrialization efforts of the least developed countries. He called upon ECA and UNIDO to carry out studies aimed at controlling such trade and eventually to assist in the promotion and financing of industrial projects and production units along the borders (for example, abattoirs and cold storage at the border between the Niger and Nigeria) in order to counter-balance some of the effects of illicit trade.

Priority projects

<u>Number</u>	<u>Name of project</u>
NER 1/A	Industrial development centre with industrial estate
NER 2/A	Industrial equipment fund
NER 3/A	Industrial adviser to Ministry of Development and Co-operation
NER 4/D	Sugar complex (feasibility study)
NER 5/D	Agro-industrial complex
NER 6/L	Cement factory (feasibility study)

RWANDA

State of industrialization

33. In Rwanda the lack of rapid industrialization was the result of the small size of the national market, shortage of capital and lack of domestic entrepreneurs. The pending establishment of a centre for small-scale industry and handicraft development and construction of the Kigali Industrial Estate was expected to stimulate the country's industrialization efforts. The seminar was informed by the representative of Rwanda of the establishment and operation of a pilot plant for processing pyrethrum; this pilot plant was financed by UNDP and executed by UNIDO. It presented the kind of successful project that could be carried out in the least developed countries since it combined the elements of training and on-the-spot adaptation of technology to the specific needs of a country. The profits arising from the operations of the pilot plant were to be deposited in an industrialization fund for the financing of new industries. Rwanda was actively engaged in trying to develop joint projects with fifteen neighbouring countries since, in the long run, a significant level of industrialization in Rwanda depended largely on multinational co-operation.

Priority projects

<u>Number</u>	<u>Name of project</u>
RWA 1/A	Industrial Development Centre and Equipment Fund
RWA 2/B	Industrial estate at Kigali
RWA 3/F	Industrial utilization of peat
RWA 4/D	Fruit processing pilot plant
RWA 5/G	Integrated pilot industrial complex at Kigali

SOMALIA

State of industrialization

34. The development programmes of Somalia, after achieving its independence, put considerable emphasis on infrastructure, agriculture and livestock. These programmes were subsequently complemented by an industrialization programme promoting the realization of medium- to large-scale industrial projects in the public sector. However, the pace of industrialization was impeded by a cluster of constraints such as the lack of suitable entrepreneurs, inadequacy of institutional facilities for industrial development, the small size of the domestic market and the inadequacy of skills, management and know-how. The present government policy was therefore aimed at consolidating the existing enterprises so as to utilize available human and financial resources more efficiently. The next development programme would aim at a greater participation of the private sector in the implementation of industrial projects.

35. UNIDO has provided the Government of Somalia with advisory services and contributed to the establishment of a foundry and mechanical workshop as well as the creation of a pilot plant for the exploitation of gypsum. The financial resources available to UNIDO should be increased in view of its growing responsibility in the field of industry.

Priority projects

<u>Number</u>	<u>Name of project</u>
SOM 1/B	Industrial estates in Mogadiscio, Hargeisa and Kissimayo
SOM 2/M	Management training programme (state enterprises)
SOM 3/M	Studies of cost of essential services to industries
SOM 4/M	Strengthening of the Somali Development Bank

SUDAN

State of industrialization

36. The representative of the Sudan outlined the Sudanese legislation for the promotion of industrial development. He stated that, in the First Five-Year Development Plan (1971-1975), an allocation of Sudanese £60 million^{1/} was made for the establishment of 36 new industrial enterprises in the public sector, including sugar plants, textile factories, tanneries and a kenaf plant. In addition to such constraints as the lack of adequate infrastructure, skills and managerial capabilities, he pointed out that the foreign exchange constraint was an important factor in inhibiting a major industrialization programme in the Sudan. The Development Plan was expected to give special attention to the promotion of self-reliance, the development of infrastructure and the improvement of the investment climate to stimulate an increasing volume of foreign investment. There was need for substantial assistance from bilateral and multilateral sources of aid for reaching the objectives set out in the Development Plan.

37. The representative of the Sudan further stated that the Industrial Research Institute, which had been implemented through UNDP assistance, had been transformed into an Industrial Consultancy Corporation to play a more active role in carrying out feasibility studies and consultations for both private and public sectors. The task of implementing industrial projects belonged to the Project Implementation Corporation established by the Ministry of Industry and Mining. He noted that, although there were no clear-cut criteria for assigning projects to either the public or the private sector, general criteria were being adopted, such as whether the specific sector had any strategic importance, the degree of the risks involved and the extent of the need for extensive financing. Another function carried out by the Ministry of Industry and Mining was price control of industrial projects. In concluding, he observed that the contribution of ECA to the least developed countries in Africa could be strengthened if it were assigned the role of an executing agency in association with UNIDO.

Priority projects

<u>Number</u>	<u>Name of project</u>
SUD 1/A	Industrial planning adviser
SUD 2/M	Industrial statistician
SUD 3/A	Investment promotion unit
SUD 4/B	Pilot industrial estate, Khartoum

^{1/} At the end of 1972, the rate of exchange of the Sudanese pound (£) was £0.3485 US\$1.00.

UNITED REPUBLIC OF TANZANIA

State of industrialization

38. The representative of Tanzania highlighted the major features of the industrial sector and then described the efforts made towards industrialization. The major constraints faced by his country in further promoting industrial development were: lack of skills, lack of capital, inadequacy of infrastructure and small size of the domestic market, combined with the low purchasing power and high production costs. Various measures launched to combat these constraints comprised careful planning, training and heavy investment in infrastructure (mainly in transport facilities) and utilization of excess capacity. Assistance was being provided by UNIDO in solving some of these problems. This assistance was rendered in the organization of the Industrial Studies and Development Centre and, more recently, a group of experts from Harvard University has been entrusted with the task of carrying out a long-term industrial strategy survey. Steps were also being taken to promote rational and co-ordinated industrial development within the framework of the East African Common Market.

Priority projects

<u>Number</u>	<u>Name of project</u>
URT 1/A	Establishment of National Industrial Consulting Institution
URT 2/A	Industrial export development unit
URT 3/J	Assistance to TWICO (Tanzania Wood Industries Corporation)
URT 4/D	Integrated agricultural implements production and marketing
URT 5/C	Rural industrialization centres

UPPER VOLTA

State of industrialization

39. Farming and livestock husbandry occupy over 90 per cent of the population of the Upper Volta, and livestock accounts for over 50 per cent of the export earnings. In the Second Five-Year Development Plan of the Upper Volta, priority was assigned to the primary sector (agriculture and cattle rearing) in order to produce needed raw materials for industries. The plan also stresses the need to promote industries for processing local raw materials. In addition to the usual constraints, the industrial development of the Upper Volta is hampered by high costs of transport and energy.

40. The objectives of the Plan included the establishing of "industrializing" industries, i.e. industries with potential spread-effect benefits. The national promoters encountered a number of difficulties in elaborating their industrial projects according to the requirements of the investors, since the financial means at their disposal were insufficient to pay for feasibility studies and, at the same time, to contribute a significant amount to capital requirements.

41. The representative of the Upper Volta stated that government policies aimed at promoting multinational co-operation, especially with neighbouring countries. He referred to the

Liptako-Gourma integrated development project as a successful example of such co-operation. He also drew attention to the Office de Promotion des Entreprises Voltaïques (OPEV) which was established with the assistance of UNIDO to promote local entrepreneurs.

Priority projects

<u>Number</u>	<u>Name of project</u>
UPV 1/B	Extension of the Bobo-Dioulasso industrial zone (study and implementation)
UPV 2/B	Preparation of the Koudougou industrial zone
UPV 3/A	Strengthening of the <u>Office de Promotion des Entreprises Voltaïques (OPEV)</u>
UPV 4/A	Participation fund for national enterprises
UPV 5/A	Industrial promotion unit
UPV 6/E	Expansion of the Ouagadougou tannery
UPV 7/D	Fodder-production factory
UPV 8/D	Management of a sugar factory
UPV 9/D	Manufacturing of agricultural tools
UPV 10/D	Manufacturing of pesticides (feasibility study)
UPV 11/D	Fruit and vegetable cannery
UPV 12/G	Integrated pilot industrial complex at Bobo-Dioulasso

B. At Multinational and Regional Levels

42. In addition to national projects, a number of multinational and regional projects were identified during the seminar. The regional projects would be applicable to all or the majority of the sixteen least developed countries in Africa.

<u>Number</u>	<u>Name of project</u>
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Multinational projects

MNP-1	Unit for the exploitation of methane gas from lake Kivu (Rwanda, Zaire and possibly Burundi)
MNP-2	Export adaptation programme for selected manufactured products (Ethiopia, Somalia, Sudan)

Regional projects

REG 1	Fertiliser (physical mixing)
REG 2	Standardized foundry and mechanical workshops project (to be ordered in bulk, e.g. twelve units)
REG 3	National co-ordination machinery for industrial training
REG 4	Industrial surveys (of the fourteen least developed countries in Africa)
REG 5	Advisory missions on industrial project evaluation
REG 6	Design of methodology for the identification of industrial entrepreneurs

C. General Constraints and Priority Areas

43. The participants in the seminar, after an exchange of views on the immediate problems and needs of the least-developed countries in Africa as regards industrial development, critically examined the definition of the current major constraints and technical and financial assistance programmes. Priority areas for technical assistance were outlined that were designed to:

- (1) Assist the countries in initiating and implementing suitable measures and actions to overcome their major impediments and constraints;
- (2) Give guidance to bilateral and multilateral sources of technical and financial assistance, wherever possible, in formulating and implementing appropriate measures in favour of the least developed countries; and
- (3) Define priority projects at the country and the multinational levels for immediate action and implementation.

44. The participants re-affirmed that the problems and needs, identified in the course of the deliberations, were, generally speaking, although to a lesser extent, also shared by other developing countries in Africa, and they stressed the importance of inter-African co-operation and solidarity in solving these problems. The participants in the seminar identified the following priority areas of action to be undertaken, whenever appropriate and feasible, by UNIDO in collaboration with Governments and with the assistance of bilateral and multilateral donors:

At the country level

(1) Industrial promotion and development

(a) Establishment of national centres for industrial promotion and development and for developing of skills in project conception, formulation and implementation. These centres should have at their disposal a revolving fund for equipment, particularly for the promotion of small-scale industry projects;

(b) Creation and financing of commercially viable industrial enterprises, pilot plants in selected industrial sectors and standardized service units such as foundries and mechanical workshops;

(c) Promotion and development of rural industries through identifying suitable and viable investment opportunities and through linking industrial projects within agricultural and infrastructure programmes;

(d) Promotion and development of interdependent industries that could result in horizontally integrated complexes (i.e. units comprising the production of agricultural implements, foundries, workshops for maintenance and repair, the manufacture of building materials etc.);

(e) Identification of export markets for agro-industrial products;

(f) Assistance in periodic appraisal and review of industrial development programmes;

(g) Assistance in reducing high capital and operating costs in manufacturing enterprises.

(2) Development of human resources

(a) Provisions for the training of national personnel to man industrial enterprises, particularly in the public sector;

(b) Provision of Operational Assistance (OFAS) and ISVS expert services for the training of local entrepreneurs;

(c) Improvement of the methods and approaches for identifying potential local entrepreneurs and provision of the requisite managerial and technical training.

(3) Transfer of factories and equipment

(a) Identification of industries in developed countries that, because of manpower shortages and high production costs in the industrialized countries, could be transferred to the least developed countries, complete with their equipment;

(b) Assistance, upon request, in identifying sources of, and conditions for the supply of second-hand equipment as well as in evaluating the state and suitability of such equipment prior to its acquisition.

(4) Industrial infrastructure

(a) Assistance in, and financing of, the planning, construction and management of industrial estates;

(b) Setting up of industrial research and quality control facilities.

At the multinational level

(1) Identification and promotion of joint industrial projects with neighbouring countries and promotion of measures aimed at strengthening of regional co-operation. Rational utilization of installed capacities is also to be stressed at both the national and regional levels

(2) Preparation of a roster of African consultants and experts from various countries and institutions for implementing technical assistance projects as appropriate

(3) Preparation of a practical manual for project evaluation in the least developed countries

(4) Drawing the attention of the concerned organizations to the provision and improvement of transportation and communication systems and utilization of cheap energy sources for land-locked countries so as to facilitate the implementation of industrial development programmes

D. Financial requirements for implementing priority projects

45. The financing required for implementing the projects identified during the seminar amounts roughly to \$115.34 million and may be subject to changes. A breakdown of this estimated total, by major fields of activities, is given below.

<u>I. National projects</u>	<u>Estimated cost</u> (thousand US dollars)	<u>Number of projects</u>
Industrial development and promotion services	12,340	20
Industrial estates	8,480	9
Rural industrial centres	4,400	2
Industries related to agriculture	36,670	26
Subtotal	61,890	57

	<u>Estimated cost</u> (thousand US dollars)	<u>Number of projects</u>
I. <u>National projects</u> (cont'd)		
Subtotal	61,890	57
Industries related to livestock	11,040	7
Industries related to natural resources	1,950	4
Integrated pilot industries	7,960	2
Engineering industries	3,700	5
Metallurgical industries	250	1
Consumer and light industries	8,680	8
Textile industries	5,030	6
Building industries	6,420	12
Miscellaneous projects	1,550	5
Subtotal	108,470	107
II. <u>Multinational projects</u>	1,890	2
III. <u>Regional projects</u>	4,980	6
Total	<u>115,340</u>	<u>115</u>

E. Conclusions

Sources of finance and technical assistance

46. The participants in the seminar, while stressing the cardinal importance of the efforts to be made by the countries concerned, called attention to the crucial role which external sources of assistance and financing could play in promoting, accelerating and expanding the industrialization in the least developed countries in Africa.

47. They also noted the important contribution which external sources of assistance and financing could make to the attainment and realization of the objectives and priorities contained in the programme of action. In this connexion, the participants noted that a number of external sources of financing and assistance have shown, in one form or another, special interest in the 25 least developed of the developing countries in general, and in those in Africa in particular.

48. As indicated during the seminar, the availability of resources through the country programming mechanism, over and above those already allocated to industrial development in the least developed African countries, is extremely limited. The special earmarkings for the least developed countries, both from the UNDP programme reserve and special annual pledges, will make a significant contribution, but they will still represent only a small fraction of what is likely to be needed for most countries. It will therefore be necessary in individual cases to design and carry out, on the spot, a programme of identifying needed resources and of securing financial commitments.

49. The sources generally referred to during the seminar were:

(1) In the United Nations system:

United Nations Development Programme (UNDP)
United Nations Industrial Development Organization (UNIDO)
Economic Commission for Africa (ECA)
International Labour Organisation (ILO)
Food and Agriculture Organization (FAO)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
United Nations Conference on Trade and Development (UNCTAD)
Others

(2) Other inter-governmental financing and technical assistance institutions:

World Bank Group
African Development Bank (ADB)
European Development Fund
International Secretariat of Volunteer Service (ISVS)
Others

(3) Specialized financial institutions, bilateral aid agencies etc.:

Swedish International Development Agency (SIDA)
Canadian International Development Agency (CIDA)
Commonwealth Development Finance Company (CDFC)
United States Agency for International Development (USAID)
Industrial Development Authority (IDA), Ireland, and
Aid programmes of the Holy See and religious institutions such as the
Society of Friends

50. The participants wished to make it clear, however, that the above list was in no way exhaustive and that UNIDO should take the initiative in contacting all other possible sources of assistance for the implementation of the Programme of Action. UNIDO should also contact public and private foreign investors able to provide assistance either in the form of investment financing or of direct participation in given projects. In this connexion, the participants noted with satisfaction the communication from the representative of UNDP, which at present constituted the most important financial source for technical assistance. This communication stated that the Administrator of UNDP was to propose to the UNDP Governing Council the approval of \$35 million to be earmarked for the least developed countries in view of the inadequacy of their share in the UNDP Indicative Planning Figures. The participants expressed the hope that a substantial part of this amount would be allocated to industrial development of the 25 least developed countries in general and of the sixteen least developed countries of Africa in particular.

51. The participants in the seminar expressed the wish that the United Nations Capital Development Fund, which constituted another possible source of financing, as well as the UNIDO General Trust Fund, should be approached for assistance in the implementation of the Programme of Action.

52. There is no doubt that the solution of the question of resources is likely to require considerable time and effort. The representative of UNIDO pointed out that the difficulties faced by individual countries in solving these problems may be eased through some sort of joint action organised either by UNIDO or by UNIDO in co-operation with other organisations (cf. para.49).

International action and other means of implementing the Programme of Action

53. In order to realize the objective of the Programme of Action, the participants in the seminar agreed to give a mandate to UNIDO for:

- (1) Maintaining contacts with these United Nations organizations, and in particular ECA and UNDP, which could contribute effectively to the implementation of the Programme of Action in their respective fields.
- (2) Establishing and maintaining contacts with all other actual and potential sources of financing, in particular bilateral and multilateral agencies and public and private investors, with a view to securing their collaboration in the implementation of the programme.
- (3) Mobilizing tangible international solidarity to bring about support in favour of implementing projects planned by the participating countries as outlined in the Programme of Action.
- (4) Organizing periodic evaluation meetings to assess the progress of the implementation of the Programme of Action drawn up by the least developed countries in Africa to accelerate their industrial development and, if necessary, to assist the countries in solving specific and immediate problems.

54. The participants expressed their appreciation to UNIDO for taking the initiative for, and to ECA for its co-operation in, organizing the seminar. Appreciation was also expressed to the Swiss Government for its financial support and for its continuous interest in contributing to the solution of problems of the least developed countries. Acknowledgement was given to all observers for their active participation in the discussions thus contributing to the success of the seminar.

III. REVIEW OF UNIDO ACTIVITIES IN THE PARTICIPATING COUNTRIES

55. The technical assistance activities of UNIDO from 1967 to 1972, inclusive, were reviewed by the representative of UNIDO, with the participation of UNIDO Industrial Development Field Advisers. The bases for this review were the collected summaries of 21 different activities and a detailed list of 65 feasibility studies carried out in fourteen of the least developed countries in Africa.

56. With regard to recruitment of experts, UNIDO had carefully examined new procedures and new approaches in order to correct mistakes and delays that had occurred in the past. Concerning the evaluation of UNIDO activities, it was pointed out that such evaluations were undertaken from time to time at the country, subregional and regional levels. A global evaluation of the activities of UNIDO was the subject of a Special International Conference held in Vienna in June 1971.

57. Regarding its investment promotion programmes, UNIDO was actively exploring new approaches for attracting foreign investment to the developing countries. Partnership schemes and international subcontracting were being promoted by UNIDO. Current policies and trends in the industrialized countries might lead to decisions of the owners of small enterprises to relocate

their industries in the developing countries. Information was also given to the participants on the Special Industrial Services (SIS) programme, the primary functions of which were to provide emergency services; in other words, this programme was used to solving urgent problems in industry in the developing countries.

58. The representative of UNIDO also gave a broad outline of the proposal to set up industrial development centres at the country level. He stated that there was need for this kind of approach in view of the difficulties experienced in the past in the implementation of technical assistance projects and of the frequent lack of follow-up actions of such projects. The functions of such a centre would be mainly: to advise continuously on the development of small-scale industry; to carry out activities on project identification, preparation and implementation; and to assist existing enterprises in solving various problems as they occur; and to provide training for local personnel on a continuing basis. Such a centre should be staffed by a group of experts in different specialized fields. Sufficient funds will be needed not only to meet the running costs of the centre but also to constitute a revolving fund which would be used to provide the equipment required from a positive sectoral study made by the centre. This fund could be mobilized with the assistance from various bilateral sources as well as from the World Bank, UNDP and the UNIDO General Trust Fund. A management committee of the centre could allot the equipment required or the funds needed for the purchase of equipment to the individuals, co-operatives or corporations concerned. The primary condition for an allotment of funds or grant of equipment would be that the persons concerned have some experience in the relevant field and the determination to reach the targets established by the centre. The installation, operation and management of such equipment should be carried out under the supervision of the centre, with special emphasis on training. The participants were also informed that the outline of this project had been brought to the attention of UNDP and the International Bank for Reconstruction and Development (IBRD) and that the first reactions of these organizations as regards possible financing of projects of this kind were encouraging.

59. Another proposal brought to the attention of the participants concerned an integrated and extensive approach for developing the production of agricultural equipment and tools. This objective could be reached in four steps: first, analysis, implement design, development and testing; second, the creation of production facilities; third, the establishment of machinery for distribution, marketing and financing; and fourth, the creation of maintenance and repair centres that could ultimately also include the setting up of foundries. It was stated that such an approach could give added leverage and impact to the industrial sector of the least developed countries and could furthermore be applied in other industrial branches.

60. The UNIDO representative described, *inter alia*, the benefits to be derived from the implementation of integrated pilot industries ("industrializing" industries), especially when these were conceived within horizontally and vertically integrated industrial programmes. In certain cases the possibility for utilizing second-hand and reconditioned machinery and equipment needed to be considered seriously, particularly if these were to be supplied gratis. UNIDO could assist the least developed countries in evaluating the condition of second-hand machinery as well as the terms of supply of such machinery.

61. Because of the important role played by the building materials industry, the participants were informed of the various possibilities for initiating and implementing selected industries based on local building materials resources.

62. In addition, UNIDO activities in the following fields were briefly presented:

- Demonstration plants
- Maintenance and repair
- Industrial training and management
- Advisory missions on industrial project evaluation

63. The representative of the UNIDO secretariat introduced the questions related to the National Committees for UNIDO which were set up in a number of countries pursuant to the recommendations of the International Symposium on Industrial Development held in Athens in 1967. The contributions of these Committees to the work of UNIDO were under examination, and it had been proposed to convene a seminar towards the end of 1973 with a view to redefining the functions of these National Committees.

IV. OBSERVATIONS ON UNIDO'S ACTIVITIES

64. A number of participants commented on these activities and their observations are summarized as follows:

(1) There was general agreement that UNIDO should not limit itself to carrying out feasibility studies and other fragmentary activities in the field of industrial development. On the contrary, it should assist the least developed countries in all phases of industrial projects from their identification to assistance in marketing the manufactured project.

(2) The monitors for feasibility studies should include funds to finance strategic follow-up activities in case the project was considered viable.

(3) As to the utilization of experts, it was suggested that:

The receiving country should interview the expert before employing him in order to determine his human-relations capabilities.

UNIDO and UNDP should accommodate their administrative rules so that experts could be contracted for in advance so that they will not be unavailable when required.

A pool of experts should be created with special knowledge of, and experience in, the least developed countries of Africa.

More use should be made of local talent and of experts from developing countries in more advanced stages of development.

UNIDO could ask Governments for the names of known experts.

(4) UNIDO should devise ways and means of enabling one country to benefit from the solution of problems or to learn from mistakes made by other countries.

(5) UNIDO should put emphasis on institution building so that, when experts arrive for specific tasks they will find a framework to work in.

(6) UNIDO should develop standardized designs for such basic installations as foundries and workshops, industrial estates and small-capacity plants, which could be supplied to a large number of the least developed countries, thus reducing costs.

(9) The publication by UNIDO of Guidelines for project evaluation was appreciated, but it was thought that a simpler manual or handbook should be developed that would be especially useful to the evaluation of industrial projects in the least developed countries.

(8) Many countries will need UNIDO's assistance during the preparation of industrial development plans, and experts should be made available at the right time.

(7) The investment promotion meetings organized by UNIDO could be improved by assisting the countries in the preparation of projects beforehand. Moreover, participants should be invited who could negotiate complete projects instead of only equipment supply or financing.

(10) UNIDO should give advice and support during negotiations and assist in the development of negotiating skills.

(11) UNIDO should extend its information service on technical and cost data and should assist the countries in their choice of appropriate equipment.

(12) Shop drawings of critical parts of equipment, which could wear out, should be supplied with the equipment so that these parts could be reproduced in the country when they were not available.

(13) UNIDO should take, as required, an active part in all negotiations with the World Bank Group and other financing institutions on the financing of industrial projects.

(14) It should be kept in mind that, quite aside from all other considerations, an important purpose of industrial projects is to develop the talents of local entrepreneurs and to train them.

(15) Emphasis should be on labour-intensive projects in connexion with the very urgent problem of development.

(16) UNIDO and UNDP should realize that even small local expenditures can be a major problem in some of the least developed countries and that it would be more realistic to include these expenditures in the budgets of projects rather than to expect the recipient Governments to pay them.

65. It was observed that, since its creation, UNIDO has built up a thorough knowledge of the problems of the developing countries but has not yet been able to establish efficient contacts with the many industrial sectors of the developed countries. This latter activity was of paramount importance especially in view of the requirement of the Programme of Action drawn up by this seminar.

66. The participants also showed interest in the organisation by UNIDO of management clinics that should have as an objective the solution of the problem of existing industries with excess capacity and high production costs.

67. In providing technical assistance for the least developed countries, the need was stressed for a close co-operation between UNIDO and other organisations of the United Nations system, notably UNCTAD, ECA, ILO and FAO, specially in the field of identification and promotion of joint projects with the neighbouring countries and identification of export-oriented industrial projects.

7. STATEMENTS BY REPRESENTATIVES OF INTERNATIONAL ORGANIZATIONS
AND OBSERVERS OF GOVERNMENTAL ORGANIZATIONS

A. United Nations Development Programme

68. The representative of UNDP first outlined briefly the role and functions of UNDP in administering technical assistance programmes. Projects approved by the Governing Council of UNDP were, as a rule, implemented by designated executing agencies within the United Nations system, with UNDP maintaining close supervision of the implementation of the projects and undertaking evaluations to ensure that its programmes contributed maximum benefit to the recipient countries. Co-operation with ECA was being actively developed in Africa.

69. The present allocation of IPFs (Indicative Planning Figures) to countries was being carefully examined by the Administrator of UNDP with a view to evolving new criteria for guiding their allocation during the next round. In determining the level of the IPFs, careful attention was being directed to the problem faced by the least developed countries so as to take into full account their needs for special measures. Approaches to the formulation of new policies and guidelines for the provision of technical assistance to the least developed countries need to take into account the qualitative and quantitative aspects of the problem, as mentioned by the representative of Dahomey. With respect to measures aimed at improving the quality of technical assistance, the Administrator had put forward four general proposals for the consideration and approval of the Governing Council of UNDP. The first of these included measures aimed at enhancing the absorptive capacities of the least developed countries by promoting co-ordination at the country level in the formulation and implementation of technical assistance programmes and by working within a system of pre-investment programming that would lead to the actual financing of the projects concerned. The second proposal was to provide additional UNDP inputs for on-going projects. These inputs could consist of meeting the costs involved in the supply of equipment, the hiring of local labour and the provision of other support services required for the implementation of the projects. The Administrator noted, however, that such costs would be charged to the IPF allocation for the country and consequently would affect the financing of other projects. The third proposal was that UNDP inputs would be made available to finance pilot plants in the least developed countries. The fourth was that greater attention be paid to inter-country projects in recognition of the importance of joint projects to attain economic and social goals in these countries. A case in point of such projects was the integrated development project in the Liptako-Gourma area.

70. Referring to the quantitative aspect of the problem, the representative of UNDP informed the participants that a sum of \$6 million had been pledged for projects in the least developed countries in 1973, and for the period 1973 to 1976 it was envisaged that these specially designated pledges might amount to \$20 million. In addition, the Governing Council had approved, out of the programme reserve fund, the use of \$15 million over and above the IPF allocation. The UNDP Administrator was therefore recommending that the Governing Council approve, for planning purposes, the use of the sum of \$35 million for additional assistance to the 25 least developed countries over the next four years. These proposals had to be seen in light of the fact that,

for the period 1971 to 1986, a rate of growth of pledges to support the program of \$2.5 billion per year, an order of 0.6 per cent had been assumed. However, the experience of the last two years had fallen short of this target.

71. Another source of additional financing for the least developed countries was the United Nations Capital Development Fund. During the last four years a total of \$6 million was pledged by donor countries. The fund would be used primarily to finance pilot demonstration plants in the least developed countries, and if these projects proved successful it was hoped that additional pledges could be generated, especially since no contributions had so far been made by potentially large donors.

72. The UNDP representative observed that industrialization was a complex problem to which there were no ready-made solutions. Nonetheless, UNDP inputs could effectively be utilized in generating the kinds of actions that could help the least developed countries to achieve diversification of their industrial structures. There was scope and need for assistance in the development of domestic entrepreneurial capabilities, the training of technicians and middle-grade skills and the establishment of selected "industrializing" industries. In his view there was also need for more attention to be paid to the development of service activities and improvement of the construction industry.

73. The representative of UNDP made further clarifications of certain points raised by the participants. While UNDP appreciated the need for expediting the recruitment of experts, he pointed out that this problem was difficult to resolve satisfactorily. The problem was complex because it involved decision-making at various stages and by the various parties: the individual expert himself, the recipient countries, the executing agency, UNDP headquarters and the Resident Representatives. While every attempt would be made to streamline the recruitment process, but it was nonetheless necessary to be realistic. The notion of the absorptive capacity of recipient countries should not be seen as a means of reducing the technical assistance fund for the recipient countries, but there was a problem that had to be resolved if countries were to derive maximum benefit from external technical assistance resources.

74. In the allocation of IPF during the next round, this problem could be satisfactorily resolved by providing additional resources for the projects aimed at improving the absorptive capacity of the least developed countries. It was too early to conjecture what criteria would be used for distributing the additional \$35 million, but it could be assumed that this would not be done mechanically. With respect to the least developed countries, the allocation would take into full account their special needs in accordance with the priorities that they had established.

75. The representative of UNDP stressed that, in any case, the level of additional UNDP funds was likely to be limited, and he hoped that the seminar would provide suggestions as to how the funds could be used with maximum strategic effect.

B. Economic Commission for Africa

76. The representative of ECA described briefly the role and functions of ECA in promoting economic and social development in the African region. He cited some of the achievements of the Commission in the various economic and social sectors and noted that practical results from the research work of ECA were made possible through the efforts of the member States of the Commission, and the resources of UNDP and the bilateral donor countries. Bilateral assistance was especially important for ECA's activities in the field of industrial development, since ECA had no direct relationship with UNDP. However, in co-operation with such agencies as UNIDO and FAO, technical assistance projects were initiated and promoted for financing by UNDP, especially under its regional programme of technical assistance. For example, a joint ECA/FAO Forest Industries Advisory Group was established at ECA on the initiative of ECA and FAO. Other regional projects were under consideration for implementation by ECA and UNIDO.

77. The programmes of activities in the field of industry were guided by Africa's Strategy for Development in the 1970s, adopted by the First ECA Conference of Ministers, held in Tunis in 1971, and by the Declaration on Industrial Development during the 1970s adopted by the First ECA/OAU Conference of Ministers of Industry, held in Addis Ababa in May 1971. The latter document provided the guidelines which enabled the ECA to initiate and promote specific technical assistance projects in the field of industry. Such initiatives were actively pursued in the course of last year in co-operation with UNIDO.

78. The representative of ECA, in introducing document E/CN.14/INR/203, entitled: "Some considerations and proposals for the formulation of special measures for the least developed of the developing countries in Africa in the field of industry", stressed the need to conceive industrial projects and programmes within a scheme of integrated development actions. Especially in the least developed countries, there was a need for strengthening the link between agriculture and industry and harmonizing agricultural and industrial policies. He noted that the major constraints and impediments described in the above-mentioned document were reflected in the country reports presented to the seminar. In order to overcome these problems it was necessary to draw up a coherent programme of actions to be taken by the countries themselves, by bilateral donors and by multilateral agencies that could guide policies and programmes. He drew the attention of the participants to six major priority areas for the identification and implementation of technical assistance projects. These were:

- (1) The need to conduct continuous review and appraisal exercises at the country level
- (2) Promotion of multinational co-operation
- (3) Development of rural and small-scale industries, especially those linked to integrated development programmes in rural and peri-urban areas
- (4) Establishment of an effective system for project development and implementation
- (5) Effective channelling of resources for industrial development programmes
- (6) Promotion and development of domestic industrial skills and technology

79. He stressed the need for paying careful attention to the principles and instruments of technical assistance. Some of the key elements of a dynamic technical assistance programme concerned the assurance of continuity of the programmes, the effective co-ordination of technical assistance resources at the country level and the need to conceive individual technical assistance projects within an integrated framework with well-defined objectives.

80. In answering questions raised by the participants, the representative of ECA further elaborated on initiatives undertaken by ECA to promote multinational co-operation. For example, as a result of the Bamako Conference on Economic Co-operation in West Africa in 1964, an interim intergovernmental committee on iron and steel was created, and subsequently ECA conducted regional industrial harmonization studies in order to establish the basis for intergovernmental negotiations based on a range of identified industrial projects that could be implemented at national, multinational and subregional levels. Currently, ECA was engaged in establishing alternative criteria for the implementation of multinational industries. He informed participants that ECA's co-operation with FAO in the field of industry was guided by the agreement reached by the Executive Director of UNIDO and the Director General of FAO, delineating their respective responsibilities in the field of forest and agricultural industries. Co-operation with UNIDO was making tangible progress. Pursuant to the recommendation of the ECA Executive Committee at its seventh meeting in November 1971, the Executive Secretary took steps to explore the possibilities of establishing a joint ECA/UNIDO Industry Division at ECA. Agreement in principle to establish such a joint division had been reached between the heads of the two organizations. Together with ECA and OAU, UNIDO was also to co-sponsor the Second Conference of Ministers of Industry to be held in Cairo in October 1973.

81. In summing up the discussions on the ECA report, the Chairman observed that ECA document E/CN.14/INR/203 (see para.78) provided a useful basis for drawing up a plan of action for technical assistance to the least developed countries in Africa and suggested to the participants that this document could be re-examined when the seminar came to draw up its plan of action.

C. International Secretariat for Volunteer Services

82. The representative of ISVS stated that the aim of his organization was to promote volunteer service in support of the development programmes of the developing countries. ISVS provided technical assistance in all activities. With regard to industry, it provided technical assistance in sending multinational volunteer teams, in mounting advisory and consultancy missions, and in organizing training seminars for the volunteer service staff. He stated that ISVS was ready to collaborate with UNIDO and ECA in making available the services of volunteers for development programmes in the least developed countries, as the ISVS Council, at its last session, had adopted a resolution giving priority to such countries in its technical assistance.

83. ISVS can assist the industrial projects of the least developed countries by providing them with the skilled manpower they need, especially qualified middle-level manpower, in the form of volunteers. For the projects financed by Governments or sources other than the

United Nations system of organizations, ISVS can send its own multinational teams of volunteers. It can also help these countries obtain the trained personnel they require, from the numerous bilateral volunteer sending organizations with which ISVS maintains close relationship throughout the world. These requests can be addressed directly to ISVS or through UNIDO.

84. For projects financed by UNDP or other United Nations agencies, ISVS can recruit the qualified manpower in the form of United Nations Volunteers. In this case the requests will be channelled through the United Nations Volunteer Programme. Under the terms of a formal agreement between ISVS and UNDP, ISVS is entrusted with the responsibility of co-ordinating the recruitment of the United Nations Volunteers. Among the United Nations Volunteers currently in the field, 93 per cent have been recruited by ISVS.

85. In answer to questions raised by participants, the representative of ISVS informed the seminar of the sources of funding for the programme and of the methods and approaches used to recruit the volunteers. The external costs are financed by ISVS, and the local costs are generally charged against the projects in which the volunteers participate. In reply to the question of local costs for least developed countries, he stated that such costs could be examined on a case-by-case basis in order to reach an understanding.

D. Governmental Organizations

86. In addressing the seminar the representative of the Industrial Development Authority of Ireland (IDA) remarked that the experience of the Authority and other agencies in Ireland could be relevant to the solving of the problems faced by the countries represented at the seminar. He outlined the functions and major achievements of the IDA with particular reference to the small-scale industries programme which could be of special interest to the least developed countries. He referred to the use made in Ireland of the State Agency in industrial development and named the principal agencies engaged in this field. He gave details of a number of activities carried on in Ireland that might be of interest to the participating countries (regional planning, industrial estates, management training, achievement motivation, industrial free zones, small-scale industry, production and utilization of peat). Technical assistance and advice could be provided by Ireland in all these kinds of activities. Ireland would also facilitate study by interested countries of the various Irish agencies engaged in industrial promotion.

87. The representative of the Swedish International Development Agency (SIDA) informed the participants that the Swedish Government had made commitments for a special contribution designated for the least developed countries within the UNDP programme. In order to obtain administrative efficiency, Swedish bilateral assistance was concentrating on about a dozen countries, of which six were situated in Africa. Three of these were among the least developed: Botswana, Ethiopia and Tanzania. All in all, about 30 per cent of the Swedish bilateral assistance went to the least developed countries.

88. Within the financial framework set for the bilateral partners, Sweden is willing to consider assisting any project to which priority is given by the Government concerned. This means that if any of these countries wishes to give priority to industrial projects, Sweden is willing to take such proposals into serious consideration. In fact, there are already such projects planned, particularly rural-based, small- and medium-scale industrial projects, and Sweden is also supporting export-promotion projects in co-operation with the International Trade Centre (ITC) in Geneva.

89. The representative of the Canadian International Development Agency (CIDA) stated that the seminar could provide helpful guidance to his agency in the identification of specific programmes and projects that could be financed by it. He felt sure that as a result of his attendance there were several projects of direct interest to CIDA on which he would initiate follow-up action.

90. The seminar noted with appreciation the pledges made by the observers from governmental organizations to assist in the implementation of the Programme of Action.

VI. CLOSURE OF THE SEMINAR

91. After statements by the Chairman and the representatives of UNDP and UNIDO, the seminar concluded its session on 8 February at 5 p.m.

Annex 1

SUMMARY OF UNIDO'S TECHNICAL ASSISTANCE ACTIVITIES, 1967-1972^{1/}

	BOTSWANA	BURUNDI	CHAD	DAHOMY	ETHIOPIA	GUINEA	LESOTHO	MALAWI	MALI	NIGER	RWANDA	SOMALIA	SUDAN	TANZANIA	UGANDA	UPPER VOLTA	
1	Feasibility studies (see Annex II for details) ,	-	6	6	4	4	-	1	1	9	3	9	1	6	4	8	3
2	Direct assistance to factories												x	x			
3	Repair and maintenance					x			x								
4	Mechanical workshop, foundries												x	x			
5	Mobile workshop agricultural equipment														x		
6	State mining corporation														x		
7	Erection of pyrethrum plant										x						
8	Research												x				
9	Quality control					x			x								
10	Standardization				x												
11	Information								x								
12	Management				x				x					x	x		
13	Small-scale industry	x	x	x	x	x	x			x	x	x		x	x	x	
14	Industrial estates	x					x			x	x		x	x	x	x	
15	National development corporation													x			
16	Industrial development adviser				x					x					x		
17	Studies, project evaluation and implementation				x	x			x				x	x			
18	Investment promotion								x		x					x	
19	Development Bank											x		x			
20	Export product development													x			
21	Surveys	x					x					x	x				

^{1/} Extract from document ID/WG.144/3.

Annex II

DETAILED TABLE OF FEASIBILITY STUDIES CARRIED OUT BY UNIDO^{2/}

	BOTSWANA	BURUNDI	CHAD	DAHOMEY	ETHIOPIA	GUINEA	LESOTHO	MALAWI	MALI	NIGER	RWANDA	SONALIA	SUDAN	TANZANIA	UGANDA	UPPER VOLTA
1	Agricultural machinery		x	x				x						x		x
2	Metal industries									x						
3	Foundries								x							
4	Construction and building materials				x		x	x	x			x	x			
5	Chemicals (salt, alcohol)				x						x					
6	Pulp and paper															
7	Fertilizers														x	
8	Pesticides				x										x	
9	Boards															x
10	Gas		x	x												
11	Tobacco										x					
12	Bags from local fibre		x								x					
13	Milling		x													
14	Meat															
15	Vegetable oils			x	x				x							
16	Biscuit, bread			x										x		
17	Ground nut processing				x											
18	Leather															
19	Press dry coffee					x			x				x		x	
20	Fruit, vegetables															
21	Records								x						x	
22	Textiles															
23	Matches													x		
24	Rubber and plastic goods										x					
25	Fodder															
26	Furniture															
27	Castor beans													x		x
28	Starch and glucose													x		
29	Malt															
30	Fish canning														x	
31	Enamelled appliances															x
32	Dinner ware, sanitary															x

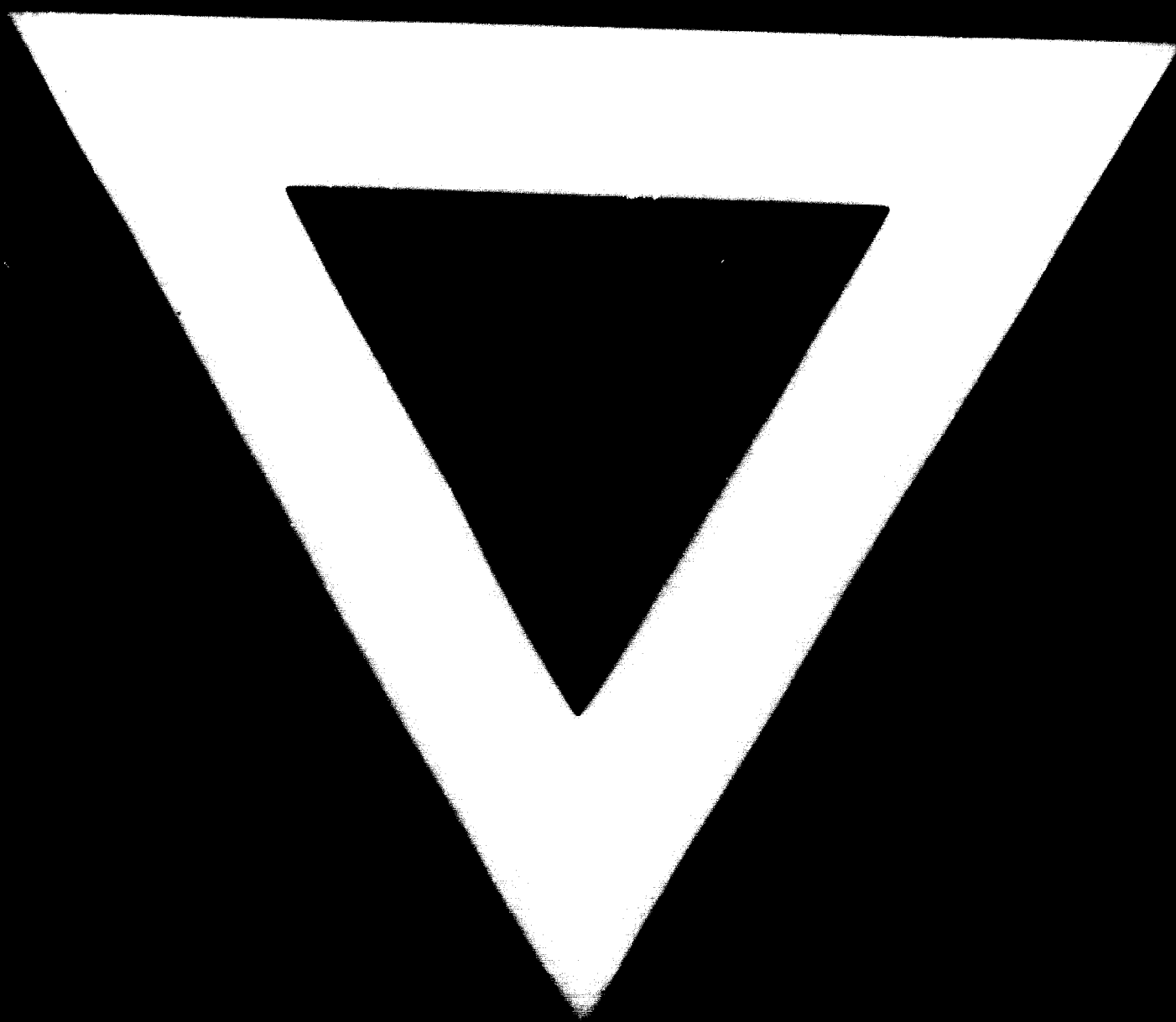
^{2/} Extract from document ID/WJ.144/3.

Annex III

MAJOR CONSTRAINTS TO INDUSTRIAL DEVELOPMENT IN FOURTEEN OF
THE SIXTEEN LEAST DEVELOPED COUNTRIES IN AFRICA

	BOTSWANA	BURUNDI	CHAD	DAHOMEY	ETHIOPIA	GUINEA	LESOTHO	MALAWI	MALI	NIGER	RWANDA	SOMALIA	SUDAN	TANZANIA	UGANDA	UPPER VOLTA
1	x	x	x	x	x		x	x	x	x	x	x	x	x		x
2	x	x	x	x	x		x	x	x	x	x	x	x	x		x
3	x	x	x	x	x		x	x	x	x	x	x	x	x		x
4	x	x	x	x	x		x	x		x	x	x	x	x		x
5	x	x	x	x	x		x	x		x	x		x	x		x
6	x			x	x		x	x	x	x	x	x	x	x		x
7	x	x	x	x	x				x	x	x	x	x	x		x
8	x	x	x		x		x	x	x	x	x	x	x			x
9	x	x	x	x	x		x		x	x	x	x	x			x
10	x	x		x	x		x	x		x		x	x	x		x
11	x		x		x		x	x		x	x	x	x	x		x
12		x		x	x			x	x	x	x	x	x	x		x
13	x	x	x	x	x		x			x		x	x			x
14	x			x	x		x	x		x	x	x	x			x
15	x	x	x				x		x		x	x	x			x
16	x		x	x			x	x		x				x		x
17		x	x		x			x	x	x	x	x	x	x		x
18			x						x	x			x	x		x
19	x	x								x		x		x		x
20	x						x	x				x				

Note: x (constraints) were filled in on the chart by the participants in the Third Regional Seminar on UNIDO Operations, Addis Ababa, 29 January - 8 February 1973. (Data from Guinea and Uganda were not received.)



9 . 8 . 74