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SPECIAL PROBLEMS FACING THE LEAST DEVELOPED COUNTRIES IN THEIR INDUSTRIAL DEVELOPMENT.
MEANS OF OVERCOMING THE OBSTACLES TO THEIR INDUSTRIALIZATION.^{1/}

by

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^{1/} The views expressed in this paper are those of the author and do not necessarily reflect the views of the Government of the Upper Volta or UNIDO.

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The Upper Volta, as everyone knows, is one of the countries classified among the 25 most serious cases, taking into account the following characteristics in particular:

A per capita gross domestic product (GDP) of less than \$US 100;

A share of manufacturing industry in GDP of less than 10 per cent (Upper Volta: less than 6 per cent);

An illiteracy rate of more than 80 per cent. In other words, the Upper Volta must make a special effort within the group of developing countries which have decided to increase their share of world industrial production from less than 7 per cent of production at the present time to 25 per cent thereof by the year 2000.

Can the industry of the Upper Volta maintain the 8 per cent growth rate laid down by the international development strategy? The answer to this question depends upon the solutions which might be found for the special problems facing the Upper Volta in its industrial development.

1. UPPER VOLTA INDUSTRY IN GENERAL

The ambition of the Upper Volta industry is to contribute to the raising of the population's standard of living, to a substantial and progressive increase in per capita income or, in short, to the country's development as such. Industrial development in the Upper Volta consists of patient efforts to master the local factors making for balanced development and to see that the indispensable links with economically advanced countries operate in a manner consistent with the priorities of an independent industrialization programme. To this end, the Government has defined objectives and the means of attaining them. Despite the constraints placed upon industrialization, the results already achieved are encouraging and the prospects for the future are hopeful.

OBJECTIVES

The first stage of industrialization, concentrated on import substitution, soon reached its limits since consumer purchasing power was barely developed, owing to the fact that agriculture, the main source of income for 90 per cent of the population, was relatively stagnant. In addition, the rate of growth in the agricultural worker's productivity is lower than it is or could be in industry.

This stage was, however, necessary, since it stimulated the spirit of enterprise among many Upper Volta citizens. Labour is abundant in our country and the labour force is very enthusiastic; while embarking upon an industrial way of life, it was anxious to acquire ever higher qualifications. As a result the objectives to be assigned to industrialization became more precise. They may be summarized in terms of the exploitation of local resources:

(1) Agricultural and pastoral resources

These must obtain substantial income. That is why industry has the role of endowing agricultural and pastoral products with the maximum value added before exportation.

(2) Mineral resources

Much hope is placed on these resources, with a view to achieving a very rapid increase in industrial production, improving the balance of trade, and raising consumer purchasing power.

(3) Human resources

The diligence and high qualities of the Upper Volta worker, whether manual or intellectual, are well known in the West African subregion. Upper Volta industry wishes to exploit these virtues by promoting industrial units which are highly labour-intensive. Although it is encouraging to note the spirit of enterprise which actuates an ever increasing number of our compatriots, a great effort still has to be made in the field of vocational training.

(4) Import substitution industries

These continue to occupy an important position because they help to supply the local market with articles of major consumption in so far as the demand for these products justifies the establishment of viable industrial units, but they also generate secondary effects for other industrial activities. Emphasis is placed on industries producing capital goods, the chemical industries and the energy industries.

RESOURCES ALLOCATED TO INDUSTRIAL DEVELOPMENT

These are extremely limited. Dependence on external financing is still very high. Foreign aid does not always, however, respond to the country's needs, in terms either of structure or of volume. For this reason, steps are being taken to

mobilize domestic savings for development: the Caisse Nationale des Dépôts et des Investissements (CNDI) is one institution, in addition to the National Development Bank (BND) which absorbs foreign capital to make it available to the national economy.

A fairly liberal Investment Code facilitates the starting up of new industrial enterprises through tax relief measures (in the developed countries, enterprises tend rather to be given financial and legal incentives to overcome their initial handicaps).

A "special" investment code, nicknamed the "little code", for the promotion of small and medium-sized local enterprises, which is under preparation, should permit this category of enterprises to assume their role rapidly. The Office de Promotion de l'Entreprise Voltaïque (OPEV) has been established to assist small and medium-sized enterprises in particular.

So far as infrastructure is concerned, a new industrial zone is being constructed at Ouagadougou, while Bobo-Dioulasso, the economic capital, already possesses a functional zone located next to the Abidjan-Niger railway.

With regard to the mobilization of human resources, priority is given to technical training, but this represents a heavy drain on the national budget.

It is true that laudable efforts are being made, but it cannot yet be said that a firm basis has been laid for sustained industrialization, bearing in mind the numerous problems facing Upper Volta industry.

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II. PROBLEMS OF UPPER VOLTA INDUSTRY

An analysis of economic constraints is essential to a clear understanding of the problems facing Upper Volta industry, in order to identify those problems on which action can be taken in the more or less long term.

(1) Geographical constraint

Maximum north-south distance: 650 km

Maximum east-west distance: 850 km

Area: 274,000 km²

Access to the sea

Railway: Ouagadougou-Abidjan (Ivory Coast): 1,147 km

Road: " -Lomé (Togo): 1,000 km

Road: " -Accra (Ghana): 846 km

Road: " -Cotonou (Benin): 1,100 km

(2) Energy shortage

Electric power is produced at extremely high cost.

(3) Natural resources

There are few known mineral resources. Agricultural resources are more extensive, but their development requires great effort.

(4) Over-dependence on external sources for supplies of raw materials and, in many cases, of semi-finished imported products.

Prices are increased by the cost of transport, transit insurance and various taxes.

Irregular supplies and delays in supplies. As a result, the industrial sector continues to represent a foreign enclave in the national economy, more sensitive to external than to domestic stimuli.

(5) Inadequate transport system

Rail transport systems are inadequate both quantitatively and qualitatively.

Road links are also insufficient. Efforts are being made to provide access to the sea and to reduce transport costs.

(6) Industrial equipment not always adapted

Equipment is designed for high production capacities.

The equipment is highly sophisticated. This means:

Maintenance problems due to lack of industrial infrastructure;

Low utilization of manpower;

Need for a large number of expatriate technicians;

Very expensive equipment.

(7) Technical assistance - training and voltaization

The high cost of technical assistance relative to the volume delivered increases manufacturing costs substantially; hence the need to train Upper Volta supervisory and technical personnel.

Apart from problems related to geographical location, all the factors listed above are obstacles to the industrialization of the Upper Volta.

* * *

III. MEANS AND POSSIBILITIES FOR INDUSTRIALIZATION AIMING AT SUSTAINED INDUSTRIAL DEVELOPMENT

Drawing up of a detailed inventory of all potential resources. Determining how they can better be used. Deciding which industrial sectors should be established and/or developed as a priority.

Increased autonomy and the development of co-operation with neighbouring countries in order to expand the market for our products is one of the prerequisites for achieving industrialization targets.

More intensive processing of domestic agricultural and mineral raw materials.

Durther diversification of the industrial structure, among other means through the development of so-called "industrializing" industries (such as mechanical engineering, particularly the manufacture of agricultural machinery), and industries for the production of intermediate goods (chemical industries, fertilizers).

Intensification and promotion of export industries based on the use of natural resources and/or factors of production available locally (including manpower.

Development of technology - training of skilled national industrial manpower).

Establishment of several large enterprises in key sectors of industry producing capital and intermediate goods.

Design of pilot and demonstration plants.

Development of project evaluation services and establishment of industrial information services, including the establishment of technological and industrial data banks.

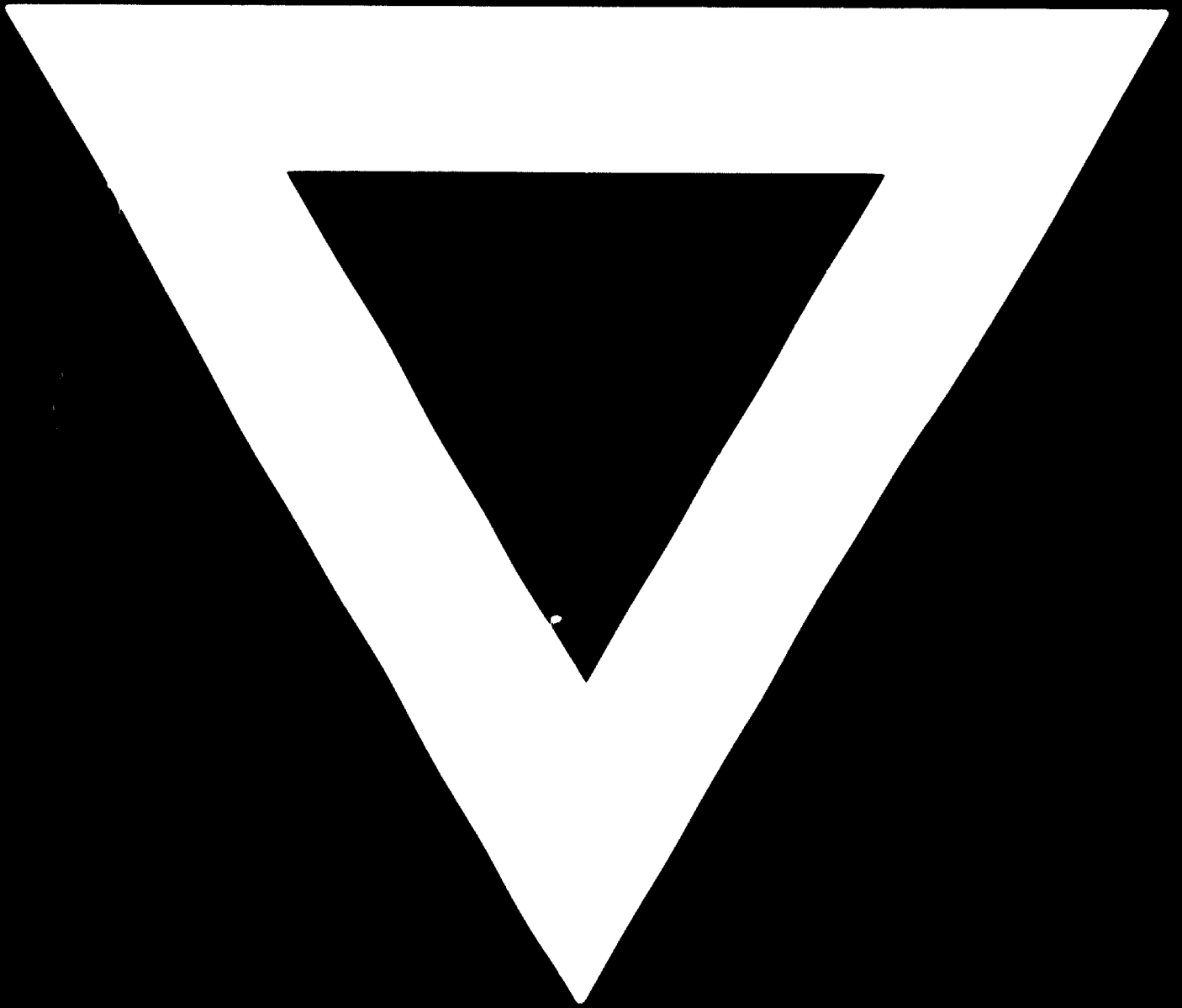
CREATION OF AGRO-INDUSTRIES

Although agriculture is the predominant sector in the Upper Volta economy, it is not in a position to ensure its own "take off"; it is industry which can stimulate its development by providing it with equipment and machinery, fertilizers, insecticides, etc., and first and foremost by purchasing raw materials from it. It follows that integrated agro-industries geared as far as possible to the processing of agricultural and livestock products are one of the most effective means of ensuring industrial and agricultural development.

Lastly, particular attention should be given to improving the volume and quality of technical and financial assistance.



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