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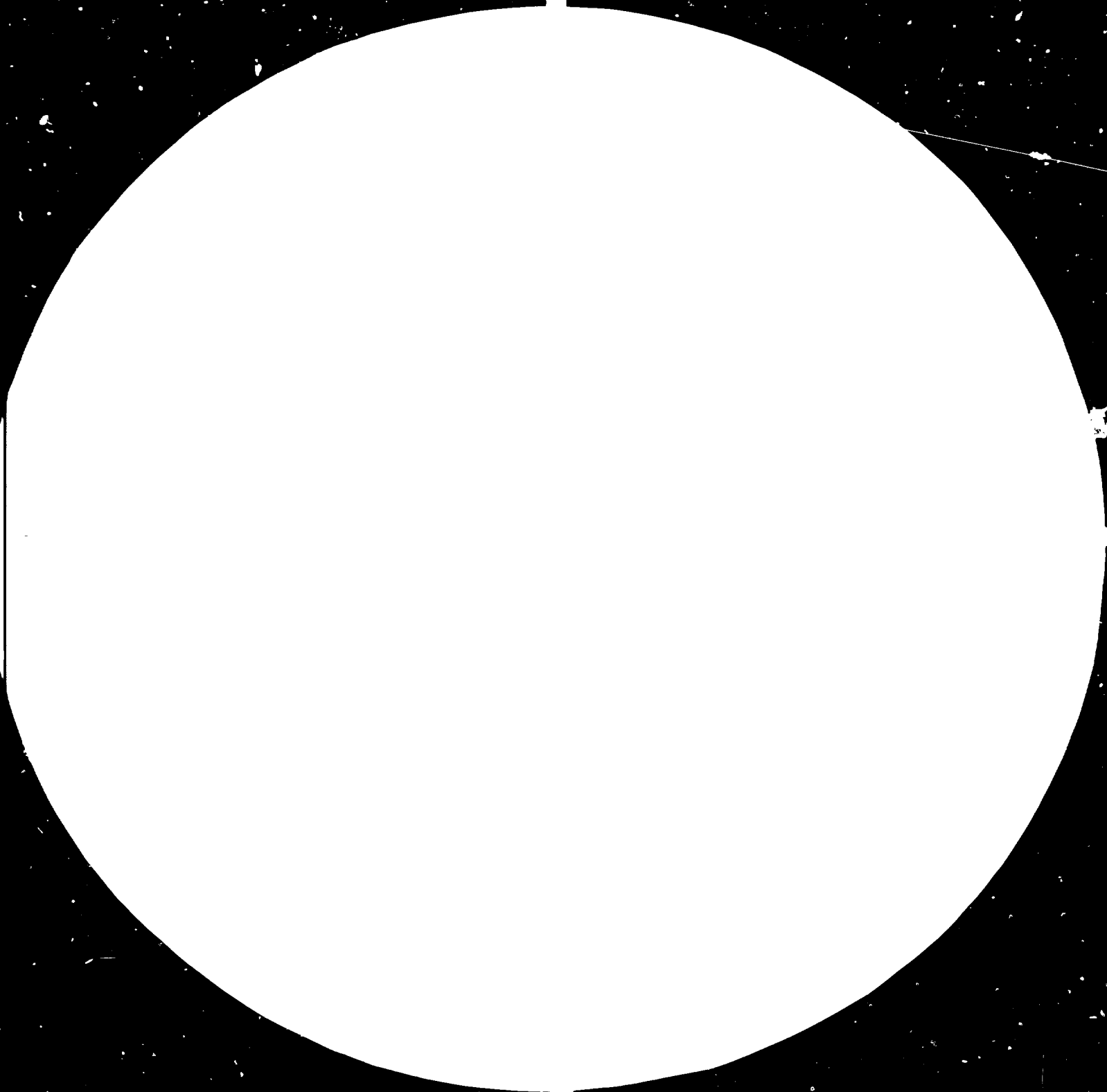
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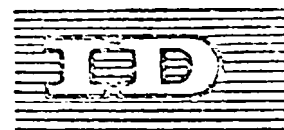
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THE INDUSTRIALIZATION EXPERIENCE OF CHAD ^{1/}

by

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1. INDUSTRIAL POLICY AND ACHIEVEMENTS

In 1960, when it became independent, Chad had a few cotton ginning mills, two small rice mills, an oil works and a soft-drinks plant: it was thus starting almost from scratch. Nevertheless, the Government of the day felt the urgent need to attract foreign investment in order to establish industry in the country. In 1963, therefore, it introduced the Investment Code still in force, offering incentives to investors who established industrial activities in Chad. The purpose of the Code was on the one hand to promote the establishment of industries for the national market and on the other to develop industrialization on a regional basis within the framework of the Central African Customs and Economic Union (UDEAC), of which Chad is a member. It should be added that the Investment Code, which has not been revised since 1963, has proved to be ill suited to present conditions and is currently being brought up to date.

Between 1960 and 1968, a certain number of industries, including a sugar complex, a brewery, a scent works, a factory assembling radio receivers, a textile complex (spinning, weaving and printing) and a few machine shops, were established. Thus by 1968 the Republic of Chad had about 40 undertakings which could be described as industrial, over half of which had been established since 1960. They were made up as follows:

Twenty-six firms processing agricultural products (cotton ginning, slaughter houses, rice mills, beverage and clothing factories, printing and oil works, etc.)

Eleven firms processing mineral products or carrying out assembly work, including the scent factory

The remainder concerned with the supply of water and electricity.

We are taking 1968 as the base year because it was marked by a very substantial increase in the output of industrial undertakings, some of which had just been established. Furthermore, from 1968 onwards, industries no longer continued to be established at the same rate as in previous years.

To get an idea of industrial activity in Chad, it will be found helpful to look at the two annexed tables, showing the increase in turnover of the main firms and the increase in the number of establishments active between 1968 and 1975. The turnover table shows that a certain number of firms have made constant progress. On the other hand, industrial development as a whole, from the standpoint of the number of enterprises, has not been satisfactory. Over the period under consideration, very few new industrial plants were established and several existing ones were closed down, because the country's many economic problems were preventing them from making a profit.

2. CHAD'S SPECIAL PROBLEMS IN THE FIELD OF INDUSTRIALIZATION

In spite of the industrialization policy adopted by the Government from the earliest days of independence, Chad lags far behind neighbouring countries which are better endowed by nature. If the number of industrial plants has not increased in a satisfactory fashion, this is owing to the many difficulties encountered, which are largely due to natural conditions: in a country like Chad, there are many limitations on industrial development: long distances, which make transport expensive and difficult involving considerable storage costs and financial charges; a small market which hampers the amortization of fixed assets; very high building costs; scarcity of local raw materials; inadequate and expensive electricity supply, etc.

In addition to the difficulties listed above, there are other problems of a structural nature which act as a brake on the country's industrial development, including:

Lack of industrial infrastructure, which discourages investors, who find neither a site ready for the establishment of a plant nor an industrial environment likely to favour the launching of new industries;

Lack of finance for small and medium-scale domestic enterprises owing to the very low propensity to save. The problem of financing is also due to the fact that it is difficult for small domestic investors to get bank loans;

Lack of domestic technical personnel and inadequacy of technical training, which often make it necessary to employ foreign technical staff, who are too expensive for small firms.

This is part of the general problem of technical know-how, which is a very acute one.

In addition, there are a series of difficulties that are common to Chad and other land-locked countries with small populations:

For many industrial products, the present domestic market is too small. The machines available on the international market have increasingly large capacities. In order to benefit from economies of scale or even to make it possible to establish a factory with a market proportionate to its capacity, what should theoretically be done is for neighbouring countries to combine and set up joint ventures. To date, Chad's experience in this field has been negative. Most raw materials are imported, and it is not economically feasible to transport such materials to Chad, in the middle of the continent, and then send the finished products to neighbouring countries, where the main markets are generally in the ports.

We have still virtually no domestic engineers with a knowledge of electronics, electrotechnology, automation and other modern techniques. On the other hand, we have a superabundance of unskilled workers. The equipment we are offered is generally extremely expensive (especially when the costs and risks of transport and assembly are taken into account). It is increasingly based on complex technology and requires periodic servicing by highly skilled personnel. What we need is simple, robust machines which are easy to operate and to repair on the spot.

There are similar problems with regard to management. Our businessmen generally have little in the way of an organization, and that little inefficient. The organization models we are offered, the courses and seminars held on management, suggest management methods which are very difficult to apply in our country, where there are no properly qualified accountants, no computers and no reliable general trade statistics.

Finally, it must be said that the induced effects of the industrial plants established are almost nil, because their level of activity is simply not high enough.

3. PRESENT SITUATION AND THE EXPERIENCE OF THE CHAD INDUSTRIAL PROMOTION BUREAU

In 1972, the Government decided to establish the Bureau de Promotion Industrielle du Tchad (BPIT) - the Chad Industrial Promotion Bureau, as the mainspring for the industrialization of Chad by its own people, working in co-operation with the civil service departments concerned, in particular the Directorate of Industry and the Directorate of Planning. The decision was taken with a view to improving the prevailing situation in the industrial field. BPIT, established with financial assistance from the United Nations, is only at the start of its operations, having been in existence for only three years. Its functions are:

1. To identify and formulate viable projects which justify an investment,
2. To find and interest investors,
3. To give technical assistance in the implementation of projects,
4. If necessary, at the request of the promoter, to assist in the management of the undertakings thus established and to train their staff.

In practice, BPIT is giving priority to the following activities:

Study and formulation of projects for small investors,
Establishment and promotion of small and medium-sized domestic undertakings,
Arrangements for quick and effective technical support,
Establishment of pilot projects,
Establishment of a fund to finance small and medium-scale domestic undertakings,
Establishment of a special advice and management service for small and medium-scale domestic undertakings.

It should be stated that BPIT is not only concerned with small domestic undertakings but is also required to play a part in industrial promotion at all levels and industrialization as a whole. Consequently, it offers its services to all those who are interested in the industrialization of the country, seeking them out, informing and advising them, and putting them in contact with each other. The work of BPIT has already begun to bear fruit, since with its assistance, several small firms have been started and their operations are benefiting from its technical assistance. The Bureau is currently looking for investors to implement the small-scale projects which it has identified and formulated.

In addition to the successful experience of BPIT, the determination of the country's new leaders to speed up the process of industrial development has also produced positive results. Thus a number of important former projects, such as the sugar complex, the agricultural equipment factory and the cotton seed oil-works are about to reach the implementation stage.

In view of the work being done by BPIT and the determination of the Chad Government to promote industrial development, it may be hoped that future years will see progress in this sphere. Nevertheless, it must be borne in mind that the critical problems mentioned above will continue to exist for a long time to come.

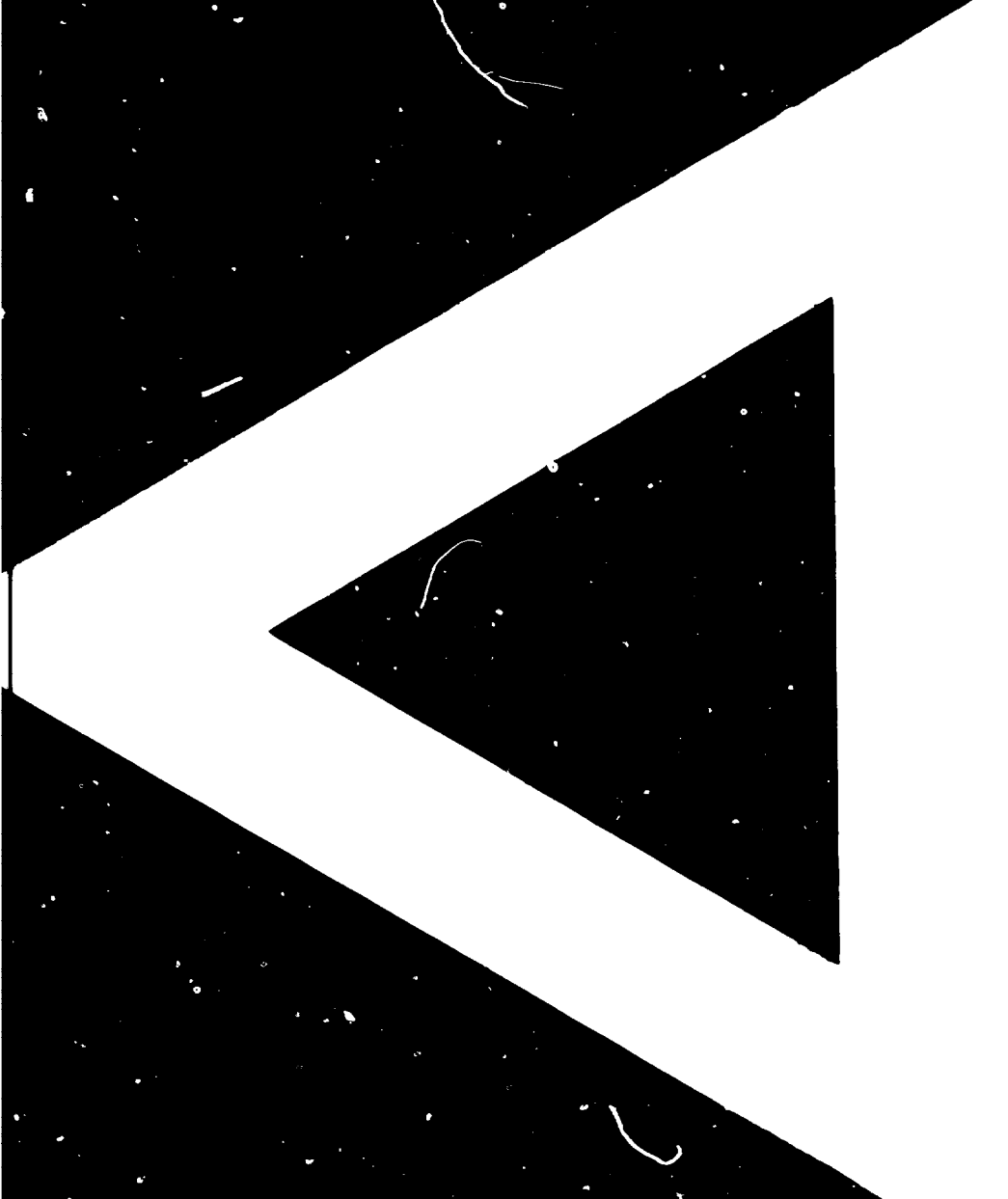
TURNOVER IN MILLIONS OF FRANCS CFA

UNDERTAKING	1968	1969	1970	1971	1972	1973	1974	1975
Abattoirs Frigorifiques de Farcha	106	138	158	177	120	100		
Prodel	374	558	571	805	511	closed		
C.M.P.A.				45	23	42		
Brasseries du Logone	561	771	857	1 059	1 236	1 431		
Soduco Neotar	47	67.5		67	81	85		
Solt	95	87	104	94	95	100		
Olafric	66	97	123	45	ceased operations			
M.C.T. (Cigarettes)				490	526	620		
Sosutchad	977	1 226	2 655	2 653	3 022	4 253		
Grands Moulins du Tchad	290	389	384	433	450	613		
Societe Textile du Tchad	575	1 338	1 469	1 747	1 826	1 699		
Cotontchad (Cotonfranc)	5 100	5 721	5 700		6 280	7 021		
Seter	31	67	174	259	334	428		
Safripa	68	90	117	144	132	140		
Sopormod (established 1972)					4	25		
Cyclotchad	196	212	345	339	327	324		
Imprimerie du Tchad			85	85	92	120		
Ets Coussa			45		113	136		
Sadi			36	20	22	23		
Ets Romano				221	347	180		
Setuba			319	484		558		
C.I.P.	38	40	85	90	58	70		
Armétal	120	41						
Cométal								
Clothing manufacturer	12	15						
	10 982	10 857	13 227	9 216 ^{1/}	15 596	17 968		

^{1/} The total for 1971 is not a true record because Cotonfran did not report its turnover. To approximate more closely to the real state of affairs, the figure should be increased by 5,000 million, making 14,216 million instead of 9,216 million.

NUMBER OF PLANTS OPERATING BETWEEN 1968 AND 1975

	1968	1969	1970	1971	1972	1973	1974	1975
Food	12	16	16	14	14	10	12	12
Textiles	3	3	3	3	3	3	3	3
Building	10	10	10	14	14	15	14	13
Assembly	2	2	2	2	2	2	2	2
Chemicals	2	2	2	3	4	3	3	3
Miscellaneous	4	4	4	3	3	3	3	3
Electricity and water	5	5	5	5	5	5	5	5
Extractive industry	2	2	2	2	2	2	2	2
	40	44	44	47	48	43	45	45



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